

## Opening Message

*Dear readers,*

*You have in your hands the sixth annual Report on the Foreign Policy of the Czech Republic, which was prepared by the Ministry of Foreign Affairs of the Czech Republic and summarises Czech foreign policy in 2004.*

*On 1 May 2004, the Czech Republic joined the European Union, thus achieving the fundamental goal that Czech foreign policy had been targeted at since 1989. This goal is also a new beginning, however. Membership of the European Union constitutes a major new challenge and opportunity for the Czech Republic and its citizens. We can now take full part in the great project of European cooperation. This report will enable you to judge how successfully the Czech Republic has asserted its interests within the European Union and defended the priorities that the cabinet formulated in its Government Policy Statement of 19 August 2004.*

*Besides information on our involvement in the EU, this report also summarises the work of our diplomatic service in two other key areas: strengthening Euro-Atlantic ties and furthering friendly relations with our neighbours. You will also find information on the economic dimension of Czech foreign policy, on the enduring emphasis we place on human rights and on spreading the democratic system of government in the globalised international environment, as well as information on many other matters.*

*I hope and trust that you will find this annual report useful.*

*Cyril Svoboda  
Minister of Foreign Affairs  
of the Czech Republic*

# Contents

Introduction .....	6
<b>I. MULTILATERAL COOPERATION .....</b>	<b>23</b>
1. The Czech Republic and the European Union .....	23
The Czech Republic and the EU's Common Foreign and Security Policy .....	36
The Czech Republic and European Security and Defence Policy .....	38
2. The Czech Republic and the North Atlantic Treaty Organisation (NATO) .....	41
3. The Czech Republic and Regional Cooperation .....	47
Visegrad Cooperation .....	47
Central European Free Trade Agreement (CEFTA) .....	49
Central European Initiative (CEI) .....	50
Regional Partnership .....	52
Stability Pact for South Eastern Europe .....	53
4. The Czech Republic and Other European Forums .....	56
The Czech Republic and the Organisation for Security and Cooperation in Europe (OSCE).....	56
The Council of Europe .....	60
5. The Czech Republic and International Organisations.....	65
United Nations Organisation (UN).....	65
<i>Principal UN Bodies</i> .....	65
<i>UN International Conferences</i> .....	69
<i>Specialised Organisations in the UN System</i> .....	69
<i>Programmes, Funds and Other Specialised UN Organisations</i> .....	73
The Czech Republic and International Organisations.....	79
<i>The Czech Republic and the World Economy</i> <i>(OECD, WTO, IMF, WB, CEB, IBEC, IIB)</i> .....	79
The Czech Republic's Membership of Certain Other International Organisations .....	88
6. Non-proliferation of Weapons, Arms Control and Disarmament .....	94
7. The Czech Republic in the Fight against International Terrorism.....	105
8. Foreign Development and Humanitarian Aid .....	111
<b>II. THE CZECH REPUBLIC'S BILATERAL RELATIONS .....</b>	<b>115</b>
Arab Republic of Egypt.....	115
Argentine Republic .....	117
Bolivarian Republic of Venezuela .....	119
Bosnia and Herzegovina.....	120
Canada.....	122
Commonwealth of Australia .....	124
Democratic People's Republic of Korea.....	126
Democratic Republic of the Congo.....	127
Eastern Republic of Uruguay .....	128
Federal Democratic Republic of Ethiopia.....	130
Federal Republic of Germany .....	131
Federal Republic of Nigeria .....	135
Federation of Malaysia.....	136

Federative Republic of Brazil .....	137
Former Yugoslav Republic of Macedonia .....	138
French Republic .....	140
Georgia .....	142
Grand Duchy of Luxembourg .....	144
Grand Socialist People's Libyan Arab Jamahiriya .....	145
Hashemite Kingdom of Jordan.....	146
Hellenic Republic .....	148
Holy See .....	149
Ireland.....	150
Islamic Republic of Afghanistan.....	152
Islamic Republic of Iran .....	154
Islamic Republic of Pakistan.....	155
Japan.....	157
Kingdom of Belgium.....	158
Kingdom of Denmark.....	160
Kingdom of Morocco .....	161
Kingdom of Norway.....	163
Kingdom of Saudi Arabia .....	164
Kingdom of Spain .....	165
Kingdom of Sweden.....	167
Kingdom of Thailand .....	169
Kingdom of The Netherlands .....	171
Kyrgyz Republic .....	173
Mongolia .....	174
New Zealand .....	176
Palestine (Palestinian Autonomous Territories).....	177
People's Democratic Republic of Algeria.....	178
People's Republic of China.....	179
Portuguese Republic.....	184
Principality of Liechtenstein .....	186
Republic of Albania .....	186
Republic of Angola .....	188
Republic of Armenia .....	189
Republic of Austria .....	191
Republic of Azerbaijan.....	194
Republic of Belarus.....	195
Republic of Bolivia .....	197
Republic of Bulgaria .....	198
Republic of Chile .....	200
Republic of Colombia .....	202
Republic of Costa Rica.....	203
Republic of Croatia .....	204
Republic of Cuba.....	206
Republic of Cyprus.....	207
Republic of Ecuador.....	209
Republic of Estonia .....	210
Republic of Finland.....	211
Republic of Ghana.....	213
Republic of Hungary .....	214

Republic of Iceland .....	217
Republic of India .....	218
Republic of Indonesia.....	220
Republic of Iraq.....	221
Republic of Italy.....	222
Republic of Ivory Coast .....	225
Republic of Kazakhstan .....	226
Republic of Kenya.....	228
Republic of Korea .....	229
Republic of Latvia.....	231
Republic of Lebanon .....	232
Republic of Lithuania.....	234
Republic of Malta.....	235
Republic of Moldova.....	237
Republic of Namibia .....	238
Republic of Nicaragua.....	240
Republic of Paraguay .....	240
Republic of Peru.....	241
Republic of Poland .....	242
Republic of Senegal .....	246
Republic of Singapore.....	247
Republic of Slovenia .....	248
Republic of South Africa.....	250
Republic of the Sudan .....	252
Republic of the Philippines .....	253
Republic of Tajikistan .....	254
Republic of Tunisia .....	255
Republic of Turkey.....	256
Republic of Uzbekistan .....	259
Republic of Yemen.....	260
Republic of Zambia.....	261
Republic of Zimbabwe .....	262
Romania .....	263
Russian Federation .....	265
Serbia and Montenegro .....	269
Slovak Republic .....	271
Socialist Republic of Vietnam.....	275
State of Israel.....	277
State of Kuwait.....	279
Swiss Federation .....	280
Syrian Arab Republic .....	283
Ukraine .....	284
United Arab Emirates.....	286
United Kingdom of Great Britain and Northern Ireland .....	287
United States of America .....	291
United States of Mexico.....	294

III. THE ECONOMIC DIMENSION OF THE CZECH REPUBLIC'S FOREIGN POLICY .....	297
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Economic Diplomacy and Pro-export Activities of the Ministry of Foreign Affairs .....	297
The Czech Republic's Economic Development in 2004.....	305
<b>IV. HUMAN RIGHTS IN THE CZECH REPUBLIC'S FOREIGN POLICY .....</b>	<b>310</b>
<b>V. THE CZECH REPUBLIC'S FOREIGN CULTURAL AND INFORMATION POLICY</b>	<b>320</b>
1. Presenting the Czech Republic and Its Culture Abroad .....	320
2. Media and Information .....	322
3. Internet Presentation of the Ministry of Foreign Affairs .....	327
4. Czech Radio International Broadcasting .....	329
5. Czech Centres .....	331
<b>VI. CZECH EXPATRIATES ABROAD.....</b>	<b>334</b>
<b>VII. THE INTERNATIONAL LAW, COMMUNITY LAW AND CONSULAR DIMENSIONS OF THE CZECH REPUBLIC'S FOREIGN POLICY.....</b>	<b>340</b>
1. The International Law Dimension of the Czech Republic's Foreign Policy .....	340
2. The Community Law Dimension of the Czech Republic's Foreign Policy .....	344
3. The Consular Dimension of the Czech Republic's Foreign Policy .....	346
<b>VIII. THE CZECH FOREIGN SERVICE .....</b>	<b>350</b>
1. Staffing .....	350
2. Diplomatic Academy .....	352
3. The Ministry of Foreign Affairs' Budget and Operations.....	355
<b>APPENDICES.....</b>	<b>363</b>
Overview of the Czech Republic's Diplomatic Relations.....	363
Ambassadors of the Czech Republic (state as at 31 December 2004) .....	371

## INTRODUCTION

2004 was a year of extraordinary significance for the Czech Republic and its foreign service, as accession to the European Union on 1 May 2004 marked the culmination of several years of intensive preparatory work, involving considerable efforts by and the systematic transformation of the Czech foreign service. Integration of such depth and breadth has entailed a multidimensional expansion of the work of the diplomatic service, both in the context of integration structures abroad and in coordinating the foreign or integration activities of other ministries and other entities. At the same time, tasks from previous years – such as the fight against terrorism – did not diminish in intensity and difficulty, but most of these tasks took on the extra dimension of coordination with EU policies. That all took place against a backdrop of staff cuts at the Ministry of Foreign Affairs (MFA), based on a rationalisation decision taken by the government.

The main task of the Ministry of Foreign Affairs is to assert the state's interests on the international stage and to eliminate or at least mitigate potential risks and harm. The MFA is not the sole actor here, however: teamwork by all the entities somehow or other involved in foreign policy is crucial. A country's foreign policy always reflects its internal political situation; in the present-day Czech Republic that means, in particular, the difference of opinion on European integration. An example is what is known as the EU Constitutional Treaty, which was approved by the European Parliament and was signed, shortly after the accession of the new member countries, including the Czech Republic, by representatives of all member countries. The ratification process is supposed to be completed no later than two years after the signing, but no decision was made about the form of ratification in the Czech Republic in 2004; the Czech government's August policy statement contained a commitment to ratify the Constitutional Treaty by referendum. The vote on the Constitutional Treaty in the European Parliament revealed a fundamental difference of opinion in Czech politics: unlike other countries, the majority of Czech MEPs voted against. On the other hand, there has been a long-term trend in the Czech Republic by which institutions and constitutional functionaries are increasingly informed about and increasingly active in debate on foreign-policy problems; the two chambers of Parliament, and particularly their appropriate committees, have been important participants in this debate and in the implementation of foreign policy.

The Czech Republic's foreign policy is based on Government Policy Statements of August 2002 and August 2004 and on the Concept of the Foreign Policy of the Czech

Republic for 2003-2006, which stressed both the development of bilateral relations and participation in multilateral activities, as well as the promotion of Czech national interests not just in the foreign policy and security fields, but also, needless to say, in economic, cultural and public diplomacy, both at the state level and at the increasingly significant non-governmental and regional levels.

In December 2003, the Czech government approved the Security Strategy of the Czech Republic, compatible with a key EU document of the Common Foreign and Security Policy (CFSP) – the European Security Strategy (ESS). The Czech Republic's priorities in the context of the ESS are non-proliferation of weapons of mass destruction, terrorism and the threat of regional conflicts.

Representatives of the Czech Republic have started to take full part in forming EU positions, opinions and policies; however, this promotion of the Czech Republic's interests in the EU places extraordinary demands on both the MFA and other ministries, on coordinating all the components of state administration and on harmonising state administration with interest groups, citizens and, last but not least, Parliament of the Czech Republic. The MFA plays the principal role in coordination and in the transfer of information.

A key consequence of attaining full membership is that the Czech Republic is represented in all EU institutions. The government appointed P. Telička as the first Czech commissioner in the European Commission (EC) headed by R. Prodi; Mr Telička formed a tandem with D. Byrne from Ireland, the EU Commissioner for Health and Consumer Protection. The Government of the Czech Republic appointed former Prime Minister V. Špidla to the new EC headed by J. M. D. Barroso, which took over from the European Commission headed by Mr Prodi in July 2004; since November 2004 Mr Špidla has been in charge of the social policy and employment portfolio.

A number of Czech citizens became employed in EU bodies in 2004; compared with similar countries, the Czech Republic was very successful in occupying top-level posts in EU structures.

The Czech Republic advocates principles of human solidarity and accepts its share of responsibility for resolving global problems. To that end the MFA created a new department, charged with the task of assisting in the transition to democracy wherever necessary. Another manifestation of the Czech Republic's principled stance is foreign development cooperation

(FDC). FDC is an integrated government policy towards partners from the ranks of developing and transformation countries, taking the form of concrete financial, material, expert and technical assistance. The Czech Republic is gradually stepping up its FDC and bringing its magnitude and mechanisms closer into line with the systems that operate in the most developed donor countries.

The Czech Republic was also involved in preparing a number of key EU positions and opinions in the Council of the European Union's human rights working group and in formulating principles of foreign development cooperation as one of the priorities in the EU's external relations.

Accession to the EU improved the conditions for the Czech Republic's foreign trade. The Czech Republic became the country with the fastest-growing foreign trade in the EU, which is the consequence of a combination of factors: the Czech economy's improved integration into international markets, the country's advantageous geographic location and the reduction in export costs following the abolition of customs duties and frontier formalities. Czech exports were also aided by the gradual economic upturn in the EU. The high growth in Czech exports has had a positive impact on the overall state of the Czech economy.

Czech embassies, both in EU countries and elsewhere, registered increased interest in trading with the Czech Republic – of all the “new countries”, the Czech Republic is a “trade priority” for most member states. This is not just a question of interest in the Czech market: there is also interest in investing in the Czech Republic, making use of its intellectual and manufacturing capacities, in joint production and cooperation on third markets.

Accession to the EU also boosted trade with other countries, as the preferential trade status that the EU, as an influential player in the world economy, has contractually secured with a number of countries and several integration groupings now applies to the Czech Republic as well. There were negative repercussions as well, however, such as the impact on the Czech Republic of the USA's retaliatory measures regarding the steel trade.

In March 2004, the government charged the MFA with coordination and further methodological management of the Communication Strategy of the Czech Republic. That means continuing to provide a constant public information service and gradually rebuilding the network of regional information centres on the EU. The Ministry was also involved in preparing Europe Direct, the joint European information network prepared for 2005-2008. In



the first months of 2004, the main task of the communication strategy was to inform the Czech public about the EU; after accession, the tasks were related to the Czech Republic's membership, e.g. elections to the European Parliament.

Besides targeting Czech society, the communication strategy also sought to present the Czech Republic as an EU member state through activities of the Czech Republic's embassies. The Czech Republic was presented as a reliable partner capable of shouldering its share of responsibility for the development of Europe.

The Common Foreign and Security Policy of the European Union (CFSP) is an integral part of EU membership and the Czech Republic made the necessary preparations for it before accession, so that it would immediately be able to take full part in forming and implementing the CFSP at all levels – in working groups, in the Political and Security Committee of the EU (COPS), in the Committee of Permanent Representatives (COREPER) and at sessions of political directors and European correspondents. The Czech Republic took part in sessions of the Council for General Affairs and External Relations (GAERC), represented at the level of foreign ministers; in informal meetings of foreign ministers (Gymnich); and in certain EU meetings with third countries, e.g. Russia, the USA or as a part of the Euro-Mediterranean Partnership (the Barcelona Process).

In all these forums the Czech Republic strove to make constructive use of its status as an EU member and to take part in preparing and implementing CFSP instruments, such as declarations and demarches of the Presidency and common positions and actions of the Council of the EU. Czech diplomats were involved in cooperation between embassies of EU states in third countries and took part in drawing up situation, assessment and recommendatory reports about these countries for the EU. Intensive dialogue also took place in international organisations (chiefly the UN and the OSCE), where the Czech Republic coordinated its positions with those of other EU states in order to implement EU policies.

The Czech Republic is involved in all CFSP activities, but limited funds prevent full engagement in some. Even before accession to the EU, the MFA prepared a system for generating the Czech Republic's CFSP priorities and regularly monitoring their implementation. The priorities approved by the government fall into two groups: regional and thematic. They are founded on the general priorities of Czech foreign policy and make allowance for practical circumstances and the opportunities for promoting these priorities.

With increasing experience of CFSP activities, the Czech Republic's performance became more efficient; it was particularly important to get acquainted with the complex tissue of aspects and particular interests that influence the CFSP.

As in previous years, in 2004 the EU continued to be highly active in the Middle East, where the Czech Republic paid heightened attention to the Middle East peace process and developments in Iraq and Iran. In June 2004, the European Council approved a document called *The EU Strategic Partnership with the Mediterranean and Middle East* – the Czech Republic was actively involved in creating this document. At the Euro-Mediterranean Foreign Ministers Conference held in Dublin in May 2004, the Czech Republic put forward a motion to appraise the Barcelona Process on the occasion of its tenth anniversary.

The Czech Republic was intensively involved in forming and implementing the EU's foreign policy towards Eastern European countries; the strategic assessment of relations between the EU and Russia at the start of 2004 and the preparation of concepts for four areas of mutual collaboration were particularly significant. Due in part to initiatives put forward by the Czech Republic, the EU started to consider adopting a more intensive policy towards Moldova. The EU's endeavours to support democratic changes and to improve human rights in Belarus continued, but were negatively influenced by the course of parliamentary elections and the referendum in Belarus in autumn 2004. In respect of Ukraine the Czech Republic was active in making the EU engage more closely in seeking a democratic and peaceful solution to the crisis during presidential elections at the end of the year.

The political and security situation in the West Balkans also occupied the EU's attention. In the summer of 2004, the Czech Republic, Hungary, Poland, Austria, Slovakia and Slovenia submitted a common position on resolution of the Kosovo problem. The Czech Republic continued in its efforts to make the EU more actively involved in this region.

The EU also focused on the South Caucasus and Africa. In May 2004, a strategic document summarising the EU's principal objectives was presented. Among other things, it proposes incorporating South Caucasus countries into the concept of the European Neighbourhood Policy (ENP). The Czech Republic was among the countries that supported incorporation of these countries, which was approved at the June session of the European Council. In December 2004, the European Council approved action plans for the first group of countries (Israel, Jordan, Morocco, Moldova, Palestine, Tunisia and Ukraine).

Membership of the EU helped the Czech Republic in its long-standing endeavour to strengthen its Asia policy, thanks first and foremost to the Czech Republic's accession to ASEM along with the other new member states in October 2004. Furthermore, the Czech Republic has for a long time been engaged in European policy towards Burma/Myanmar; in ASEM it successfully pushed for more stringent and more effective EU sanctions against the authoritative regime in Burma/Myanmar.

The Czech Republic was also very actively involved in forming the EU's common policy on Cuba. It continued in its long-term support for dissent in Cuba and was one of the key actors in the re-appraisal of European policy, pushing for a principled attitude on the Cuban regime, emphasis on human rights and support for the Cuban opposition.

The European Security and Defence Policy (ESDP), which is part of the CFSP, continued to evolve in 2004. In the military sphere, a new *Headline Goal for 2010* was adopted, setting out specific targets for developing the EU's capabilities. A similar framework for further action was adopted in the civilian dimension of the ESDP. Important new elements of the ESDP were specified: the European Defence Agency, the civilian-military planning cell and a concept of EU rapid reaction forces in the form of "*battle groups*". In the area of EU operations, the Union's most extensive mission to date, ALTHEA in Bosnia and Herzegovina, commenced in December 2004. The Czech Republic was involved in the further development of the ESDP and its statements emphasised the need to preserve the complementarity of EU and NATO in the area of the ESDP and the need for discussions on further future avenues of cooperation between the two organisations. The Czech Republic continued to take part in operations in the Western Balkans (the EUPM police operation in Bosnia and Herzegovina and the PROXIMA police mission in the Former Yugoslav Republic of Macedonia). The Czech Republic also engaged in ALTHEA.

In 2004, the Czech Republic also took full part in the work of European Union working groups (in particular: disarmament – CODUN; non-proliferation of WMD – CONOP; conventional arms – COARM; dual-use goods – WPDU). Within these forums it was actively involved in preparing and launching the implementation of the European Union Strategy against the Proliferation of Weapons of Mass Destruction for 2004-2008. By adopting the EU Strategy against the Proliferation of WMD, the Council of the EU expressed the will of EU member countries to play a leading role in the international endeavour to stop the proliferation of WMD.

Even after the accession of ten new countries, the process of EU enlargement went ahead. Right from the start, Czech diplomacy has supported this process and made full use of its own pre-accession experience to the ongoing negotiations. During the year, discussion of individual chapters in the accession talks with Bulgaria and Romania reached its final phase; the two countries were tentatively scheduled to join the EU at the start of 2007.

In April 2004, Croatia received a positive European Commission avis concerning its application to join the EU. In June 2004, the European Council awarded Croatia the status of candidate country and recommended that accession talks should be scheduled to start in spring 2005, subject to Croatia's active cooperation with the International Criminal Tribunal for the Former Yugoslavia. The most complicated debates were held on the subject of Turkey, which was awarded candidate status in December 1999. At its session of 16-17 December 2004, the European Council decided that accession talks with Turkey would start on 3 October 2005, on condition that Turkey continues to satisfy the Copenhagen criteria.

In 2004, the Czech Republic participated intensively in negotiations on the EU's new financial framework for 2007-2013 (what is called the "financial perspective"). The Czech Republic's attention focused on talks on the cohesion policy and structural funds, with regard to the financing of rural development and agricultural payments. The Czech Republic also actively sought to ensure compliance with the timetable for approving the financial perspective, according to which political consensus was to be reached by the end of June 2005.

The Czech Republic took full part in the process of Common Agricultural Policy reform in 2004. In particular, in the process of reforming the sugar system it actively promoted policies preserving self-sufficiency in the production of sugar and permitting continued export of this commodity, at least on a limited scale. No complications were encountered in the process of approving Czech food processing enterprises under the European Commission's supervision in 2004, which enabled the firms to export their products to all EU member countries.

The Czech Republic was involved in creating the EU's strategy for rural development, for increasing the transparency of rural development programming and facilitating the creation of programme documents. In connection with the Rural Development Regulation,

the Czech Republic is striving for flexibility in the use of allocated funds and supports innovation in accordance with the Lisbon Strategy.

In 2004, the Czech Republic set up a managing authority, intermediary bodies, paying authority and paying units, as well as monitoring bodies to manage and administer finances from the structural funds and Cohesion Fund. This structure satisfies the conditions for the allocation of EU funds to project applicants. The first calls to submit project applications were announced in May 2004. In respect of the Cohesion Fund, bodies responsible for the reception of aid were incorporated into the structures of relevant departments and institutions and documents regulating the use of the funds in accordance with national and European law were prepared.

On joining the EU, the Czech Republic took on the Schengen acquis in full, but the Schengen regulations were divided into two categories according to their implementation date. The category 1 Schengen acquis was fully implemented on the date of the Czech Republic's accession to the EU; the category 2 Schengen acquis, concerning abolition of checks at internal frontiers, may only be applied in a new member state by a decision of the Council, issued after consultation with the European Parliament, after it has been verified that the conditions for applying the relevant parts of the acquis were satisfied in this new member state.

On acceding to the EU, the Czech Republic became part of the European Union's external relations. The EU's common trade policy is based on uniform principles, with particular regard to customs tariffs, concluding customs and trade agreements, and the unification of liberalisation measures, export policy and trade protection measures. In connection with EU accession, the Czech Republic brought its international bilateral relations into line with European Community law. Moreover, the Czech Republic became part of the EU's bilateral trade relations with third countries, i.e. agreements signed by the Community with third countries (such as agreements on textiles, steel etc.), as well as agreements signed by the Community and its member states on the one hand and third countries on the other.

The European Union is the biggest provider of external aid in the world. The volume of development projects and humanitarian aid runs to approximately EUR 30 billion a year, which represents 55% of all donor contributions worldwide. The main framework for the EU's development policy consists in international commitments, principally the Millennium

Declaration, including the “Millennium Development Goals” focused primarily to combat poverty and hunger, on peace, security and disarmament, protection of the environment, human rights, democracy and good governance and protection of particularly vulnerable groups of humankind. Since May 2004, the Czech Republic has fully participated in meetings and sessions of EU bodies dealing with foreign development cooperation.

Upon EU accession, the Czech Republic became a member of the European Investment Bank. Membership of the EIB means, on the one hand, a duty to pay a share of the EIB’s payable capital and reserves (a total sum of approximately EUR 221 million that will have to be paid in by March 2009); on the other hand, the Czech Republic gains the right to take part in decision-making on the EIB’s credit policy and trading activities.

To improve the country’s internal security by protecting state frontiers, all Czech visa issuing embassies were integrated into the automated electronic visa system in accordance with EU standards. Applications for Czech visas are fully harmonised with the Schengen system. The system is being developed further and will come to include the VISION application, which enables visa applications to be consulted with other Schengen countries.

The Czech Republic’s principal activities in NATO in 2004 included implementing the conclusions of the NATO summit in Istanbul. The Czech Republic constantly emphasises the importance of the transatlantic link and the need to make sure that the Alliance does not lose its original character based on common defence. The Czech Republic supported the expansion of NATO partnership formats and the NATO enlargement process. In relations between NATO and the EU, it placed emphasis on preventing duplications and competition of the two organisations’ military/political initiatives. The Czech Republic intensively developed its defence capabilities and was actively involved in building up the NATO Response Force (NRF). In addition, the Czech Republic continued to take part in NATO-led military operations in Kosovo, Afghanistan and Bosnia and Herzegovina, as well as playing a role in preparing the NATO training mission in Iraq.

As an important part of European security architecture, the OSCE remained one of the Czech Republic’s foreign policy priorities in 2004. The Czech Republic is committed to making the OSCE an organisation that is capable of adapting to current challenges and tasks, of dealing flexibly with old and new security threats and risks and adjusting its instruments to that end. It is the Czech Republic’s lasting interest that the OSCE ensures that the adopted

standards are observed in all participating states and in all dimensions of its work (military/political, economic/environmental, and humanitarian/human rights) and continues to improve its ability to monitor cases of violation of these standards and subsequently help remedy the situation.

According to the Czech Republic, the OSCE has a role to play primarily in conflict prevention and in post-conflict renewal. In 2004, the Czech Republic continued to take part in monitoring election processes in OSCE countries and to send its experts to OSCE field missions. Prague is a regular host of sessions of the OSCE Economic Forum, which convenes in the Czech capital once a year. The OSCE Secretariat is still based in Prague and the Czech Republic advocates expanding its activities further to the benefit of the entire organisation.

The Czech Republic supports deepening cooperation between Euro-Atlantic organisations and the security dimension of the OSCE in line with the principles of the Platform for Cooperative Security, approved at the OSCE summit in Istanbul in 1999. The Czech Republic regards the enlargement of NATO and EU that took place in 2004 as a key stabilising factor and a strengthening of the OSCE.

The coordination mechanisms of the EU's Common Foreign and Security Policy were strongly reflected in Czech activities within the United Nations Organisation. First and foremost, the CONUN working group formulates EU positions, which the EU Presidency then presents at UN forums.

The 58<sup>th</sup> General Assembly (GA) of the United Nations continued in the first half of 2004. One of the principal themes of the spring part of the session was revitalisation of the General Assembly, with particular focus on reorganising items on the agenda and arranging them into thematic groups. Much of the discussion – without success so far, regrettably – was devoted to the possibility of splitting the autumn part of the UN GA session into two parts (autumn and spring) so that items on the GA's agenda are spread more evenly.

Two resumed sessions of the 5<sup>th</sup> Committee (administrative and budget) dealt with the issue of financing the UN's peace operations, the complex issue of ensuring the safety of UN personnel and buildings and the question of human resources.

At the main (autumn) part of the 59<sup>th</sup> session of the UN GA, the Czech delegation was led by Minister of Foreign Affairs of the Czech Republic C. Svoboda. The main focus of

attention was on questions of peace and security, economic cooperation, human rights, preparations for the 2005 session and UN reform, in particular in the context of the recommendations of the Panel of Eminent Persons. In his address during the general debate, Minister Svoboda presented the Czech Republic as a new EU member supporting the EU's priorities and advocating effective multilateralism based on the UN system. He also stressed the issue of global threats: weapons of mass destruction, terrorism, regional conflicts, failing states, and organised crime. Human rights have constantly been a priority in Czech foreign policy, and Mr Svoboda explicitly criticised Burma/Myanmar, Cuba and Belarus for their violations of human rights. He also outlined a vision for reform of the Security Council and mentioned the Czech Republic's candidacy for a seat on the Council in the 2008-2009 term.

The Czech Republic had already attended the EU's coordination meetings in the framework of UN structures before joining the EU, but its activity rose to a new level after May 2004. It was active principally in discussing economic issues, human rights issues (the Czech Republic was one of the few new EU member countries to take part in the EU's lobbying campaigns targeting other UN countries), in humanitarian and social topics, disarmament and the situation in the Middle East, as well as current political questions that arose during the course of the GA. There were over 1,100 EU coordination meetings in 2004. The Czech Republic was involved in preparing and subsequently identified itself with approximately 200 EU statements on various items on the UN agenda (the plenary, committees, the Security Council).

At the initiative of Brazilian president L. I. da Silva, a meeting of heads of state, "*Action against Hunger and Poverty*", was held before the start of the general debate of the 59<sup>th</sup> UN GA. The Czech Republic's representative at the meeting was the First Deputy Minister of Foreign Affairs, J. Winkler.

Much of the autumn part of the plenary session of the 59<sup>th</sup> UN GA concentrated on the preparation of a progress report on achievement of the goals of the Millennium Declaration adopted five years ago in 2000; the other key topic was the need to revitalise the UN so that it is capable of responding to the changed international environment.

Multilateral cooperation developed successfully in other international organisations as well. Representatives of the Czech Republic presented and explained government policies within the UN system and elsewhere, and were actively involved in political and economic



dialogue with partner countries on a global (OECD, WTO, Bretton Wood Institution) and regional (CEFTA, SEI) level. The Czech Republic was also involved in more than forty other international organisations. The Czech Republic's multilateral economic diplomacy thus intensified in 2004, reflecting the significance attributed to it in the Czech Republic.

The Czech Republic remained a member of the WTO after joining the EU, but with regard to the trade powers of the European Commission it no longer acts independently in the WTO: it now cooperates in drawing up common positions, whether in Brussels in EU Committee 133 and other working bodies of the Council of the European Union and the European Commission or in Geneva at coordination meetings or during sessions of WTO working bodies.

The Czech Republic has been a member of the IMF since its founding. The IMF's supreme body is the Board of Governors. The Czech Republic's IMF governor is Governor of the Czech National Bank Z. Tůma; Deputy Minister of Finance Z. Hrubý is his alternate. IMF governors met at the regular annual meeting of the World Bank and the IMF in October 2004 in Washington. The Czech Republic's voting power in the IMF (0.39%) is determined by its membership quota.

In 2004, the Czech Republic took part in preparations for the second phase of the World Summit on the Information Society, which is to take place at the end of 2005 in Tunis. In line with the conclusions of the first phase of the summit (Geneva, December 2003), preparation of second-phase final documents has started. The national stocktaking of activities concerning implementation of the WSIS Action Plan identified 16 projects in the Czech Republic in 2004, among them a project focusing on computer and internet literacy in Kenya. The projects will be incorporated in the summary database of the International Telecommunications Union (ITU) and serve as a basis for preparation of the summit in 2005.

The accession of the four Visegrad countries to the EU and the admission of Slovakia to NATO marked the accomplishment of the tasks set out in the Visegrad Declaration of 1991, i.e. full integration into the most important Euro-Atlantic structures. During the discussions that took place under the Czech presidency of V4 (2003/2004), all the participating countries expressed their will to continue with the hitherto positive cooperation in the V4 format. At the prime ministers' summit in Kroměříž on 12 May 2004, where the Czech Republic handed over the presidency to Poland, V4 member countries presented two

new documents describing the purpose and goals of continuing cooperation between Visegrad countries. The first of these – the *Declaration of Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on Cooperation of the Visegrad Group Countries after their Accession to the European Union* – reflects the altered situation. The second - *Guidelines on the Future of Visegrad Cooperation* – outlines areas and mechanisms of Visegrad cooperation.

The Czech presidency did justice to the underlying motto “Continuity and the Future”. The Visegrad Group continued and will continue in all tried-and-tested activities and remains prepared to make full use of its potential, enhanced by the opportunities stemming from Visegrad countries’ membership of the EU and NATO.

Besides the continuing interdepartmental activities, V4 international contacts also gained in intensity in 2004. A meeting was held with the Nordic Council. Contacts with Benelux culminated with a meeting of prime ministers of the two regional groupings.

2004 was an important year for the Central European Initiative for two reasons. First, 2004 marked fifteen years since the CIE’s establishment. Second, five current CEI member countries joined the EU. Following the accession of the Czech Republic, Poland, Hungary, Slovakia and Slovenia to the EU, seven of the seventeen CEI member countries are now in the EU. This new constellation has created new challenges for the CEI, which were discussed at top-level meetings of prime ministers, foreign ministers and political directors and by the CEI’s working bodies.

The Regional Partnership, an informal grouping of six Central European states (the Czech Republic, Hungary, Poland, Austria, Slovakia and Slovenia) cooperating in areas of common interest, was established in 2001 under an Austrian initiative. The Czech Republic takes part in this initiative to a degree reflecting the fact that its priority in Central European regional cooperation is the Visegrad Group, or in some cases cooperation in the V4+ format. The Czech Republic views participation in the Regional Partnership as complementary to Visegrad; it is, however, prepared to cooperate on all projects that have a specific substance and distinct goal. In this context, the Czech Republic regards cooperation in internal security and certain opportunities for cooperation under the European Neighbourhood Policy as promising and beneficial.

In 2004, the Stability Pact for South Eastern Europe (SESP) continued to fulfil its role as an initiator and coordinator of projects of international assistance to countries of the Western Balkans and Moldova. This assistance mostly came from countries of the European Union, the USA, Switzerland, Norway, Japan and Canada, and via international organisations. In the year of the fifth anniversary of its founding, the SESP registered positive changes in the status of beneficiary countries – Bulgaria and Romania successfully completed talks on EU membership; Croatia was awarded the status of candidate country, with membership talks tentatively scheduled to start in 2005. In contrast, the violent unrest in Kosovo in March 2004 showed that the stabilisation process is far from completed.

In 2004, the Czech Republic continued to play an active role in the work of the Council of Europe. The deputy foreign minister attended the 114<sup>th</sup> session of the supreme executive body of the Council of Europe, the Committee of Ministers, in Strasbourg. The main points on the agenda were the content of the upcoming 3<sup>rd</sup> Council of Europe summit and reform of the European Convention on Human Rights. The Czech Republic confirmed its intention to participate in development aid provided to other member countries of the Council of Europe; in line with its long-term objectives, it identified Moldova as its geographical priority, the target country of the project “Human Rights Training in for State Administration Staff in Moldova”.

In May 2004, the Czech Republic hosted the chairwoman of the Monitoring Committee of the Parliamentary Assembly of the Council of Europe J. Durrieu. A report on the visit was submitted to the Parliamentary Assembly of the Council of Europe for discussion. In April 2004, a vote was held to elect a new judge for the Czech Republic to the European Court of Human Rights. Out of three candidates the Parliamentary Assembly of the Council of Europe re-elected the incumbent K. Jungwiert.

As in previous years, in 2004 the Czech Republic continued to be represented in the Council of Europe’s specialised working bodies through experts drawn from state administration and academic institutions.

In 2004, the Czech Republic became a party to four conventions and signatory of one. On 3 June 2004, it ratified the European Landscape Convention of 2000 (ETS 176), which is intended to promote protection of the landscape, landscape planning and European cooperation in this area. On 19 March 2004, the Czech Republic deposited its instrument of

ratification of the European Convention on Nationality (ETS 166 of 1997), which establishes fundamental principles regarding the acquisition and loss of nationality. The Convention on Contact Concerning Children (ETS 192), a new instrument of the Council of Europe designed to ensure the rights of parents or other concerned persons to have contact with children, was ratified in September 2004.

By Government Resolution of 16 June 2004, the Czech government approved the second periodic report on measures taken to give effect to the principles set out in the Framework Convention for the Protection of National Minorities

Relations with neighbouring states form a particularly important part of the Czech Republic's foreign policy. All the Czech Republic's neighbours have been EU members since May 2004. Among other things, this reinforces traditional ties; but it also facilitates communication on certain long-standing problems. The agreement to create a joint EU Battle Group with Germany can be regarded as an extraordinarily positive development.

The United States of America continued to be the Czech Republic's strategic partner in the political, economic and security fields. The development of good relations and close cooperation between the Czech Republic and the USA and the EU and the USA is a priority in Czech foreign policy. The United States remain the most important member of NATO, which is the chief guarantor of the Czech Republic's security.

Economic diplomacy is one of the fundamental tools for developing the Czech Republic's external economic relations and export promotion activities. For that reason, in 2004 active safeguarding and promotion of Czech economic interests abroad, including direct and indirect support for Czech firms on foreign markets, remained one of the priorities of the Ministry of Foreign Affairs. The Ministry's primary concern was to improve the work of its economic diplomats and to make its coordinating function more effective. To this end, it cooperated with other ministries, most notably the Ministry of Industry and Trade of the Czech Republic.

Development of the economic dimension of bilateral relations was therefore one of the priority tasks of Czech embassies abroad. Czech embassies in 68 countries – important or potential trading partners – include trade and economic sections, with more than a hundred diplomats dealing solely with these tasks. In other countries, the diplomats in charge of trade

and economic issues have to take on additional tasks, such as visa, consular, political or cultural work.

The Czech Republic participates in the work of a number of international economic institutions; this activity often reflects the EU's influence. The specific benefits of membership in the OECD for the Czech Republic retain their significance even after EU accession, as affirmed by the "*Report on Cooperation between the Czech Republic and the Organisation for Economic Cooperation and Development (OECD) from the Point of View of Preparation for Membership in the European Union (EU)*", which the Czech government took note of in a resolution.

Consular work was an integral part of Czech foreign policy. The consular service, assistance to Czech citizens abroad and visa issues were dealt with in collaboration with the headquarters of the Ministry of Foreign Affairs, with other state authorities and with the network of consular offices in Czech embassies abroad. Priority attention was paid to changes in this area resulting from the Czech Republic's accession to the EU: harmonising Czech visa policy with the policy of other EU states, chiefly in implementing the Schengen system. Implementation of the institute of consular protection and assistance to EU citizens was also completed in 2004.

Communicating with and supporting Czech expatriates abroad was one of the key aspects of Czech foreign policy in 2004. In this area, activities concentrated on providing financial and material assistance to Czechs abroad.

The long-standing broadcasting of Radio Prague (Czech Radio 7) helped to present an up-to-date and attractive image of the Czech Republic abroad in 2004. Its goal is to provide qualified and objective information on political, economic, cultural and social developments in the Czech Republic in a lucid and interesting form. CZK 62 million was earmarked in the state budget to fund the operation of Radio Prague in 2004.

Czech Centres (CC) – which are partly subsidised out of the budget of the Ministry of Foreign Affairs – also played an important role in promoting the Czech Republic. There were a total of 18 CCs active abroad in 2004, 15 of them in Europe and 1 in the USA. This network is complemented by Czech House and the Trade and Technical Centre in Moscow. A decision to open a CC in Rome was taken at the end of 2004.

As in previous years, in 2004 the Ministry of Foreign Affairs continued to pay attention to the future staffing of the Czech foreign service. An integral part of this endeavour was the Diplomatic Academy (DA) of the Ministry of Foreign Affairs of the Czech Republic, which carried out tasks stemming from the Ministry's Career Rules and provided specialist training for Ministry staff in a number of courses. 2004 was notable particularly for the growth in international activities. The EU International Summer School in Horažďovice continued under the patronage of the DA. The DA actively participated in the European Diplomatic Programme, and organised special training courses for Iraqi, Bulgarian, Romanian and Croatian diplomats as a part of development aid.

Membership of the European Union has substantially boosted the Czech Republic's standing on the international stage; but it has also increased the demands placed on the foreign service. For Czech diplomacy, 2004 marked the culmination of changes brought by the Czech Republic's growing integration and the strengthening of its multilateral dimension; at the same time, it necessitated further modernisation of the foreign service's systems, in line with worldwide trends and the Czech Republic's interests.

# I. MULTILATERAL COOPERATION

## 1. The Czech Republic and the European Union

On 1 May 2004, the Czech Republic and nine other states (Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia) joined the European Union. For the Czech Republic, this historic moment marked more than just the culmination of several years of endeavour to integrate into European structures; it also represented the completion of the reform process following the regime change in 1989.

A key consequence of attaining full membership is that the Czech Republic is represented in all EU institutions. Representatives of the Czech Republic take part in sessions of the Council of the European Union as equal partners; the Czech Republic sent a commissioner to the twenty-five-member European Commission; and in June 2004, 24 Czech Members of the European Parliament were elected. The Czech Republic also gained a voice in other EU institutions and advisory bodies: in the Committee of the Regions, the European Economic and Social Committee, the European Court of Auditors, the Court of Justice of the European Communities and the Court of First Instance, and the European Central Bank.

Making use of the experience gained from their time as observers, representatives of the Czech Republic started to participate actively (i.e. with voting rights) in forming the EU's positions, opinions and policies, in cooperation with other member countries. Successful promotion of the Czech Republic's interests necessitates the optimal coordination of all components of state administration and coordination of state administration with interest groups, citizens and, last but not least, Parliament of the Czech Republic.

As an EU member state, the Czech Republic participated in the final stages of the intergovernmental conference that led to the adoption of the Treaty establishing a Constitution for Europe. The Czech Republic was also actively involved in talks on further EU enlargement, on the new EU financial perspective for 2007-2013 and on reform of the sugar system as a part of the EU's Common Agricultural Policy. The new member countries and the original fifteen EU countries successfully passed the test of the coherence of a 25-member EU.

## **Institution building and organisation of the Czech Republic's membership in EU bodies**

As a member of the EU, the Czech Republic appoints a commissioner in the European Commission. After M. Kužvart resigned his candidacy, the government appointed P. Telička as the Czech Republic's first European Commissioner. Mr Telička took office on 1 May 2004. In the Commission headed by R. Prodi he formed a tandem with Ireland's Commissioner for Health and Consumer Protection D. Byrne. After the Czech government stood down in June 2004, there was a change in the candidacy for the post of the new Commissioner: former Prime Minister V. Špidla became the candidate for the post. Since 22 November 2004 Mr Špidla has been in charge of the social policy and employment in the new Commission headed by J. M. D. Barroso.

The Czech Republic has one representative in the European Court of Auditors, the Court of Justice of the European Communities and the Court of First Instance. The Czech Republic has also been represented in the EU's advisory bodies since accession. Of a total of 317 representatives of regional and local governments of EU member countries, there are 12 Czech representatives in the Committee of the Regions; the same number of Czech economic and social experts applies to the European Economic and Social Committee.

### **European Parliament**

Elections to the European Parliament (EP) were held in the Czech Republic on 11-12 June 2004. For the first time, Czech citizens had the chance to elect their representatives to this institution. Czechs elected 24 of the total of 732 MEPs. The turnout was 28.3% of eligible voters. The Civic Democratic Party (ODS) won the most votes, followed by candidates for the Communist Party of Bohemia and Moravia (KSČM). The fourteen Czech right-wing MEPs formed a strong club in the biggest group in the EP, the European People's Party and European Democrats. The European Social Democratic Party became the second biggest group, with two Czech Social Democratic Party (ČSSD) MEPs joining it. Six KSČM MEPs joined the United European Left. One MEP is a member of the Independence/Democracy group and one MEP is unaffiliated.



## **Representation of the Czech Republic in the Community's Judicial Bodies**

After accession to the EU, it became necessary to ensure the representation of the Czech Republic both in the Community's judicial bodies (i.e. the Court of Justice and the Court of First Instance) and in proceedings initiated by the European Commission against a member state for breach of commitments stemming from Community law.

The preparatory work for the Czech Republic's representation in the Community's judicial bodies started in the second half of 2003. In its resolution of 4 February 2004, the Czech government approved the Status of Government Plenipotentiary for Representation of the Czech Republic in the Court of Justice of the European Communities and in the Court of First Instance. T. Boček was appointed government plenipotentiary in May 2004. His main tasks are to deal with cases referred from national courts for preliminary rulings and to represent the Czech Republic in Treaty infringement proceedings.

The government plenipotentiary's team in the Czech Republic is part of the Community Law Department of the Ministry of Foreign Affairs. It has a staff of five. The government plenipotentiary receives assistance from the Committee of the Government Plenipotentiary, which is an interministerial advisory and consultation body. The Committee is composed of representatives of the central organs of state administration headed by a member of the government, a representative of the Czech Government Office and a representative of the Czech National Bank. Through the Committee the government plenipotentiary informs individual ministries about developments in cases before the Community's judicial bodies and about statements issued by the Czech Republic in individual cases. At its sessions, the Committee also discusses matters concerning difficulties in transposing Community law and the further development of the European Community's judicial bodies.

From the start of work in May 2004 to year end, the government plenipotentiary received a total of 425 submissions in 399 preliminary ruling proceedings. In four cases a written statement of the Czech Republic was submitted and in one case the government plenipotentiary declared the Czech Republic's position in oral proceedings.

Treaty infringement proceedings were initiated against the Czech Republic in 145 cases in 2004 (all of them concerned breach of the “notification duty”, i.e. the duty to notify the European Commission of the wording of transposition regulations).

In 2004, the government plenipotentiary attended oral proceedings and expressed the Czech Republic’s position in proceedings concerning enforcement of a decision pursuant to Article 228 of the Treaty Establishing the European Community (case of Commission vs. France) and in an action for a ruling of the Court of Justice of the European Communities (ruling 1/03 on the Lugano Convention on Jurisdiction and the Enforcement of Judgements in Civil and Commercial Matters). - In terms of the number of interventions in the European Community’s judicial bodies the Czech Republic is one of the most active of the new member states, along with Poland and Hungary.

### **Engagement of the Czech Republic in talks on future forms of EU cooperation**

#### **Treaty Establishing a Constitution for Europe**

In December 2003, the Intergovernmental Conference suspended its debate on the European constitutional treaty owing to differences of opinion on certain institutional matters. At the summit of the European Council on 25-26 March 2004, top-level representatives of states and governments from EU member countries committed themselves to completing talks on the constitutional treaty by June 2004 at the latest. The Intergovernmental Conference resumed its work at the start of May, dealing mainly with contentious institutional matters such as the definition of a qualified majority during voting in the Council of the European Union, the question of the future composition, and reduced size, of the European Commission, the minimum number of seats in the EP for each member state and finalising the form that the Presidency of the Council of the European Union should take in future.

The intensive round of discussions, with the active participation of the Czech diplomacy, culminated in the adoption of the Treaty Establishing a Constitution for Europe at the European Council’s summit on 17-18 June 2004. The legal and linguistic review of the final text took place in July and August. The Treaty Establishing a Constitution for Europe was signed in Rome on 29 October 2004. Prime Minister S. Gross and Minister of Foreign Affairs C. Svoboda signed the constitutional treaty for the Czech Republic.

It was envisaged that the constitutional treaty would be ratified no later than two years after it was signed. No decision about the form of ratification in the Czech Republic was taken in 2004; the Czech government's August policy statement contained a commitment to ratify the constitutional treaty by referendum. Lithuania and Hungary ratified the constitutional treaty by parliament in 2004 (on 11 November and 20 December respectively).

### **Further enlargement of the European Union**

Even after the accession of ten new countries, the process of EU enlargement goes ahead. Czech diplomacy has continuously supported this process and brought its own pre-accession experience to the ongoing negotiations. During the year, discussion on individual chapters in the accession talks with Bulgaria and Romania reached its final phase; the two countries are scheduled to join the EU at the start of 2007.

In April 2004, Croatia obtained a positive European Union assessment of its application to join the EU. In June 2004, the European Council awarded Croatia the status of candidate country and recommended scheduling accession talks to start in spring 2005.

The most complicated debates concerned the future status of Turkey, a candidate country since December 1999. Further procedure in relations between the EU and Turkey was outlined in a European Commission recommendation of October 2004. That formed the basis for a decision taken by the European Council at its session of 16-17 December 2004 to start accession talks with Turkey on 3 October 2005, on condition that Turkey continues to fulfil the Copenhagen criteria. The December session of the European Council also confirmed the culmination of accession talks with Bulgaria and Romania. Regarding Croatia, the European Council approved the objective of starting accession talks with that country on 17 March 2005, pending Croatia's full cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY).

### **Preparation of the EU's new financial perspective for 2007-2013**

In 2004, the Czech Republic participated intensively in talks on the EU's new financial perspective for 2007-2013. The Czech Republic's attention focused on talks on the cohesion policy and structural funds with regard to the financing of rural development and agricultural payments. The Czech Republic also actively sought to ensure compliance with

the timetable for approving the financial perspective, according to which political consensus is to be achieved by the end of June 2005.

An important milestone along the way to the adoption of a new financial perspective was the conclusions reached by the European Council in December 2004 – these constitute a viable compromise that reflects the complexity and significance of the issue and the momentary balance of power between groupings of countries with different interests. In further talks on the financial perspective, the Czech Republic intends to make optimum use of the findings about the main problem areas as identified in the Progress Report published at the end of the Netherlands Presidency of the European Council in December 2004.

## **The Czech Republic and the EU internal market**

Upon joining the EU on 1 May 2004, the Czech Republic became part of the EU's internal market, enabling the free movement of goods, capital, services and persons. In total, the internal market comprises the markets of 28 EU countries and the European Economic Area (EEA) with a total of 452 million inhabitants. Enlargement of the internal market creates new opportunities for citizens and entrepreneurs in the EU, and ultimately accelerates the process of eliminating the hitherto existing barriers to the internal market within the EU/EEA. Improving the level of transposition of directives regarding the internal market into national law remains a priority for the Czech Republic.

## **Trade relations between the Czech Republic and the European Union**

Accession to the EU improved the conditions for the Czech Republic's foreign trade. The Czech Republic became the country with the fastest-growing foreign trade in the EU. Within the EU's single market, the Czech Republic's advantageous geographical location makes it an optimal distribution point for the whole of the EU and has encouraged foreign investments. The fact that the Czech Republic is an important transit country also had an impact. Czech producers benefit from a fast clearance at Czech frontiers, where customs duties and customs procedures have been eliminated. The circulation of goods with EU countries has become quicker and cheaper, which has boosted the competitiveness of Czech goods. Czech exports are also helped by the gradual economic upturn in the EU. The considerable growth in Czech exports projects on the overall state of the Czech economy in a positive manner.

Czech embassies in all EU countries and many other countries are registering increased interest in trade with the Czech Republic. It is fair to say that the Czech Republic represents a “trade priority” among the new member countries. This is not just a matter of interest in the Czech market: there is also interest in investing in the Czech Republic, in joint production and in cooperation on third markets.

The Czech Republic’s accession to the EU also boosts trade with other countries, since the preferential trading relations that the EU, as an influential player in the world economy, has contractually secured with a number of countries and several integration groupings, now apply to the Czech Republic.

Analysis of the economic impacts the Czech Republic’s accession to the EU shows the positive fact that in the year of EU accession the Czech Republic had (despite its negative overall international trade balance of CZK –20.61 billion) a high surplus in its balance of trade with EU countries (CZK +219.3 billion). The Czech Republic’s balance of trade surplus with the EU in 2004 was 42% higher than in 2003. Czech exports to the EU rose from 2003 to 2004 faster (up 23.3%) than imports to the Czech Republic from the EU (up 20.5%).

The share of Czech foreign trade accounted for by EU countries grew. While in 1993 EU-15 countries accounted for just 52.7% of Czech exports, following the accession of 10 new countries this share rose to 86.0% in 2004 (to 68.3% for EU-15 countries). The proportion of Czech imports accounted for by EU countries also grew, from 56.2% in 1993 to the current 72.2% (to 58.6% for EU-15 countries).

The structure of Czech foreign trade is also favourable. Fears that the Czech Republic would export primarily raw materials and semi-finished goods have proven unfounded. On the contrary, the biggest growth is recorded in exports of products from technologically demanding sectors, such as machinery, electrical and telecommunications equipments, transport vehicles or industrial goods, i.e. goods with a high added value.

### **The Czech Republic and the European Economic Area (EEA)**

After the Treaty on the Accession of the Czech Republic to the European Union the Agreement on the Participation of the Czech Republic in the European Economic Area was concluded, as a document whose signatories are all existing members of the EEA, the European Community and all ten new EU member countries. The EEA Agreement integrates

25 EU member countries and three EEA/EFTA countries (Iceland, Liechtenstein and Norway) into a single internal market, with the same fundamental rules applying to all. Although the agreement was signed back in October 2003, it had not been ratified by all the parties by the end of 2004; for that reason it has been preliminarily implemented since 1 May 2004 on the basis of a decision by the Council of the EU. The Czech Republic deposited its instruments of ratification with the Council's General Secretariat on 10 June 2004.

### **The Czech Republic and the EU's Agricultural Policy**

In 2004, the Czech Republic took full part in the Common Agricultural Policy reform process. In particular, in the process of reforming the sugar system it actively promoted policies preserving self-sufficiency in the production of sugar and permitting continued export of this commodity, at least on a limited scale. The coming presidencies will seek to resolve this issue in 2005. The Czech Republic closely monitored legislative developments concerning wine production to ensure that its national interests were not harmed. The Czech Republic also actively participated in the preparation and adoption of conclusions regarding the Action Plan for Organic Food and Farming.

No complications remained unsettled in the process of approving Czech food processing plants under the European Commission's supervision in 2004, which enabled the firms to export their products to all EU member countries.

The Czech Republic was involved in creating the EU's strategy for rural development, for increasing the transparency of rural development programming and facilitating the creation of programme documents. In connection with the Rural Development Regulation, the Czech Republic is striving for flexibility in the use of allocated funds, and supports innovations in accordance with the Lisbon Strategy.

### **Use of EU funds in the Czech Republic**

In 2004, the Czech Republic set up a managing authority, intermediary bodies, payment authority and payment units, and monitoring bodies to manage and administer finances from the structural funds and Cohesion Fund. This structure satisfies the conditions for the allocation of EU funds to project applicants. The first calls to submit project applications were announced in May 2004.

In respect of the Cohesion Fund (CF), bodies responsible for the reception of aid were incorporated into the structures of the relevant ministries and institutions; documents regulating the use of the funds in accordance with national and European law were prepared. A CF Interministerial Management Committee, approving projects at national level, and a CF Monitoring Committee, which replaces the ISP Monitoring Committee, were established.

Projects that were originally approved as pre-accession ISPA projects passed to the CF as of 1 May 2004. By the end of 2004, the European Commission had approved a total of fifteen CF projects worth a total of EUR 458.9 million (approx. CZK 14 billion). The magnitude of the approved funds shows that the Czech Republic is capable of preparing a sufficient number of high-quality projects. It is reasonable to expect that, if the conditions relating to the Natura 2000 directive are complied with and the act on public procurement is respected, the Czech Republic will easily use up CF finances that form approximately one-third of all the funds allocated to the Czech Republic under the cohesion policy.

On 8 December 2004, the European Commission formally granted the Czech Republic accreditation for EDIS (the Extended Decentralised Implementation System), which is a condition for the further organisation of tenders for PHARE pre-accession aid projects (the tendering of new PHARE projects in the Czech Republic was suspended in August 2004 on the grounds of shortcomings in the implementation system). EDIS provides a new method for managing and implementing the PHARE programme, under which full responsibility for managing the programme is given to the Czech Republic.

### **The Czech Republic and Schengen cooperation**

On joining the EU, the Czech Republic took on the Schengen *acquis* in full, but the Schengen regulations were divided into two categories according to their implementation date. The category 1 Schengen *acquis* was fully implemented on the date of the Czech Republic's accession to the EU; the category 2 Schengen *acquis*, concerning abolition of checks at internal frontiers, may only be applied in a new member state by a decision of the Council, issued after consultation with the European Parliament, after it has been verified that the conditions for applying the relevant parts of the *acquis* were satisfied in this new member state. In 2004, there was a gradual process of implementation of the category 2 Schengen *acquis*. The Czech Republic's request for Schengen evaluations to start was drawn up on 29 December 2004: it confirms the Czech Republic's readiness to undertake, starting in the

middle of 2006, the evaluation process regarding implementation of the category 2 Schengen *acquis*.

## **The Czech Republic and the EU's external relations with third parties in the first and third pillars**

On acceding to the EU, the Czech Republic became part of the European Union's external relations. The EU's common trade policy is based on uniform principles, with particular regard to customs tariffs, concluding customs and trade agreements, and the unification of liberalisation measures, export policy and trade protection measures. In connection with EU accession, the Czech Republic brought its international bilateral relations into line with European Community law, with particular emphasis on so-called preferential trade agreements. Moreover, the Czech Republic became part of the EU's bilateral trade relations with third countries, i.e. both agreements signed by the Community with third countries (such as agreements on textiles, steel etc.), and agreements signed by the Community and its member states on the one hand and third countries on the other. The Czech Republic acceded to these mixed agreements by a simplified procedure making use of "adaptation protocols". In negotiations on the adaptation of these mixed agreements, the Czech Republic sought to ensure that its traditional trade links with third countries were given maximum consideration.

As an EU member, the Czech Republic sought to assert its trade and economic interests in third countries during negotiations in EU bodies and to resolve with the European Commission any problems that might be faced by enterprises in consequence of the change in the trade policy regime. The Czech Republic was actively involved in the EU's ongoing talks with third parties on new mixed agreements, such as the EU negotiations with Mercosur.

## **European Investment Bank (EIB)**

The EIB is an autonomous body within the EU structure created to finance capital investment projects that pursue the objectives of individual EU policies. It was established by the Treaty of Rome in 1958; the EIB has operated in the Czech Republic since 1992.

Upon EU accession, the Czech Republic became a member of the EIB. Membership of the EIB means, on the one hand, a duty to pay a share of the EIB's payable capital and reserves (a total sum of approximately EUR 221 million that will have to be paid in by March



2009); on the other hand, the Czech Republic gained the right to take part in decision-making on the EIB's credit policy and trading activities. The new EIB vice-president nominated by the new EU member states is I. Pilip, the Czech Republic's candidate.

From 1992 to the end of 2004 the EIB granted loans to the Czech Republic worth a total of approx. EUR 5.5 billion, i.e. approx. CZK 165 billion, roughly 53% of which, i.e. EUR 2.9 billion (approx. CZK 87 billion), were loans to fund the functions of the state. In 2004, the EIB granted loans to the Czech Republic worth a total of approx. EUR 541 million, i.e. approx. CZK 16.23 billion, of which the total value of credit for the state was approx. EUR 450 million, i.e. approx. CZK 13.5 billion.

## **The Czech Republic and the EU's development policy**

The European Union is the biggest provider of external aid in the world. The volume of development projects and humanitarian aid runs to approximately EUR 30 billion a year, which represents 55% of all donor contributions worldwide. The main framework for the EU's development policy consists in international undertakings, principally the Millennium Declaration, including the Millennium Development Goals designed primarily to combat poverty and hunger. Other goals are equally important: peace, security and disarmament, protection of the environment, human rights, democracy and good governance and protection of particularly vulnerable groups of humankind.

Since May 2004, the Czech Republic has fully participated in meetings and sessions of EU bodies dealing with foreign development cooperation. It is not just participation in formulating development policy and external aid principles that is important: helping shape the conditions for the practical implementation of EU member countries' development projects in the rest of the world is equally significant. Within EU member countries the principles of, among other things, coordination, complementarity and coherence are applied. Increased effort is expended on harmonisation activities (e.g. joint assessment of needs, joint multi-year programmes, joint financial agreements etc.).

In line with the United Nations' long-term goals from Monterrey, Mexico, the EU stipulated that by the year 2006 each member country would provide at least 0.33% of GNI on official development aid and that the average magnitude of this aid in the EU would attain 0.39% by the same year. Regarding the EU's new commitments, the European Council decided in November 2004 that the assessment would make allowance for the realistic

capabilities of new member countries. The current level of the Czech Republic's official development aid is 0.108% of GNI, i.e. approx. CZK 2.8 billion per annum.

### **Selected visits by Czech representatives to EU bodies**

In the months prior to EU accession, there was a sharp increase in the number of trips and visits between the Czech Republic and EU institutions at all levels (official, working, expert). After 1 May 2004, the frequency of contacts was influenced by numerous regular meetings organised by EU institutions and presidency countries (Ireland in the first half of 2004 and the Netherlands in the second half of the year), which take place in the intervals between sessions of the European Council at the highest political level. Below is a list of some of the key visits by Czech delegations to EU bodies in Brussels:

- 4 March 2004 –working visit by President of the Czech Republic V. Klaus;
- 23-25 March 2004 – a Czech delegation led by Prime Minister V. Špidla attended a session of the European Council;
- 10 May 2004 – Prime Minister V. Špidla attended a session of the 3<sup>rd</sup> Cohesion Forum;
- 17-18 June 2004 – a Czech delegation led by Prime Minister V. Špidla attended a session of the European Council;
- 29 June 2004 – a Czech delegation led by Prime Minister V. Špidla attended an extraordinary session of the European Council;
- 5 October 2004 – working visit to Brussels by Prime Minister S. Gross;
- 4-5 November 2004 – a Czech delegation led by Prime Minister S. Gross attended a session of the European Council;
- 16-17 December 2004 – a Czech delegation led by Deputy Prime Minister for Economy M. Jahn attended a session of the European Council.

*Outside Brussels, high-ranking representatives of the Czech Republic took part in two key EU gatherings:*

- 1 May 2004 – Prime Minister V. Špidla attended the EU enlargement celebrations in Dublin;

- 29 October 2004 – Prime Minister S. Gross and Minister of Foreign Affairs C. Svoboda participated in the signing of the Treaty Establishing a Constitution for Europe in Rome.

In keeping with tradition, Czech delegates attended a number of informal ministerial meetings held in various towns of the presiding countries (Ireland, the Netherlands).

## **The Czech Republic's communication strategy on EU matters**

A government resolution of March 2004 charged the Ministry of Foreign Affairs of the Czech Republic (MFA) with the coordination and further methodological management of the Communication Strategy of the Czech Republic. That means continuing to provide a constant public information service and gradually rebuilding the network of regional information centres on the EU. At the same time, the MFA joined in the European Commission's project to prepare a uniform European information network, *Europe Direct*, scheduled for 2005-2008.

Whilst in the first months of 2004 the communication strategy reflected the need to provide the Czech public with adequate information about the EU, after 1 May 2004 the tasks were more focused and derived from the Czech Republic's EU membership (primarily elections to the EP). The number of questions received and answered on the toll-free information line increased (peaking in April 2004, when 32,873 calls were answered). Considerable use was made of the [www.euroskop.cz](http://www.euroskop.cz) internet server.

The structure of enquiries changed after the Czech Republic joined the EU: general enquiries were replaced by requests for specific information regarding the spheres of competence of individual ministries (e.g. free movement of services, the Industry and Enterprise Operational Programme, the Infrastructure Operational Programme, and the possibility of drawing from the structural funds). For that reason the MFA gradually developed cooperation with the appropriate ministries and created specialised interest sections and discussion forums on its website.

Besides targeting Czech society, the communication strategy also presented the Czech Republic as a new EU member state through activities performed by Czech embassies in EU member states.

## The Czech Republic and the Common Foreign and Security Policy of the European Union

The Czech Republic views its involvement in the Common Foreign and Security Policy of the European Union (CFSP) as an integral part of its membership of the EU. Upon joining the EU, the Czech Republic started to take full part in forming and implementing the EU's foreign policy – in working groups; in the Political and Security Committee of the EU (COPS); in the Committee of Permanent Representatives (COREPER); and at sessions of political directors and European correspondents. The Czech Republic took part in sessions of the Council for General Affairs and External Relations (GAERC), represented at the level of foreign ministers; in informal meetings of foreign ministers (Gymnich); and in several EU meetings with third countries, e.g. Russia, the USA, or as a part of the Euro-Mediterranean Partnership.

In all these forums, the Czech Republic strove to make constructive use of its status as an EU member. In working groups, the Czech Republic was involved in preparing materials for the Council of the EU and in information exchange; in COPS it co-formulated positions on current foreign policy issues. The Czech Republic took part in preparing and subsequently implementing CFSP instruments, such as declarations and demarches of the Presidency and common positions and actions of the Council of the EU. The Czech Republic was involved in cooperation between the embassies of EU states in third countries and took part in drawing up situation, assessment and recommendatory reports on these countries. Intensive dialogue also took place in international organisations (chiefly the UN and OSCE), where the Czech Republic coordinated its positions with other EU member countries<sup>4</sup> in order to promote EU policies.

In December 2003, the European Council approved a key EU document in the area of the CFSP – the *European Security Strategy (ESS)*, which formulates the EU's idea of security challenges and its responses to them. The main topics the EU dealt with in the context of implementing the ESS in 2004 were non-proliferation of weapons of mass destruction, terrorism and the threat of regional conflicts. In 2004, the EU provided support to organisations that monitor weapons of mass destruction, in particular the International Atomic Energy Agency, the Organisation for the Prohibition of Chemical Weapons and programmes to safeguard nuclear sites in Russia. Equally keen attention in the implementation of the ESS

was paid to terrorism as a growing strategic threat to Europe as a whole (which was underscored by the terrorist attack in Madrid in March 2004).

True to tradition, the EU was active in Middle East region. Within this region, the Czech Republic focuses most closely on the issue of the Middle East peace process, Iraq and Iran. In June 2004, the European Council approved a document titled *The EU Strategic Partnership with the Mediterranean and the Middle East* – the Czech Republic was actively involved in creating this document. At the Euro-Mediterranean Foreign Ministers Conference held in Dublin in May 2004, the Czech Republic put forward a motion to appraise the Barcelona Process on the occasion of its tenth anniversary.

The Czech Republic was intensively involved in forming and implementing the EU's foreign policy towards Eastern European countries; the summary strategic assessment of relations between the EU and Russia at the start of 2004 and the preparation of concepts for four areas of mutual collaboration were particularly significant. With strong support from the Czech Republic, the EU started to consider adopting a more intensive policy towards Moldova. The EU's endeavours to support democratic changes and to improve human rights in Belarus continued, but were negatively influenced by the course of the parliamentary elections and referendum in Belarus in autumn 2004. With regard to Ukraine, the Czech Republic was active in making the EU engage more closely in the search for a democratic and peaceful solution to the crisis during presidential elections at the end of 2004. The Czech Republic also sent to the elections a relatively large group of observers under the OSCE and Visegrad cooperation.

The political and security situation in the Western Balkans also occupied the EU's attention. Servicemen of the Army of the Czech Republic (ACR) form part of KFOR units in Kosovo and EUFOR in Bosnia and Herzegovina; Czech police officers are engaged in the EUPM mission in Bosnia and Herzegovina and the EU's PROXIMA mission in the Former Yugoslav Republic of Macedonia (FYROM). In the summer of 2004, the Czech Republic, Austria, Hungary, Poland, Slovakia and Slovenia presented a joint position on the resolution of the Kosovo problem. The Czech Republic confirmed its active role in the search for a solution to the Kosovo issue.

The EU also focused on the South Caucasus and Africa. Progress was made in the European Neighbourhood Policy (ENP) project. In May 2004, a strategic document

summarising the EU's principal objectives was presented. Among other things, it proposes incorporating South Caucasus countries into the concept of the ENP. The Czech Republic was among the countries that supported the incorporation of these countries, which was approved at the June session of the European Council. Presentation of the strategic document was accompanied by reports on the individual countries. In December 2004, the European Council approved action plans for the first group of countries (Israel, Jordan, Moldova, Morocco, Palestine, Tunisia and Ukraine).

Membership of the EU helped the Czech Republic in its long-standing endeavour to strengthen the EU's Asia policy, thanks to the Czech Republic's accession to ASEM (formally institutionalised dialogue between Europe and Asia established in the 1990s) along with the other new member states in October 2004. The Czech Republic has for a long time been engaged in European policy towards Burma/Myanmar; in ASEM it successfully pushed for more stringent and more effective EU sanctions against the authoritative regime in Burma/Myanmar.

For the first time as an EU member state, the Czech Republic took part in the EU – Latin America and Caribbean summit, held on 27-28 May 2004 in Guadalajara, Mexico. The Czech delegation was led by Deputy Prime Minister and Minister of Finance B. Sobotka. The central themes of the summit – multilateralism and social cohesion – will become increasingly relevant for the Czech Republic as an EU member in its relations with Latin American and Caribbean countries, which constitute one of the EU's priorities.

The Czech Republic was also very actively involved in forming the EU's common policy on Cuba. It continued in its long-term support for dissent in Cuba and was one of the key actors in the revision of European policy, pushing for a policy of no concessions towards the Cuban regime, emphasis on human rights and support for the Cuban opposition.

### **The Czech Republic and the European Security and Defence Policy**

The European Security and Defence Policy (ESDP) was a fast-developing area of European integration in 2004. From the Czech Republic's point of view, the ESDP has an important position among the instruments that the EU possesses for its external activities. The Czech Republic's approach is based on the assumption that the ESDP should not be created as a rival to NATO. Thus the Czech Republic's priority interest regarding the ESDP preserves EU-NATO complementarity. New ESDP elements focused on further improving military and

civilian capabilities and raising the capability for operational deployment. From the Czech Republic's point of view, this process lays the foundations of an effective response to today's security risks. This development conformed fully to the Czech Republic's foreign policy.

NATO remains the EU's key partner in the ESDP. The "Berlin Plus" mechanism contained in the 2003 Framework Agreement between NATO and the EU, formed the basis for cooperation between the two organisations. Contacts between the EU and the UN also intensified in 2004, with new cooperation options being considered. Relations between the EU and the OSCE were also developed. In 2004, the ESDP became an active component of the ongoing cooperation between the EU and the Mediterranean, as well as seeking to identify possibilities for cooperation with the African Union.

### **ESDP missions**

The EU went ahead with two police missions in the Western Balkans: EUPM in Bosnia and Herzegovina and PROXIMA in FYROM. EUPM's objective is to monitor, assist and inspect the working of the local police in Bosnia and Herzegovina; its mandate expires at the end of 2005. The Czech Republic participated by sending five police officers to this mission. PROXIMA, which has been extended to the end of 2005, is similarly designed to support the formation of a police force and consolidate the rule of law in FYROM. The Czech Republic sent four police officers to participate in this operation.

A civilian/military EU mission began in Bosnia and Herzegovina in December 2004 under the name ALTHEA. The operation's main objective is to ensure stability in the country; one of its tasks is to combat organised crime. This operation, the most significant of its type to date for the EU, was made possible by a decision taken at NATO's Istanbul summit of June 2004 to terminate the SFOR mission, which ALTHEA replaces. The Berlin Plus mechanism for cooperation with NATO is applied to ALTHEA. Seeing that NATO will have a presence in Bosnia and Herzegovina in parallel with ALTHEA, an agreement was made by the two organisations defining their separate activities there. The Czech Republic takes part in the operation primarily as a part of a joint Czech-Austrian unit. The mandate governing the Czech Republic's participation in ALTHEA set an engagement limit of 90 personnel of the Army of the Czech Republic.

The first EU mission designed to support the rule of law was launched in Georgia in June 2004 under the name THEMIS. This specialised mission, consisting of a team of experts

(without Czech involvement), is intended to support the reform of criminal justice and the transformation of Georgian state criminal justice authorities.

## **ESDP capabilities**

The new *Headline Goal for 2010*, adopted in June 2004, became an important basis for the further development of military capabilities. In it the EU identifies priority goals for the development of its capabilities, which reflect the new security environment and ESS objectives. The Headline Goal lays down a timetable for achieving the ambitions identified by the EU. One of the key components it contains is a commitment to create an EU rapid reaction force in the form of “battle groups”. Battle groups are stand-alone combat units of around 1,500 men, backed up by combat and service support elements, and are intended to be capable of full deployment from 2007 onwards. They are expected to be deployed on the basis of a UN request under Chapter VII of the Charter.

The battle groups concept was approved in June 2004. When the concept was being formulated, the Czech Republic put emphasis on cooperation and compatibility of battle groups and NATO rapid reaction forces (NATO Response Force). The political mandate for the Czech Republic’s participation in the formation of battle groups was approved by the Czech government on 27 October 2004. Member countries declared their contributions to this concept at a conference on military capabilities in November 2004. The Czech Republic conducted expert-level talks on the creation of a joint battle group with Austria and Germany.

Further talks on the creation of an agency for defence capabilities development, research, acquisitions and armament, which came to an end in July 2004, represented a significant step towards improving the EU’s military capabilities. Concrete steps were taken in autumn 2004 to enable the institution, named the European Defence Agency (EDA), to start work at the beginning of 2005. The EDA coordinates the efforts of member countries to improve European defence capabilities and should focus on harmonising these efforts with the EU’s requirements. The agency’s other goals include promoting cooperation between member countries in the field of research and development of new technologies. The Czech Republic supported the formation of the EDA and regards its mission to improve defence capabilities as beneficial.

In 2004, an agreement concerning the EU’s operational planning capabilities, originally adopted at a session of the European Council in December 2003, was elaborated in



detail. This arrangement creates modalities for conducting EU operations in cases where the Berlin Plus mechanism, i.e. NATO resources and capabilities, is not used. In these cases, the EU will either activate one national operational command to plan its operations or will set up an operation centre on an *ad hoc* basis. At its core is the civilian/military planning cell. The outline form of this civilian/military planning cell was approved in June 2004 and concretised in December 2004. From the Czech Republic's point of view, the adopted form of the civilian/military planning cell is satisfactory.

Under the ESDP, the EU also developed the area of civilian crisis management, which comprises four fields of action that can be taken in various phases of a crisis situation: civilian administration, the police, the rule of law, and civilian protection. In November 2004, the *Civilian Headline Goal for 2008* was adopted.

## **2. The Czech Republic and the North Atlantic Treaty Organisation (NATO)**

In 2004, the Czech Republic continued to play an active role in shaping NATO policy, using its own political and security priorities and objectives as the basis for defining its positions.

For NATO, 2004 was primarily the year of the Istanbul summit, held on June 28 and 29. The Istanbul summit was also an event of major significance in the Czech foreign policy calendar. Although it was not groundbreaking in terms of the topics it addressed, the summit did produce significant impulses, especially in the area of NATO operations, the transformation of NATO, the development of capabilities and the deepening of partnership relations.

The Czech Republic was one of the few NATO countries at the summit to stress the importance of the transatlantic link and the need for the Alliance not to lose its original character based on common defence.

One of the central themes of the summit was the continuing transformation of NATO's military capabilities. The development of the NATO Response Force (NRF) is a categorical success; the Czech Republic, which played the leading role in developing a multinational battalion for protection against weapons of mass destruction, was instrumental in this success. These forces as a whole reached initial operational capability as of

12 October 2004. In connection with the NRF, many NATO countries are confronting the question of the flexibility of national legislative and legal processes when sending units to operations abroad. The Czech Republic is one of those countries that have already managed to find a satisfactory solution covering the process of sending troops to NRF operations abroad.

The changing security environment and new threats make it increasingly necessary for individual NATO member countries to work together to identify and analyse potential threats, whether military or non-military, and to share intelligence information. The Czech Republic fully supported this trend and has for long sought to develop and intensify cooperation with its allies in NATO.

There is also a growing need for NATO capabilities to react appropriately to current security threats in the form of international terrorism and the proliferation of weapons of mass destruction (WMD). The Czech Republic continued to implement the decision of the Prague NATO summit regarding the provision of adequate defence resources, capabilities and military forces necessary to confront these asymmetric threats. Under the *Prague Capabilities Commitment* the Czech Republic assumed fourteen national commitments to support the specialisation of the Czech army in WMD protection, passive monitoring systems and military healthcare. Additionally, the Czech Republic is a leading country in the multinational battalion for protection against WMD. This battalion was the first NATO rapid reaction unit to attain full operational capability in June 2004. Work on building a *Centre of Excellence for Protection against WMD* in Vyškov also progressed in 2004.

NATO operations were without doubt one of the key themes of the 2004 NATO summit. The main operation outside NATO's traditional Euro-Atlantic theatre was the ISAF mission in Afghanistan. The mission has shown that the Alliance is capable of undertaking a new type of operation – a very remote, costly mission that combines the classic stabilisation role with elements of the fight against terrorism or assistance in state-building and economic reconstruction.

In the course of 2004 in Afghanistan, NATO gradually took over several *Provincial Reconstruction Teams (PRTs)* and started building others. For the Afghani presidential elections in October 2004 NATO increased its presence in the country by an extra 1500 personnel and put part of its rapid reaction forces on standby to deal with any radical deterioration in the security situation that might arise during the elections.

The Czech Republic engaged in the ISAF mission by sending a mine clearing team and specialists to secure operation of the international airport in Kabul. During the year, the government decided to increase the Czech contribution in 2005. In the middle of the year, the Czech Republic opened talks with Germany on the form of the Czech army's contribution to the PRT being developed under German command. Besides the ISAF mission, the Czech Republic also took part in Enduring Freedom, the anti-terrorist operation in Afghanistan, sending a contingent of 120 special forces personnel.

The KFOR mission in the Serbian province of Kosovo remains NATO's principal operation in the Euro-Atlantic area. During the year, discussions started on transforming the current structure of KFOR into a system of task forces, which would allow more flexible and efficient use of existing capacities.

The Czech Republic contributes to the stabilisation of Kosovo both in terms of foreign policy at sessions of the relevant NATO committees and militarily. In Kosovo the Army of the Czech Republic has for long maintained its biggest foreign contingent, numbering approximately 420 personnel serving in the joint Czech and Slovak KFOR battalion. The Czech contingent was one of the first to react to the outbreaks of violence in Kosovo in March 2004 by expanding its capabilities to include crowd control capacity and by abolishing national limitations (territorial and task-related).

NATO's SFOR mission in Bosnia and Herzegovina was handed over to the EU on 2 December 2004 under an agreement between the two organisations. At the time of handover, the Czech Republic was represented in SFOR by seven officers assigned to operational headquarters. After the handover, NATO continued to have a presence in Bosnia and Herzegovina in the form of a smaller mission with its headquarters in Sarajevo. This mission is designed to help in the reform of the country's defence sector, participate in the search for persons indicted for war crimes and contribute to the fight against terrorism. One Czech representative serves at operation headquarters.

Following NATO's decision at its Istanbul summit to accept the request tendered by Prime Minister of the Interim Iraqi Government I. Alawi for NATO help in building up and training effective security forces, in 2004 the Czech Republic took part in planning and preparing a NATO training mission in Iraq (NTM/I).

The extent to which capabilities and assets of the Army of the Czech Republic were deployed in NATO-led military operations in 2004 was based on political and security priorities and corresponded to the available resources.

The Czech Republic is an advocate of NATO's Open Door Policy. For that reason, in 2004 it continued to engage in intensive cooperation and shared its experience of its accession to NATO and work within the organisation with countries seeking to join. The Czech Republic was very actively involved in preparing and implementing the further enlargement of NATO – the latest phase of this process culminated with the official accession ceremony for seven new NATO member countries (Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia and Slovenia) at an informal foreign ministers' session of the North Atlantic Council on 2 April 2004.

NATO enlargement raises the question of the defence of the airspace of those new member countries that currently do not possess the necessary capabilities. During talks on this issue, the Czech Republic actively asserted the principle of NATO solidarity and promoted a temporary solution, under which NATO would guarantee the integrity of the airspace. The Czech Republic also stressed the need for fair sharing of the costs associated with airspace protection and was actively involved in looking for a long-term solution to this question.

As a traditional advocate of strong Euro-Atlantic ties, the Czech Republic is in favour of the further strengthening of cooperation and complementarity of NATO and the EU in the political and security area. The Czech Republic fully supports the sharing of NATO and EU capabilities under Berlin Plus, the complementarity of the rapid response forces being developed and, last but not least, the expansion of dialogue between the two organisations. The most tangible success in the development of NATO-EU relations in 2004 in the Czech Republic's view is the successful launch of the EU's ALTHEA operation in Bosnia and Herzegovina, which makes use of NATO resources.

The transformation of the Euro-Atlantic Partnership Council and the Partnership for Peace (EAPC/PfP) that was initiated at the Prague summit continued in 2004. The aim of this transformation is to ensure that the partnership is oriented more towards specific problems and a more individual approach is taken towards the partners – whether they are individual countries or groups of countries. The EAPC/PfP forum is currently made up of several groups, each of which requires a different approach, has different expectations and is in

a different economic and political situation: Caucasus and Central Asia countries; neutral countries – Finland, Sweden, Ireland, Austria and Switzerland; countries aspiring to join NATO – Croatia, Albania and the Former Yugoslav Republic of Macedonia; Russia and Ukraine.

In November 2004, the Czech Republic urged implementation of the decision taken at the Istanbul summit to review the structure of EAPC/PfP committees and rationalise their modus operandi. Among other things, the Czech Republic proposed merging certain committees that manage work in different areas of the EAPC/PfP.

One of the cores of the work of the Partnership for Peace in 2004 was to strengthen the interoperability of the armed forces of Partnership and Alliance countries and to engage Partnership countries in NATO operations. NATO is aware of the benefits of partner participation and consequently offers partners the chance to take part in selected initiatives designed to improve their military capabilities. These initiatives include the chance of participating in building NATO's rapid reaction forces (NRF) and WMD protection capabilities.

Relations between NATO and Serbia and Montenegro are a primary concern for the Czech Republic, which continued to be one of the leading countries in pushing for faster normalisation of Serbia and Montenegro's relationship with the Alliance.

The Czech Republic supported NATO in its efforts to expand cooperation with the Russian Federation and, in particular, continue with active cooperation in the fight against terrorism, in defence reforms, in conducting joint peace and humanitarian operations and in coordinating civilian emergency planning. At the same time, however, the Czech Republic stresses the need to respect the independence of the NATO's decision-making processes and its security interests.

The fight against terrorism is coming to the fore in cooperation between NATO and the Russian Federation. A NATO-Russia *Action Plan on Terrorism* was adopted to coordinate activities that have so far been splintered between several working groups. In some areas of cooperation, joint projects have brought tangible results. For example, the Russian Federation engaged its naval capabilities in anti-terrorist operations in the Mediterranean designed to prevent the smuggling of WMD and materials that can be misused by terrorists.

In the NATO-Russia Council (NRC), the Czech Republic endeavoured to strengthen political dialogue, including questions in which NATO member countries and the Russian Federation have different approaches and views. With the active involvement of the Czech Republic, the NATO also dealt with the question of the substance and effectiveness of the work of individual NRC groups.

The Czech Republic and other NATO members welcomed the ratification of the adapted Treaty on Conventional Armed Forces in Europe (Adapted CFE) in the Russian State Duma. NATO member countries also repeated their readiness to ratify the treaty once the Russian Federation honours the commitments it assumed in 1999 in respect of Moldova and Georgia.

In 2004, cooperation between NATO and Ukraine continued to focus on implementation of the Action Plan and Annual Target Plan, which were adopted at the Prague summit. An important area of cooperation is Ukrainian defence reform. Along with other NATO member countries, the Czech Republic welcomes Ukraine's contribution to NATO operations in Afghanistan and the Balkans and to the coalition operation in Iraq. Following the peaceful and democratic resolution of the internal political crisis in Ukraine at the end of the year, the Czech Republic was one of the countries supporting a gradual strengthening of ties between NATO and Ukraine.

2004 also marked the tenth anniversary of the establishment of the Mediterranean Dialogue (MeD) partnership format. At the NATO summit and other top-level events last year, the discussion on MeD focused primarily on the political significance and practical potential of this cooperation, particularly in connection with the threats of terrorism and proliferation of WMD. MeD countries are displaying a growing interest in cooperation with NATO; they particularly appreciate the individual dialogue and the fact that they can determine the scope of cooperation.

NATO's significance is also growing in countries that do not necessarily share its primary mission. A new partnership format is the Istanbul Cooperation Initiative (ICI), which is an offer of partnership and cooperation in security matters to countries of what is called the broader Middle East. The initiative is open to all countries in the region. So far, it has mainly been smaller Persian Gulf countries that have actively expressed an interest in the initiative (Kuwait, Bahrain, Qatar, United Arab Emirates). The Czech Republic supports the further

deepening of individual dialogue with each MeD/ICI country and regards the fight against terrorism, exchange of intelligence and advancement of defence reforms as the principal areas for practical cooperation.

In 2004, the Czech Republic continued to participate actively and successfully in formulating the principles of NATO's public diplomacy. The Czech delegation to NATO went ahead with intensive contacts with the Czech and foreign public. Annual "NATO Day" is growing in popularity and there is demand for public speeches and interviews. A website dedicated to NATO is now in its third year of operation.

In the second half of 2004, the MFA and the Czech embassy in Tel Aviv were very intensively preparing to assume the role of NATO Contact Point Embassy in Israel. Starting on 1 January 2005, the Czech embassy in Tel Aviv has thus become the principal information link between NATO and Israel for 2005 and 2006.

At the start of the year, the Permanent Representative of the Czech Republic to the North Atlantic Council, Ambassador K. Kovanda, as the longest-serving permanent representative (Dean of the Diplomatic Corps) in NATO, successfully brought to a close the process of selecting a new secretary general of NATO: the post went to former foreign minister of the Netherlands J. de Hoop Scheffer. On 18 March 2004, the new secretary general visited the Czech Republic. The main purpose of his trip was to meet top-level representatives of the Czech Republic. During his visit, Mr de Hoop Scheffer met the president of the republic, the chairman of the Senate, the chairman of the Chamber of Deputies, the prime minister, the minister of foreign affairs, the minister of defence and a number of other senior officials. The secretary general made a speech at a reception to mark the fifth anniversary of the Czech Republic's accession to NATO.

### **3. The Czech Republic and Regional Cooperation**

#### **Visegrad cooperation**

The accession of all four Visegrad countries to the EU and Slovakia's admission into NATO in 2004 represented the accomplishment of the tasks identified in the Visegrad Declaration from 1991, i.e. full integration into the key Euro-Atlantic structures. During the discussions that took place under the Czech presidency (2003/2004), all the participating

countries expressed the political will to build on the positive achievements of V4 cooperation to date and to continue with it.

At the prime ministers' summit in Kroměříž on 12 May 2004, where the Czech Republic handed over the presidency to Poland, V4 member countries presented two new documents describing the purpose and goals of continuing cooperation between Visegrad countries. The first of these – the *Declaration of Prime Ministers of the Czech Republic, the Republic of Hungary, the Republic of Poland and the Slovak Republic on Cooperation of the Visegrad Group Countries after their Accession to the European Union* – reflects the altered situation following the Visegrad countries' achievement of their integration ambitions. The second – *Guidelines on the Future of Visegrad Cooperation* – outlines areas and mechanisms of Visegrad cooperation.

The two keywords of the Czech Republic's presidency – continuity and future – were gradually translated into action. The Visegrad Group continued and will continue in all activities that proved worthwhile in the past and remains prepared to make full use of its potential, enhanced by the opportunities stemming from Visegrad countries' membership of the EU and NATO.

Besides the continuing interministerial activities, V4 international contacts also gained in intensity in 2004. Talks were held with the Nordic Council. Contacts with Benelux culminated with a meeting of prime ministers of the two regional groupings. For the first time in its history, the Visegrad Group sent an observer mission to elections in a foreign country: its observers participated in monitoring the presidential elections in Ukraine.

### **International Visegrad Fund (IVF)**

The International Visegrad Fund is the principal tool for developing Visegrad cooperation at non-governmental level. Its achievements in 2004 again proved its worth and practical utility. 645 projects were submitted to the IVF in 2004; 272 projects were supported with a total amount of EUR 2,090,168 (CZK 64,796,000).

The existing system of Visegrad grants was widened to include Visegrad Strategic Projects, which are designed to support cooperation in key areas.



The programme of Visegrad scholarships awarded to postgraduate students from V4 countries and now from certain countries of Eastern and South Eastern Europe went ahead. A total of 100 students applied for the different forms of scholarship programmes; 35 applicants were awarded scholarships for the 2004/2005 academic year.

### *Meetings of representatives of Visegrad Group countries in 2004*

- 5-6 February 2004 – meeting of transport ministers in Čejkovice;
- 2 March 2004 – meeting of agriculture ministers in Brno;
- 5 March 2004 – meeting of regional development ministers in Mariánské Lázně;
- 8 March 2004 – summit of prime ministers in Prague;
- 11-12 March 2004 – summit of presidents in Košice;
- 25 March 2004 – summit of V4 prime ministers with prime ministers of Benelux countries;
- 14-16 April 2004 – meeting of culture ministers in Krakow;
- 22-23 April 2004 – meeting of regional development ministers in Budapest;
- 12 May 2004 – official summit of prime ministers in Kroměříž;
- 20-21 May 2004 – meeting of environment ministers in Siófok;
- 24 May 2004 – meeting of defence ministers in Komorní Hrádek;
- 21-22 June 2004 – meeting of heads of parliamentary foreign affairs committees, defence and security committees and integration committees in Warsaw;
- 4 September 2004 – meeting of foreign ministers in St. Gerlach;
- 13-15 October 2004 – meeting of justice ministers in Krakow;
- 10-11 November 2004 – meeting of culture ministers in Sarospatak;
- 18 November 2004 – meeting of finance ministers of V4 + USA in Warsaw;
- 7 December 2004 – meeting of foreign ministers in Krakow;
- 8 December 2004 – summit of prime ministers in Warsaw.

### **Central European Free Trade Agreement (CEFTA)**

The Czech Republic was a member of this group from CEFTA's founding in 1993 until its accession to the EU. Until the end of its membership, the Czech Republic monitored and evaluated the safeguard measures for which it had been responsible within CEFTA. In the beginning of 2004, Slovenia handed over the chairmanship of the CEFTA Joint Committee to

Bulgaria. The Handover Protocol, which included a list of recommended activities for 2004, was submitted to all parties to the CEFTA agreement for their comments. Based on this, Bulgaria drafted a Plan of CEFTA Activities for 2004. The draft was discussed on 26 March 2004 in Sofia at a meeting of CEFTA deputy ministers responsible for external trade relations. The Czech delegation was led by Deputy Minister of Industry and Trade M. Somol. In addition, current issues concerning implementation of the CEFTA Agreement were discussed (information about the distribution of customs quotas for 2004 with regard to the accession of five states to EU, possibility of accession of the Former Yugoslav Republic of Macedonia to the Agreement).

Special attention was paid to the departure of five states (the Czech Republic, Hungary, Poland, Slovakia and Slovenia) to the EU on 1 May 2004. For these states, that was the last CEFTA meeting they took part in. All legislative questions concerning a problem-free withdrawal from CEFTA were resolved in 2003 through the Additional Protocol to the CEFTA Agreement of 4 July 2003, which entered into force on 25 February 2004. Bulgaria took over from Poland as the CEFTA depositary. Romania replaced the Czech Republic in charge of monitoring and evaluating safeguard measures.

### **Central European Initiative (CEI)**

2004 was an important year for the Central European Initiative for two reasons. First, 2004 marked fifteen years since the CEI's establishment: its foundations were laid down on 18 November 1989 in Budapest at a meeting of the foreign ministers of Austria, Hungary, Italy and Yugoslavia. Second, five current CEI Member States joined the EU. Following the accession of the Czech Republic, Hungary, Poland, Slovakia and Slovenia to the EU, seven of the seventeen CEI Member States were simultaneously in the EU. This new constellation has created new challenges for the CEI, which were discussed at top-level meetings of prime ministers, foreign ministers and political directors and by the CEI's working bodies.

A regular meeting of foreign ministers was held on 25 May 2004 in Portorož, shortly after the EU enlargement. In the final document, the ministers therefore emphasised the CEI's role as a tool to prevent new dividing lines being drawn up in Europe and expressed the conviction that EU enlargement will be a substantial boost to political stability and economic growth in the region. According to the ministers, the clear European perspective offered to countries involved in the Stabilisation and Association Process represents a strong impulse for

the strengthening of democratic institutions and the adoption of the necessary political and economic reforms. The Czech delegation to this session was led by the Secretary of State of the Ministry of Foreign Affairs, V. Zavázal.

The prime ministers' meeting of 25-26 November 2004 in Portorož was attended by the Czech delegation led by the Minister of Industry and Trade, M. Urban. The key theme of the meeting was "The Central European Initiative in the Enlarged Europe: new paths and perspectives after fifteen years of regional cooperation within the CEI". The speech given by the head of the Czech delegation emphasised new opportunities for the CEI in the enlarged Europe, particularly in its economic dimension and cooperation with other international organisations and regional initiatives. As a part of their assessment of political and economic developments in the region, the prime ministers paid considerable attention to the situation that arose in Ukraine after the second round of presidential elections; the Presidency issued an independent statement on this matter.

Besides these regular meetings, a number of ministerial meetings took place in 2004: a meeting of agriculture ministers (Maribor, 3 September 2004), ministers responsible for information society (Maribor, 10 September 2004), and economic ministers (Portorož, 25 November 2004).

Under the Slovenian presidency, new activities, complementing the CEI's existing agenda, were fully developed. The philosophy and organisational foundations of these new activities had been laid to some extent in the previous year: launching of a network of universities (the CEI University Network) to support mobility among university students and teachers and to implement joint study programmes in the fields of economics, public administration and communications. Creation of the CEI Science and Technology Network has a similar goal – it is governed by five international scientific centres of excellence based in Trieste and covers physics, mathematics, bio-engineering and new materials. The CEI provided financial rewards to help to commercialise selected research results and to establish new small enterprises. A new *Know-how Exchange Programme* was established, financed from CEI funds. To mark the tenth anniversary of the adoption of the CEI Instrument for the Protection of Minority Rights, the Executive Secretariat, in cooperation with the Slovenian Presidency, issued a digest of data, commentaries and legislation concerning this issue ("*Minorities and the Central European Initiative*"). In collaboration with the OECD's LEED programme (*Local Employment and Economic Development*), a new structure (*LDN – Local*

*Development Network*) was set up to support local and regional development in CEI Member States.

The CEI used its Cooperation Fund to co-finance a total of 66 joint projects with a total sum of almost EUR 1 million. A further EUR 1.2 million was provided out of the Italian Trust Fund within the European Bank for Reconstruction and Development (EBRD) for technical assistance and pre-project preparation of important – largely infrastructure – activities.

Within the framework of its cooperation with the CEI, the Czech Republic organised a successful seminar on ecological farming (Lednice, 30 June – 2 July 2004). The speakers at the seminar included the agriculture ministers of Austria and Slovakia. The Czech Republic also took part in a number of activities at working group level. Czech experts particularly commend the work of the geodesy section of the Earth Sciences Committee, set up by the Working Group on Science and Technology, and training courses and expertise exchange in the area of prevention of crisis situations and civilian protection.

## **Regional Partnership**

The Regional Partnership, an informal grouping of six Central European states (Austria, the Czech Republic, Hungary, Poland, Slovakia and Slovenia) cooperating in areas of common interest, was established in 2001 under an Austrian initiative. The Czech Republic takes part in this initiative to a degree reflecting the fact that its priority in Central European regional cooperation is the Visegrad Group, or in some cases cooperation in the V4+ format. The Czech Republic views participation in the Regional Partnership as complementary to Visegrad; it is, however, prepared to cooperate on all projects that have a specific substance and distinct goal. In this context, the Czech Republic regards cooperation in internal security and certain opportunities for cooperation under the European Neighbourhood Policy as promising and beneficial.

As a part of what is known as the Salzburg Group, which develops cooperation between the interior ministries of Regional Partnership countries, a meeting of interior ministers was held in Austria on 15-17 July 2004. On 12 December 2004, this forum, discussing questions of the further development of multidisciplinary cooperation in security matters, was hosted by the Czech Republic.

On 24-25 June 2004, a meeting of chairpersons of parliament was held in Prague, dealing with the work of national parliaments in the context of EU membership of Regional Partnership countries.

## **Stability Pact for South Eastern Europe (SESP)**

In 2004, the Stability Pact for South Eastern Europe (SESP) continued to fulfil its role as an initiator and coordinator of international assistance projects to the countries of the Western Balkans and Moldova. This assistance was provided mostly by the European Union countries, the USA, Switzerland, Norway, Japan and Canada, and via international organisations.

In the year of the fifth anniversary of its founding, the SESP registered positive changes in the status of beneficiary countries – Bulgaria and Romania successfully completed talks on EU membership; Croatia was awarded the status of candidate country, with membership talks tentatively scheduled to start in 2005. The success of the Stabilisation and Association Process (SAP), developed as a part of the Thessaloniki Agenda, which offers the prospect of EU membership to all countries of South Eastern Europe, was re-affirmed. In contrast, the violent unrest in Kosovo in March 2004 showed that the stabilisation process is far from completed.

The SESP concentrated primarily on the development of regional cooperation between beneficiary countries and the handing over of the management of individual initiatives to countries in the region as a part of “regional ownership”. This takes place within all three SESP tables (democratisation and human rights; economic cooperation, reconstruction and development; defence and security). As a complementary tool to the SAP, the SESP identified the following six principal fields of activity: strengthening local democracy and cross-border cooperation; supporting the mass media; energy and other regional infrastructure; trade and investment; the fight against organised crime; stabilisation of population movements (the return of refugees).

The Czech Republic was actively involved in the work of all three SESP working tables and supported projects with funds and expertise. It sought to make use of its comparative advantages and to share its experience gained during the transition from command economy with highly centralised management to market economy with open

democratic public administration, as well as from the process of preparing for EU membership and harmonising its legal system with the *acquis communautaire*.

The Czech Republic's membership of the EU further underscored the priority status of the SEE region in the Czech foreign policy, which was reflected in a statement by the Czech government in August 2004, in which the Czech Republic committed itself to engaging in the stabilisation and association process in the Balkans.

Within Working Table I for democratisation and human rights, the Czech Republic concentrated on fostering local self-government. Cooperation between the South Moravian Region of the Czech Republic and the Sumadija District in Serbia became an exemplary case of development aid implemented at regional level. This project allowed representatives of local self-government from partner towns and municipalities in the Sumadije District to learn about functioning local self-government in a democratic society.

A project of the Ministry of the Interior, now in its fourth year, has similar goals. This project focuses on the exchange of experience in the field of public administration reform and is implemented in Serbia and Montenegro.

Within Working Table II for economic cooperation, reconstruction and development, the Czech Republic continued to support the energy sector. Under authorisation from UNMIK, the Czech firm Enviro successfully completed a project aimed at creating management structures for Kosovo's energy sector. The project was co-financed with CZK 1.6 million. Training of Kosovan regulators in November 2004 in the Czech Republic focused on the proper functioning of the energy market in Kosovo.

In the middle of 2004, Czech firm Rosiva successfully launched a website promoting the Athens Process ([www.seenergy.org](http://www.seenergy.org)), which aims to create a single market in electricity and gas in the South Eastern Europe region, modelled on and interlinked with the market in the European Union. The SESP initiative, which the Czech Republic supported right from its inception, culminated under the leadership of the European Commission in the second half of 2004 with the preparation of a legally binding treaty establishing an Energy Community in the SEE region.

In order to achieve the Stability Pact's priority goals in trade and investment, the Czech Republic, in cooperation with the OECD, organised, as a part of the "Investment

Minimum”, a regional round table to foster investment in SEE countries, consisting chiefly of the sharing experience in the field of promotion of investments and exports. The MFA, again in cooperation with the OECD, organised a seminar on cartel agreements for participants from Western Balkans countries.

In 2004, the Ministry of Industry and Trade of the Czech Republic provided a sum of CZK 40 million for reconstruction projects as a part of the Czech Republic’s engagement in the process of dealing with the consequences of the Kosovo crisis and in the economic stabilisation and reconstruction of SEE.

The primary concerns within the third SESP Working Table III for defence and security were the fight against organised crime and migration and asylum issues; that was re-affirmed by the opening of a regional centre of the Initiative for Migration, Asylum and Refugees (MARRI) in Skopje. The Stability Pact’s principal goal in this area is to build up an effective judicial system and institutions to strengthen the rule of law, as well as to support mutual cooperation between the security forces in the region and their collaboration with Interpol and Europol.

In 2004, progress was made in the implementation of a broader international project to build up the asylum infrastructure in Bosnia and Herzegovina, which is implemented in the Czech Republic by the Ministry of the Interior. In keeping with tradition, the Czech Republic made a financial contribution to the Ljubljana-based International Trust Fund for Demining and Mine Victims Assistance, this time allocating CZK 1,380,000 to a project in Albania. Also within Working Table III, in 2004 the Czech Republic’s representative continued his secondment to the Office of the Special Coordinator of the SP in Brussels, where he is in charge of the issue of small arms and transformation of the armed forces and defence industry.

The Stability Pact highly appreciated the sharing Czech experience at a seminar on the protection of critical infrastructure organised by the Regional Arms Control Verification and Implementation Assistance Centre (RACVIAC) in Zagreb, and expressed the wish that this activity continue in 2005.

The Czech Republic’s efforts aimed at stabilisation of the Balkans were also reflected in its activities within various bodies of the European Union, the North Atlantic Treaty Organisation, the OSCE and other international organisations, as a part of bilateral contacts

with countries in the region and in sharing the experience gained by individual ministries during the preparations to join the EU. The Czech military and police engagement in Kosovo, Bosnia and Herzegovina and the Former Yugoslav Republic of Macedonia (described in greater detail in the part dedicated to the CFSP and NATO), as well as the provided development aid, contributed to the accomplishment of the tasks of the SESP.

## **4. The Czech Republic and Other European Forums**

### **The Czech Republic and the Organisation for Security and Cooperation in Europe (OSCE)**

The Czech Republic regards the OSCE as an important part of European security architecture. Supporting its work is one of the Czech Republic's foreign policy priorities. The Czech Republic's primary concern is for the OSCE to be an organisation that is capable of adapting to current challenges and tasks, of dealing flexibly with old and new security threats and risks and innovating its instruments to that end. It is the Czech Republic's enduring interest that the OSCE ensures observation of the adopted standards in all participating states and in all dimensions of its work (military/political, economic/environmental, and humanitarian/human rights) and continues to improve its ability to monitor cases of violation of these standards and subsequently help remedy the situation.

The Czech Republic systematically advocates making the OSCE capable of responding flexibly to old and new security threats and risks and adjusting its instruments to that end. According to the Czech Republic, the OSCE's primary roles are conflict prevention and post-conflict renewal. The Czech Republic supports further deepening of cooperation between Euro-Atlantic organisations and the OSCE security dimension in line with the principles of the Platform for Cooperative Security, approved at the OSCE summit in Istanbul in 1999. The Czech Republic regards the enlargement of NATO and the EU that took place in 2004 as a significant factor that will stabilise and strengthen the OSCE.

In 2004, the Czech Republic became fully involved in cooperation and coordination with other EU member states within framework of the OSCE, where EU members account for almost half the participating countries (25 of 55) and EU members' contributions make up roughly two-thirds of OSCE funds. The Czech Republic was actively involved in formulating EU positions on general matters and specific problems.



The Czech Republic regularly hosts sessions of the OSCE Economic Forum, which meets every year in Prague at the Senior Council level and is the main OSCE event in the economic dimension each calendar year. The Czech Republic welcomes the efforts designed to strengthen the OSCE's economic dimension and find the right balance between all three OSCE dimensions. Although the OSCE is not an economic organisation, its role in preventing security risks stemming from economic and ecological problems is indispensable.

In its political and military dimension, the OSCE constantly seeks to implement existing confidence and security building measures as contained in the Vienna Document 1999, to implement the OSCE Document on Small Arms and Light Weapons and other documents such as the Code of Conduct, Principles Governing Conventional Arms Transfers, Global Exchange of Military Information, to support implementation of the Anti-Personnel Landmines Convention etc.

The Czech Republic has an interest in ratification of the adapted Treaty on Conventional Armed Forces in Europe (CFE), as it regards the CFE as one of the cornerstones of European security. The agreement on adaptation of the CFE is significant for the Czech Republic for two reasons: it eliminates the bloc-based concept of the original treaty, and it contains an even better system of notifications and inspections, thus making the entire disarmament regime more transparent. Parliament of the Czech Republic will ratify the Adapted CFE after Russia fulfils the political commitments in respect of Georgia and Moldova it assumed at the OSCE Review Conference in Istanbul.

Questions of non-discrimination and the abolition of all forms of discrimination, racism and anti-Semitism remain at the forefront of the human dimension of the OSCE.

A significant event was Hungarian M. Haraszti's appointment as OSCE Representative on Freedom of the Media.

The OSCE Human Dimension Annual Implementation Meeting took place in Warsaw on 4-15 October 2004. Its agenda centred on the strengthening of cooperation between the OSCE and other international organisations. The issue of tolerance, in all its various aspects, was the central theme.

Another important move in the human dimension was the holding of several forums on the issue of intolerance and racism. A Conference on Anti-Semitism was held in Berlin on

28-29 April 2004 and a Conference on Tolerance and the Fight against Racism, Xenophobia and Discrimination in Brussels on 13-14 September 2004.

These conferences were followed up by a special human-dimension Meeting on the Relationship between Racial, Xenophobic and Anti-Semitic Propaganda on the Internet and Hate Crimes (Paris, 16-17 June 2004).

Election monitoring remained a key area of the OSCE's work in the human dimension. In 2004, the Office for Democratic Institutions and Human Rights (ODIHR) sent election observers not just to South Eastern Europe and CIS countries, but also to the presidential elections in the USA. A support team of OSCE election experts also operated in Afghanistan. The Czech Republic was actively involved in monitoring elections in OSCE participating states; these elections were observed by a total of several dozen short-term and long-term observers from the Czech Republic. A number of elections were monitored by members of the Czech delegation to the Parliamentary Assembly of the OSCE. The Czech Republic sent a total of 55 observers to the re-run of the second round of presidential elections in Ukraine in December 2004.

In 2004, the OSCE registered positive results in its field missions, particularly in South Eastern Europe (among other things, it continued to help establish basic democratic standards in Kosovo and to strengthen statehood and the rule of law in Bosnia and Herzegovina). The OSCE possesses an extensive network of 18 long-term missions in the Balkans and CIS countries. There were almost 4,000 international and local civilian experts working in OSCE missions in 2004. The Czech Republic continued to actively send its experts to these missions. One of the successes scored by the Czech Republic was the appointment Ambassador P. Vacek as head of the OSCE presence in Albania.

There was merely limited progress in settling the Transdniestrian conflict in Moldova in 2004. In the OSCE, the Czech Republic supported the strengthening of international involvement in resolving the Transdniestrian question, including an active role for the EU, as well as securing a future international presence. The key factor for success, from the Czech Republic's point of view, continues to be Russian will to complete its military withdrawal from the country and to put pressure on the Transnistrian regime to take a constructive attitude.

There were no fundamental developments in the OSCE-sponsored talks on Nagorno-Karabakh taking place in the Minsk Group format between Armenia and Azerbaijan in 2003. The Czech Republic again declared its readiness to host talks between the personal envoys of the two countries' presidents in Prague.

In the OSCE's economic and environmental dimension (EED), the Czech Republic's annual hosting of the OSCE Economic Forum (EF), a key summit-level event, remained important for the country. The 12<sup>th</sup> OSCE EF, under the theme "New Challenges for Building Up Institutional and Human Capacity for Economic Development and Cooperation", was held in Prague from 31 May to 4 June 2004.

Bulgaria held the presidency of the OSCE in 2004. The culmination of its presidency was the 12<sup>th</sup> session of the Council of Ministers in Sofia (6-7 December 2003). The Czech Republic delegation was led by First Deputy Minister of Foreign Affairs J. Winkler. By a decision of the Council of Ministers in Sofia, Mongolia became an OSCE partner country. The meeting as a whole was dominated by debate on the reform of the OSCE, frozen conflicts, election standards and the current situation in Ukraine (criticism of the Belarus regime was also frequently heard).

Of the documents adopted by the Council of Ministers, it is worth mentioning the declaration on Nagorno-Karabakh, drawn up by the Co-Chairs of the OSCE Minsk Group after consultations with both concerned countries; and the declaration on the 60<sup>th</sup> anniversary of World War II. An important document for the reform of the OSCE is the decision to create a Panel of Eminent Persons to increase the efficiency of the OSCE. Once the Eminent Persons have drawn up their report on the state of the OSCE, there will be high-level consultations that should result in recommendations for the Council of Ministers in 2005. Other documents included an Anti-terrorism Declaration initiated by the Russian Federation/CIS, and three decisions regarding the fight against terrorism (regarding misuse of the internet by terrorists, the transfer of information about lost/stolen travel documents to Interpol, and improving the safety of shipping containers). An Action Plan for the Promotion of Gender Equality (a conceptual document for the OSCE Secretariat and participating states) and a decision on the role of the OSCE Secretary General were also adopted.

In the political and military dimension, ministers supported decisions in the area of small arms and light weapons and conventional ammunition. NATO states issued their own

declaration on the Adapted CFE and Istanbul commitments. A decision on the concept of border security and management, a decision on improving the efficiency and effectiveness of the Economic Forum, a general text on the fight against corruption and a decision on tolerance and non-discrimination were adopted.

The Czech Republic continues to pay great attention to the work of the Prague office of the OSCE Secretariat. The MFA is currently offering new premises, free of charge, for the office and seconds the head of this institution. The Czech Republic seeks to strengthen further the significance of the office and to deepen its activities for the benefit of the entire organisation, by strengthening both its function as an archive and conference service and its information role for expert and lay public.

## **The Council of Europe**

### **Political agenda activities**

The Czech Republic took part in the 114<sup>th</sup> session of the supreme executive body of the Council of Europe (CoE), the Committee of Ministers (CM), which took place in Strasbourg on 12-13 May 2004. The main items on the agenda were the substance of the upcoming 3<sup>rd</sup> summit of the Council of Europe and reform of the European Convention on Human Rights.

During the 114<sup>th</sup> session, a speech was made by the head of the Czech delegation, P. Vošalík, Deputy Foreign Minister for Legal and Economic Affairs.

During the session of the Council of Ministers, Mr Vošalík conducted consultations on development cooperation. The session was attended by the Director of Strategic Planning J.-L. Laurens. During the talks, Mr Vošalík confirmed that the Czech Republic intended to take part in development aid provided to other member countries of the Council of Europe. The Czech Republic identified Moldova as its geographical priority, in accordance with its long-term objectives.

Out of several projects, “Human Rights Training for State Administration Staff in Moldova” was selected for future implementation.

On 4-6 October 2004, on his first visit to the Council of Europe (following his appointment), Deputy Minister of Foreign Affairs for Legal and Consular Matters P. Svoboda was received by the president of the European Court of Human Rights L. Wildhaber, Secretary General of the CoE T. Davis, President of the Parliamentary Assembly P. Schieder and Human Rights Commissioner A. Gil-Robles.

The talks with Secretary General T. Davis focused on the content of the 3<sup>rd</sup> summit. The Secretary General stated that the main emphasis in all activities should be placed on the protection of human rights. As far as defining the activities of the CoE in relation to OSCE is concerned, the key aspect of the CE's response to inter-state and ethnic conflicts should be its preventive function; the OSCE has always dealt with follow-up assistance. During the meeting, Mr Vošalík presented to the CoE Secretary General an invitation to visit the Czech Republic.

### **Monitoring and activities in bodies of the Council of Europe**

In May 2004, the Czech Republic hosted chairwoman of the Monitoring Committee of the CoE Parliamentary Assembly J. Durrieu. A report on the visit was submitted to the Parliamentary Assembly of the Council of Europe for discussion. At its session of 23 November 2004, the Bureau of the Parliamentary Assembly of the Council of Europe took note of the conclusions of the Monitoring Committee on termination of the Czech Republic's post-monitoring procedure by the CoE Parliamentary Assembly.

The election of a new judge in respect of the Czech Republic to the European Court of Human Rights took place in April 2004. Out of three candidates, the Parliamentary Assembly re-elected the sitting judge K. Jungwiert.

As in previous years, in 2004 the Czech Republic continued to be represented in the CoE's specialist working bodies by experts from state administration and from academic institutions.

## Treaty-related activities

In 2004, the Czech Republic became a party to four conventions and signatory of one.

On 3 June 2004, the Czech Republic ratified the European Landscape Convention of 2000 (ETS 176), which is intended to promote protection of the landscape, landscape planning and European cooperation in this area.

The relevant expert committees of the Council of Europe will monitor implementation of the Convention, which entered into force on 1 March 2004.

On 19 March 2004, the Czech Republic deposited its instrument of ratification of the European Convention on Nationality (ETS 166). The 1997 Convention establishes fundamental principles regarding the acquisition and loss of nationality. Its aim is to facilitate the acquisition of new nationality and the recovery of previously lost nationality and to ensure compliance with procedural rules in proceedings concerning the award of nationality (including administrative and judicial review). The Convention also covers situations where state succession renders a person stateless, cases of multiple nationality and matters related to the performance of compulsory military service.

The Convention on Contact Concerning Children (ETS 192) was ratified in September 2004. This is a new instrument of the Council of Europe designed to ensure the rights of parents or other concerned persons to have contact with children.

The Additional Protocol to the European Agreement on the Transmission of Applications for Legal Aid (ETS 179) was signed on 19 March 2004. The Additional Protocol supplements the European Agreement on the Transmission of Applications for Legal Aid from 1977. The agreement is designed to eliminate economic barriers to the use of legal aid. It regulates procedures by which persons with permanent residence in one state party can use authorities in this state to apply for legal aid in civil, commercial and administrative matters in another state party.

The aim of the Additional Protocol is to improve cooperation between national authorities through which applications for legal aid are transmitted and to facilitate communication between applicants for legal aid and legal representatives.

Out of a total of 194 conventions, the Czech Republic is party to a total of 92 and a signatory of 15.

## **Second periodic report on measures taken to give effect to the principles set out in the Framework Convention for the Protection of National Minorities**

By resolution 618 of 16 June 2004, the Government of the Czech Republic approved the Second Periodic Report on measures taken to give effect to the principles set out in the Framework Convention for the Protection of National Minorities. The report, which was drawn up by the secretariat of the Council for National Minorities of the Government of the Czech Republic, was submitted to the secretary general of the Council of Europe through the Permanent Mission of the Czech Republic in Strasbourg.

On 29 November – 2 December 2004, the Czech Republic hosted a visit by a delegation sent by the Advisory Committee on the Framework Convention for the Protection of National Minorities, which met with representatives of the Office of the Czech Republic Government, the Council for National Minorities of the Government of the Czech Republic, the Council for Roma Community Affairs of the Government of the Czech Republic, ministries, the Office of the Public Defender of Rights and non-governmental organisations. At these meetings, Advisory Committee delegates discussed individual sections of the report with all participants. In the first months of 2005, the Czech Republic should receive the Advisory Committee's Opinion defining problems that will need to be tackled in the coming period.

## **Signing of an agreement on the establishment of a Council of Europe Information Office in Prague**

On 4 March 2004, an Agreement between the Government of the Czech Republic and the Council of Europe on the Legal Status of the Council of Europe Information Office was signed in Strasbourg.

The principal purpose of the Agreement was to formally confirm the status of the Council of Europe Information Office as a body fully representing the Council of Europe in the Czech Republic. In particular, its provisions concerning privileges and immunities can be deemed to constitute practical implementation of the General Agreement on the Principles and Immunities of the Council of Europe.

## **Sessions of the Council of Europe's Ad hoc Committee on Action against Trafficking in Human Beings**

During 2004, the Council of Europe's Ad hoc Committee (CAHTEH) drew up a new convention focusing primarily on the rights of the victims of human trafficking. In the Czech Republic, detailed national debate on the planned convention is currently hampered by unclear division of responsibilities for most of the areas covered by the convention.

The Convention establishes a wide variety of rights for individuals and duties of the states parties designed to prevent human trafficking. These rights on the one hand and duties on the other are designed both to help improve the effectiveness with which perpetrators are prosecuted and the social and humanitarian treatment of the victims of this criminal activity. They include the provision of a diverse range of social benefits, such as basic housing, medical care or legal advice. The Convention also pays detailed attention to the process of identifying victims of human trafficking, confirms the commitments of the signatories to undertake preventive activities, defines measures in migration control, and establishes a binding status for victims of human trafficking, with particular regard to legalisation of their stay in a country, the course of investigations etc.

The principal benefits of this document should be the creation of a mechanism for monitoring implementation of the Convention by states parties, as well as its comprehensive approach, comprising both national and supranational forms of trafficking, including special provisions designed to help child victims of human trafficking.

## **The Council of Europe and terrorism**

As a part of the drive to make the fight against terrorism more effective while simultaneously upholding human rights, the Council of Europe's Committee of Experts on Terrorism (CODEXTER) started work on the draft of a Convention on the Prevention of Terrorism; additionally, the Steering Committee for Human Rights prepared to adopt its Guidelines on the Protection of Victims of Terrorist Acts.

The first initiative is designed to close the gaps in anti-terrorism cooperation between Council of Europe member countries. The new Convention, whose draft should be finished in the first half of 2005, should primarily define new steps in the area of prevention and international cooperation.



The draft guidelines on the protection of victims of terrorist acts adopted by the Steering Committee on Human Rights contains rules governing the compensation of the victims of terrorist crimes, provision of information to these victims and protection of their privacy. In the second part of the document, these general rules are supplemented by more specific recommendations by the Committee of Ministers and decisions of the European Court of Human Rights.

Furthermore, at the end of 2004 the Council of Europe established a Group of Specialists on Identity Documents and Terrorism and a Group of Specialists on Assistance of Victims and Prevention of Repeat Victimization. The groups will work on tasks assigned to them in 2005.

## **5. The Czech Republic and international organisations**

### **United Nations Organisation (UN)**

The Czech Republic's engagement in UN activities takes place increasingly through the EU's coordination mechanism. First and foremost, the CONUN working group, which meets in Brussels every month, formulates EU positions, which the EU Presidency then presents at UN forums.

### **Principal UN bodies**

#### **58<sup>th</sup> session of the UN General Assembly**

The 58<sup>th</sup> session of the United Nations General Assembly (UN GA), chaired by the Minister of Foreign Affairs of Saint Lucia J. Hunte, continued in the first half of 2004. One of the main topics of the spring part of the session was revitalisation of the General Assembly, with particular focus on reorganising items on the agenda and arranging them into thematic groups. Much of the discussion – without success so far, regrettably – was devoted to the possibility of splitting the autumn part of the UN GA session into two parts (autumn and spring) so that items on the GA's agenda are spread more evenly.

Two resumed sessions of the 5<sup>th</sup> Committee (financial and budgetary), chaired by the Czech Republic's permanent representative, Ambassador H. Kmoníček, dealt with the issue

of financing the UN's peace-keeping operations, the complex issue of safeguarding UN personnel and buildings and the question of human resources.

### **59<sup>th</sup> session of the UN GA**

The main (autumn) part of the 59<sup>th</sup> session of the UN GA took place from 14 September to 23 December 2004, presided over by former foreign minister of Gabon J. Ping. The Czech delegation was led by Minister of Foreign Affairs of the Czech Republic C. Svoboda. The main focus of attention was on questions of peace and security, international economic cooperation, human rights, preparations for the 2005 summit-level session and UN reform, in particular in the context of the recommendations of the Panel of Eminent Persons.

After accession to the EU on 1 May 2004, the Czech Republic made use of its experience of coordination meetings in the framework of the EU. The Czech Republic was active principally in discussing economic issues, human rights issues (the Czech Republic was one of the few new EU member countries to take part in the EU's lobbying campaigns targeting other UN countries), humanitarian and social topics, disarmament and the situation in the Middle East, as well as current political questions that arose during the course of the GA.

There were over 1,100 EU coordination meetings in 2004. The Czech Republic was involved in preparing of approximately 200 EU statements on various items on the UN agenda (the plenary, committees, the Security Council).

At the initiative of Brazilian president L. I. da Silva, a meeting of heads of state, "*Action against Hunger and Poverty*", was held before the start of the general debate of the 59<sup>th</sup> UN GA. Besides L. I. da Silva, the principal participants at the meeting were the presidents of France and Chile, Prime Minister of Spain and the UN Secretary General. The Czech Republic's representative at the meeting was First Deputy Minister of Foreign Affairs J. Winkler.

The general debate was held on 21-30 September 2004; the EU ministers' week, which was attended by the First Deputy Minister of Foreign Affairs, J. Winkler, ran in parallel. In his address during the general debate, Minister C. Svoboda presented the Czech Republic as a new EU member supporting the EU's priorities and advocating effective multilateralism based on the UN system. He also stressed the issue of global threats: weapons

of mass destruction, terrorism, regional conflicts, failing states, and organised crime. Human rights have constantly been a priority in Czech foreign policy, and Mr Svoboda explicitly criticised Burma/Myanmar, Cuba and Belarus for their violations of human rights. He also outlined a vision for reform of the Security Council and mentioned the Czech Republic's candidacy for a seat on the Council in the 2008-2009 term.

Much of the autumn part of the plenary session of the 59<sup>th</sup> UN GA concentrated on the preparation of a progress report regarding achievement of the goals of the Millennium Declaration adopted five years ago in 2000; the other key topic was the need to revitalise the UN so that it is capable of responding to the changed international environment.

During the autumn, the debate on UN reform concentrated fully on the report of the High-level Panel on Threats, Challenges and Change; the report was titled "A More Secure World: our shared responsibility". The report's primary objective was to present a new vision of collective responsibility for the 21<sup>st</sup> century. The recommendations put forward by the independent experts should improve the international community's future ability to react more effectively to threats rooted in poverty, environmental degradation, terrorism, civil war, conflicts between states, the proliferation of weapons of mass destruction and organised crime.

### **UN Security Council**

During 2004, the UN Security Council's attention was occupied principally by the situation in the Middle East and African conflicts (Democratic Republic of the Congo, Sudan, Ivory Coast, Sierra Leone, Western Sahara). The Security Council (SC) also paid close attention to the situation in Iraq and in Haiti; Afghanistan was somewhat out of the spotlight in 2004. In November 2004, there was an extraordinary session of the SC away from its headquarters in New York – the SC convened in Nairobi, where it focused on the situation in Sudan. The SC adopted a key resolution, No. 1566, which established the secretariat of the Counter-Terrorism Committee (CTC) and fundamentally expanded its powers.

During the course of 2004, the Czech Republic monitored the work of the Security Council and was actively involved in the preparation of the EU's statements in the SC on the individual subjects of the open sessions. In February 2004 the Czech Republic submitted to the CTC its fourth report on implementation of SC resolution No. 1373.

## **United Nations Economic and Social Council**

In the Economic and Social Council (ECOSOC), intensive debate continued on how to strengthen ECOSOC's role in the UN system in the following areas: boosting the coordination role of ECOSOC, the management role of ECOSOC in relation to UN functional commissions, funds and programmes, and the function of ECOSOC as a platform for initial debate on new problems. In April 2004, a regular session of ECOSOC with the World Bank, IMF, WTO and UNCTAD was held. The Czech Republic was not a member of ECOSOC in 2004, but submitted its candidature for the 2006-2008 term (elections will be held in 2005); its targeted campaign has won the backing of its regional group for this candidacy.

The culmination of ECOSOC's work in 2004 was its substantive session, held in New York from 26 June to 23 July 2004. The theme of the high-level segment was "Resources Mobilisation and Enabling Environment for Poverty Eradication in the Context of the Implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010". In its statement, the Czech Republic accepted its share of responsibility for fulfilling the Millennium Development Goals and presented the Czech government's policy in the implementation of a preferential trade policy towards the least developed countries and in the growth in the volume of official development aid in recent years.

On the agenda of the session's coordination segment were questions of gender equality and its application in all UN policies and programmes. Progress made on this matter in various UN bodies was also evaluated. Economic, social and human rights questions formed the agenda of the general segment.

## **Resumed 10<sup>th</sup> emergency session of the UN GA on the Middle East**

At the request of Palestinian representatives, a further resumed 10<sup>th</sup> emergency special session of the UN GA on the situation in the Middle East was held on 16-20 July 2004 to follow up the issue of the "Advisory Opinion of the International Court of Justice on the Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territories", or rather the Palestinian draft resolution on this matter.

The controversial draft resolution was the subject of intensive debate in the EU, which sought to balance out the individual elements of the draft in connection with the overall situation in the Middle East. After complicated negotiations, the EU decided to vote in favour of the resolution at the dramatic end of the session.

## **UN international conferences**

### **World Summit on the Information Society (WSIS) – 2<sup>nd</sup> phase**

In 2004, the Czech Republic worked on preparations for the 2<sup>nd</sup> phase of the World Summit on the Information Society (WSIS), which will take place in Tunis at the end of 2005. In line with the conclusions of the 1<sup>st</sup> phase of the summit (Geneva, December 2003), preparation of second-phase final documents has started. Preparations for the summit in the Czech Republic are coordinated by the Ministry of Informatics. The national stocktaking of activities concerning implementation of the WSIS Action Plan identified 16 projects in the Czech Republic in 2004, among them a project focusing on computer and internet literacy in Kenya. The projects will be incorporated into the summary database of the International Telecommunications Union (ITU) and serve as a basis for preparation of the summit in 2005.

## **Specialised organisations in the UN system**

### **UN Industrial Development Organisation (UNIDO)**

UNIDO strove to engage in the reconstruction of Iraq in 2004, but the tense security situation there prevented any involvement. The start of a debate on the role of UNIDO in “post-conflict rehabilitation and reconstruction” led to the creation of a broader concept that was not confined solely to Iraq. Emphasis on the consistent respecting of UNIDO’s mandate was also evident in the case of the “Global Biotechnology Forum”, held under the aegis of UNIDO in Concepción, Chile, in spring 2004. There UNIDO was confronted with different approaches to the issue of biotechnologies that are found in various parts of the world, most notably in the USA as a non-member of UNIDO.

In 2004, the Czech Republic remained involved in the TEST project (transfer of environmentally sound technologies in the Danube river basin), in building a cleaner production centre in the Former Yugoslav Republic of Macedonia (where the Czech Republic is the principal project implementer) and, in particular, organising the second training course in “Technology Foresight”, which was held in Prague at the start of October 2004. In parallel with this, talks were held with UNIDO and partner countries on the possibilities for the Czech Republic providing financial and expert support for the planned UNIDO project to build up cleaner production capacities in Serbia and Montenegro and on the role of the Czech Republic in the project to build a UNIDO “virtual technology centre”.

### **United Nations Food and Agriculture Organisation (FAO)**

In March 2004, the Czech Republic acceded to the new International Treaty on Plant Genetic Resources for Food and Agriculture, drawn up within the FAO. The Czech Republic continued to be the biggest donor among new EU member countries and succeeded in increasing the number of its experts working in the FAO secretariat. In November 2004, Minister of Agriculture of the Czech Republic J. Palas attended the 127<sup>th</sup> session of the FAO Council.

Voluntary contributions drawn from the development cooperation chapter of the Ministry of Agriculture of the Czech Republic were again allocated via the joint trust fund; in 2004 a total of CZK 5.05 million was provided to cover the costs of FAO training courses and seminars organised in the Czech Republic for experts from Eastern European countries and the short-term involvement of young Czech experts in FAO projects. The joint project of the Czech Republic and the FAO focusing on sustainable game management in Morocco entered its second phase (the Czech Republic contributed CZK 1.5 million in 2004). Additionally, two projects of technical cooperation between the FAO and the Czech Republic continued. These are financed out of the regular FAO budget and deal with forestry and the environment. Through the FAO the Czech Republic provided financial humanitarian aid worth CZK 1 million to countries in Western Africa affected by locust swarms.

### **World Health Organisation (WHO)**

Significant healthcare developments were achieved by the 57<sup>th</sup> session of the World Health Organisation (17-22 May 2004), which, among other things, approved a new contribution scale, according to which the Czech Republic's share of the WHO budget fell from 0.199% in 2004 to 0.183% in 2005. The session was attended on behalf of the Czech Republic by Deputy Minister of Health M. Vít. On 3-4 May 2004 WHO Director General Jong-wook Lee made an official visit to the Czech Republic.

In November, the first round of talks about revising the 1969 International Health Regulations took place. The main purpose of the revision, which is due to be completed in 2005, is to broaden application of the regulations from a few precisely defined diseases to all events "that may constitute a public health emergency of international concern" (this definition should include misuse of chemical and biological substances). States should be

obliged to report such events and provide the information necessary for the provision of technical assistance by the WHO.

### **International Labour Organisation (ILO)**

The 92<sup>nd</sup> session of the International Labour Conference, the supreme body of the ILO, was held in Geneva from 1 to 17 June 2004. The principal themes of the meeting were human resources development, working conditions in the fishing sector and equality of pay conditions for men and women. The Czech Republic was actively involved in the work of all committees and the plenary session of the conference. Resolutions and recommendations were adopted on a number of items on the agenda. Attention was also paid to internal matters regarding the work of the ILO. The ILO's scale of assessments was adjusted in line with the UN scale for 2005.

In 2004, the delegation of the Czech Republic participated in the spring and autumn sessions of the ILO Governing Body as an observer. During the autumn part of the Governing Body's 291<sup>st</sup> session, eight new EU member states, including the Czech Republic, acceded the informal but prestigious Industrialised Market Economy Countries (IMEC) grouping of 35 states. At the end of 2004, the Czech Republic officially presented its candidacy for membership of the Governing Body for the 2005-2008 term (elections to be held in June 2005).

### **World Meteorological Organisation (WMO)**

The 56<sup>th</sup> session of the Executive Council of the World Meteorological Organisation was held in Geneva from 8 to 18 June 2004. After an intensive diplomatic campaign, a representative of the Czech Republic was elected to one vacated post in May 2004. The Executive Council is the supreme body of the WMO managing its work between sessions of the Congress, which are held once every four years. The cooperation of the Czech Republic with the WMO is ensured by the Czech Hydrometeorological Institute.

### **International Civil Aviation Organisation (ICAO)**

The 35<sup>th</sup> Assembly of the International Civil Aviation Organisation was held in Montreal from 28 September to 8 October 2004. One of the most closely observed items on the agenda was a series of elections to three categories of the ICAO Council. Hungary was the candidate on behalf of the Rotating Group of Central European States (CERG: the Czech

Republic, Hungary, Romania, Slovakia, Slovenia); after three years in the Council, the Czech representative in the ICAO Council was thus replaced by the Hungarian representative.

The key points on the Assembly's agenda, which also need to be applied in the Czech Republic, consist of protection of the environment and the impact of aviation emissions on the environment, including the introduction of charges for these emissions. Technical and security cooperation between ICAO Member States will continue in the coming years (in particular, aviation personnel training), focusing on the prevention of acts of violence against aviation infrastructure, aircrafts, their crews and passengers.

### **International Seabed Authority (ISA)**

The 10<sup>th</sup> session of the Assembly of Member States and other bodies of the ISA took place in the organisation's headquarters in Kingston, Jamaica, from 24 May to 4 June 2004. The Assembly primarily appraised the organisation's work in the previous year and defined priority tasks for the coming period. The Czech Republic's representative, J. Pařízek, from the Ministry of Industry and Trade, held the post of chairman and coordinator of the Eastern European Regional Group and member of the Council, the ISA's supreme executive body. The Czech Republic's representative, whose four-year mandate ended in 2004, was re-elected to the ISA Council for the 2005-2008 term; he also serves as a member of the ISA's Finance Committee.

### **United Nations Educational, Scientific and Cultural Organisation (UNESCO)**

The Czech Republic continued to successfully develop its cooperation with UNESCO in 2004. Minister of Education, Youth and Sports P. Buzková led a Czech delegation to a session of the International Conference on Education (Geneva, September 2004). Under a Czech initiative, the Comenius Medal has been awarded for outstanding contributions to teaching and education since 1993. In 2004, there were 9 laureates (7 individuals and 2 institutions). The Czech Republic also attended a conference of sports ministers (Athens, December 2004).

At the 169<sup>th</sup> and 170<sup>th</sup> sessions of UNESCO Executive Board, the Czech Republic, which sits on this body for the 2003-2007 term, was involved in preparing UNESCO's future programme and strove for continued reform of the organisation and its work methods.



Czech representatives took part in preparing a Convention against Doping in Sport and a Convention on the Protection of the Diversity of Cultural Contents and Artistic Expressions, which are due to be definitively approved in October 2005.

The Czech Republic is represented in the International Coordination Committee for the Safeguarding of the Cultural Heritage of Iraq, whose founding session took place in May 2004. The Committee's task is to coordinate all the international endeavours to safeguard Iraq's cultural heritage. To this end, the Czech Republic provided UNESCO with a voluntary financial contribution of USD 30,000.

In 2004, the Czech Commission for UNESCO, composed of representatives of central authorities and prominent scientific, cultural and educational institutions, took over patronage of 21 events related to implementation of the approved UNESCO programme in the Czech Republic. The Czech Commission was actively involved in the development of European cooperation, organising a meeting of a group of Central European countries in Prague.

There were a total of 47 Czech schools in the network of UNESCO affiliated schools in 2004. Their activities focused on human rights, environmental protection and international cooperation. They successfully took part in the Mondialogo international competition, with the team from a school in Uherské Hradiště taking third place.

In 2004, the UNESCO Secretariat approved a financial contribution worth a total of USD 107,500 for seven projects in the Czech Republic.

At present, the Czech Republic has a total of 12 heritage sites on the UNESCO World Heritage List. The final decision to inscribe Skalní města (the Cliff Towns) in Český ráj has been postponed for the moment; UNESCO undertook an expert mission to the Czech Republic to assess the nomination of the Třeboň fishponds complex. At the end of the year, the World Heritage Centre received a nomination for the "Paper Plant in Velké Losiny".

## **UN programmes, funds and other specialised bodies**

### **UN Development Programme (UNDP) and UN Population Fund (UNFPA)**

2004 marked a turning point in relations between the Czech Republic and the UNDP, which is the country's principal partner in development cooperation – the Czech Republic has been a net donor to this programme since 2004. Intensive cooperation with the UNDP went

ahead in three principal areas in 2004: in the UNDP's support for building up the Czech Republic's capacities for foreign development cooperation, the key result of which is the existence of a Development Centre operating at the Institute of International Affairs; in support for the preparation of sustainable development strategies at regional level; and in environmental protection. At the end of the year, the Czech Republic extended its Cost-sharing Agreement with the UNDP, which provides that the Czech Republic's voluntary contribution is CZK 15 million and that this sum may only be drawn for UNDP regional programmes involving Czech experts.

The Joint Session of the Executive Boards of the UNDP and UNFPA on 14-23 June 2004 followed the internal reorganisation of the two programmes, welcomed by donors and members alike. The session clearly showed the strengthening of the political role of the UNDP in developing countries and the strengthening of the UNDP administrator in the UN system. In 2004, the Czech Republic provided a voluntary contribution of CZK 3 million towards UNFPA activities and an additional material contribution worth CZK 1 million intended for the UNFPA's Reproductive Health Commodity Fund (500,000 Czech-made condoms for AIDS prevention in Romania).

### **United Nations Conference on Trade and Development (UNCTAD)**

The principal UNCTAD event of 2004 was the 11<sup>th</sup> session of the Conference (UNCTAD XI), which was held from 13 to 18 June 2004 in São Paulo, Brazil. The Czech delegation at UNCTAD XI was led by Deputy Minister of Industry and Trade M. Somol, who was elected one of the conference's vice-chairmen, by virtue of which office he also worked in the UNCTAD XI Bureau. Over the next four years, the resulting document that was adopted at UNCTAD XI – the “São Paulo Consensus” – will serve as the principal strategic document governing UNCTAD's work.

From 4 to 15 October 2004, Geneva hosted the 51<sup>st</sup> session of UNCTAD's Trade and Development Council, the organisation's key body between sessions of the Conference. The 51<sup>st</sup> session, attended by representatives of the Czech Republic, followed up the conclusions of UNCTAD XI and set out a specific plan of action for the coming year. From 12 to 28 July 2004, UNCTAD, in cooperation with the Prague University of Economics, the Ministry of Foreign Affairs and the Ministry of Industry and Trade, organised a course for government

experts from more than ten countries of Central and Eastern Europe. Entitled “Key Issues of the International Economic Agenda”, the course was rated very positively.

### **The Fight against Organised Crime and Drugs in the United Nations**

A report issued at the end of 2004 by the Panel of Eminent Persons, an expert advisory body to the UN General Secretary, ranked organised crime among the six greatest threats to the current world. In the UN system, transnational organised crime is dealt with by the Office on Drugs and Crime (UNODC) in Vienna. The UNODC carries on activities under six global programmes, each targeting a specific issue: drugs, human trafficking, money laundering, corruption, organised crime, terrorism. The UNODC Secretariat runs the UN Drug Control Programme (UNDCP). One of sections of the UNODC, the Terrorism Prevention Branch, brokers the provision of technical cooperation for countries implementing the UN’s twelve anti-terrorism conventions. The UNODC also organises the work of two commissions made up of representatives of member countries elected in the UN Economic and Social Council (the Commission for Narcotic Drugs, CND; Commission for Crime Prevention and Criminal Justice, CCPCJ); and the expert body supervising compliance with the UN’s three anti-drugs conventions, the International Narcotics Control Board, INCB.

Following the entry into force of the UN Convention against Transnational Organised Crime (the TOC Convention) in 2003, the 1<sup>st</sup> session of the Conference of the Parties to the UN TOC Convention convened in Vienna on 28 June – 9 July 2004. The Czech Republic attended the 1<sup>st</sup> session as an observer/signatory, as it did not manage to ratify the Convention in time. Ratification is currently hindered by the absence of legislation on criminal liability of legal entities. This legislation is being drafted and discussed in connection with the project for an amendment of the penal code and related regulations.

On 1 January 2004, for the first time since the CCPCJ was established in the first half of the 1990s, the Czech Republic became an elected member (for a four-year team); moreover, from that same date it chaired the 13<sup>th</sup> session of the CCPCJ. The substantive part took place in May 2004, where, besides holding the chair, the Czech Republic had one representative in the thematic debate (on the impacts of human trafficking on development in general). The Czech Republic’s commitment to combating human trafficking was manifested, inter alia, by the successful completion (in May 2004) of the Czech-Polish-Slovak project to stop the illegal trafficking in women in border areas; this project was implemented under the

aegis of the UNODC. What is more, the Czech Republic financially supported a triangular (Sweden-Czech Republic-Moldova) UNODC project of similar substance in Moldova and expects to substantially contribute to its results in the role of principal implementer.

The Czech Republic's continuous membership of the CND, lasting since 1993, came to an end as of 31 December 2003. However, even in 2004 the Czech Republic had the opportunity to influence the CND activities through the EU coordination mechanism. In 2004, the Czech Republic again contributed financially to one of the UNODC's anti-drug programmes in Tajikistan, specifically designed to improve the protection of the Tajik-Afghan border against smuggling of Afghani opium (and especially heroin, for which Tajikistan is a starting point on the drug's route to Europe) and against the illegal movement of persons potentially linked to organised crime and terrorist networks.

### **United Nations Committee on the Peaceful Uses of Outer Space (COPUOS)**

2004 marked the culmination of the continuous and systematic preparations being undertaken in the United Nations Committee on the Peaceful Uses of Outer Space for the assessing the first five years of implementation of the conclusions of the UNISPACE III international conference. The assessment was performed in October at the 59<sup>th</sup> UN GA in a high-level "UNISPACE III + 5" format. The Czech Republic was involved in preparing the assessment report for the said session; specifically, it was engaged in the work of several "action teams", among the most important of which was the team dedicated to natural disasters. One of the key recommendations made by this team is to create a mechanism that would make use of the products of other international bodies and organisations active in the field of natural disaster management and integrate them into a single system with on-line access for the concerned states.

### **United Nations Volunteers Programme (UNV)**

The Czech Republic demonstrated its support for volunteer activities in the UN system by financing the participation of four Czech volunteers working towards the Czech Republic's development priorities in Ukraine, Kosovo and Yemen, and 17 more volunteers who took part in UN missions in Kosovo, Afghanistan, Trinidad, Sierra Leone, Congo and Liberia. The Czech Republic also finances the work of the country's National Contact Point for UN Volunteers.

### **United Nations Commission for Social Development (CSocD)**

On 4-13 February 2004 and on 20 February 2004, the resumed part of the 42<sup>nd</sup> session of the Commission for Social Development took place in New York. As a member of this Commission, the Czech Republic held, beside its national position, also the office of vice-chairman in the Bureau for the Eastern European Regional Group. The Commission consensually approved the “agreed conclusions” on the priority theme, “Improving Public Sector Effectiveness” (the Czech Republic facilitated the negotiations) and adopted four resolutions on other topics.

### **United Nations Commission on Sustainable Development (CSD)**

The 12<sup>th</sup> session of the CSD was held in New York from 19 to 30 April 2004. This session opened new two-year work cycle by consideration of three key areas of the Millennium Development Goals: water, sanitation and human settlements. The session was attended by a Czech delegation led by Deputy Prime Minister P. Mareš, who presented a statement in the plenary session, focusing mainly on the sustainable management of water.

### **United Nations Forum on Forests (UNFF)**

The 4<sup>th</sup> session of the UNFF, attended by Czech representatives, was held from 3 to 14 May 2004 in Geneva. The agenda consisted of an assessment of the implementation of the forestry protection action plan, debates about criteria and indicators for sustainable forestry management and the financing and transfer of technologies for preserving forests for the use of current and future generations. Through the year, the work of three ad hoc groups that deal with specific issues in the periods between UNFF sessions was ongoing. A Czech representative participates in the work of the expert group for monitoring, assessment and reporting.

### **UN Statistical Commission**

The Czech Republic, through the Czech Statistical Office, continued to be actively involved in the work of the Commission in 2004 and successfully completed two consecutive four-year periods of membership. The Commission discussed its strategic objectives for the further development of statistics on a global scale, with a strong focus on the issue of population censuses and social and economic statistics. Other matters of debate were application of the fundamental principles of official statistics; statistical monitoring of the

implementation of the Millennium Development Goals and the associated building up of the necessary statistical capacity; and assistance from the international community to developing countries. The Czech delegation's statements concentrated on the issue of social statistics, in particular the policy of efficient use of resources for specific goals instead of the organisation of a large forum of social statistics; on the issue of classification; on the application of fundamental principles of official statistics and their wider sharing among international organisations.

### **United Nations Economic Commission for Europe (UNECE)**

In 2004, the UNECE continued to exercise its mandate as a regional economic organisation of the UN. From 24 to 26 February 2004, the 59<sup>th</sup> plenary session was held in Geneva, attended by a Czech delegation. The Czech Republic is perceived in the UNECE as an active member state: Czech experts are involved in 56 UNECE bodies and working groups. The Commission's other work in 2004 concentrated on technical cooperation activities. An important milestone in the on-going internal reform process in 2004 was the start of work on a Report on the State of the UNECE. Considerable attention in 2004 was also paid to cooperation between the UNECE and the Organisation for Security and Cooperation in Europe (OSCE). On the occasion of the 12<sup>th</sup> OSCE Economic Forum in Prague, which the Czech Republic yearly organises, the Czech Republic hosted a visit by the UNECE Executive Secretary B. Schmögner (31 May 2004), who held talks with representatives of the principal ministries involved in the Czech Republic's cooperation with the UNECE.

### **Miscellaneous**

The Czech Republic continued to donate to the UN World Food Programme (WFP) in 2004, providing CZK 2.58 million for the WFP Balkan operation (239 tonnes of wheat flour from the Czech Republic to Albania). The Czech Republic also provided a voluntary financial contribution to the Joint UN Programme on HIV/AIDS (UNAIDS). True to tradition, the Czech Republic provided a voluntary financial contribution to UNICEF, which came to CZK 6 million in 2004. The Czech Republic continued to be active in the steering bodies of a number of UN funds and programmes: the UN Environmental Programme (UNEP), the UN Institute for Training and Research (UNITAR) and the UNAIDS Coordination Council. At the ECOSOC session in May 2004 the Czech Republic was also elected to the Governing Council of the UN Human Settlements Programme (UN – HABITAT).

## **The Czech Republic and International Organisations**

### **The Czech Republic and the World Economy**

#### **Organisation for Economic Cooperation and Development (OECD)**

The benefits the Czech Republic gains from its membership in the OECD continue to be important, even after accession to the European Union (i.e. identifying and coordinating a course of action in current global issues, member-base stocktaking in non-European developed countries, sound statistics and substantively original analyses etc.). This point was stressed by the “Report on the Czech Republic’s Cooperation with the OECD From the Point of View of Preparations for EU Membership”, which the Czech government adopted by its resolution No. 26/2004.

Bodies of the state administration of the Czech Republic and the Czech National Bank (CNB) actively cooperated with the OECD in 2004. Besides the regular ministerial session of the OECD Council, a number of minister-level sessions of OECD working bodies, attended by delegations of the concerned ministries, were held in the first half of 2004.

In October 2004, the OECD Economic Development Review Committee discussed the Czech Republic’s 2004 Economic Survey. The OECD’s main recommendations for the Czech Republic concerned fiscal consolidation, including reform of the pension and healthcare systems; compliance with the criteria for accession to the Eurozone; improving policy towards business; and improving the functioning of the labour market. The Economic Survey also contains a chapter devoted to migration and a section appraising the Czech Republic in terms of sustainable development, concentrating on greenhouse gas emissions, air pollution and the sustainability of pension revenues.

In 2004, preparatory work for the review of the Czech environmental and energy policy started, with the relevant OECD missions conducted to the Czech Republic. In autumn 2004, the OECD issued a study on population ageing and employment policy in the Czech Republic. Further information about economic and social development in the Czech Republic is contained in a number of OECD comparative studies covering all member countries; it is worth mentioning at least the results of the international assessment of students - PISA 2003, published in December 2004, a study concerning sources of economic growth and a new regular overview of structural aspects of economic policy.

The Czech Republic played an active role in the OECD's cooperation with non-members, as a part of which the MFA organised two events. The seminar on the strengthening of trade and investment relations between the Czech Republic and the South East Europe from 14 to 15 October 2004 was attended by representatives of agencies promoting enterprise and investment development from eight countries of the South East Europe and by the Czech business representatives. The second seminar, concerning cartel agreements in economic competition, which the OECD organised in cooperation with the Office for the Protection of Competition of the Czech Republic (ÚOHS) and the MFA from 6 to 7 December 2004, was designed for representatives of institutions dealing with the protection of competition, again mainly from South East Europe. The Czech Republic also continued to take part in the preparation of the In-depth Assessment of Regulatory Mechanisms in the Russian Federation and in promoting the implementation of the Environment Strategy for Countries of Eastern Europe, the Caucasus and Central Asia. The Czech Republic's voluntary financial contributions towards OECD cooperation with non-members totalled EUR 90.000 in 2004 (approx. CZK 2.880.000). The Czech Republic also provided EUR 60.000 (approx. CZK 1.920.000) to support the extension of OECD activities under its horizontal project on sustainable development.

The MFA performed its coordinating role through the Interministerial Working Group for Cooperation with the OECD, which is composed of representatives of all central organs of state administration involved in the OECD's work. In 2004, the Working Group focused on the preparation for important OECD sessions, on the preparation of background materials for sessions of the Czech government regarding instruments adopted by OECD in 2004, and on the outlook for the provision of voluntary contributions to the OECD in coming years.

The MFA also coordinates its cooperation with the OECD on an international scale: in March 2004, it organised consultations between V4 country coordinators of cooperation with the OECD. The Czech Republic also takes part in EU coordination in Paris.

### *Visits by Czech representatives to OECD bodies:*

- 29-30 January 2004 – Minister of Education, Youth and Sports, P. Buzková, attended a meeting of ministers of the OECD Committee for Science and Technology Policy;
- 18-19 March 2004 – Czech delegation, led by Deputy Minister of Education, Youth and Sports, J. Müller, attended a ministerial meeting of the OECD Committee for Education;



- 15-16 April 2004 – Czech delegation attended a high-level meeting of the OECD High-level Development Assistance Committee;
- 20-21 April 2004 – Czech delegation attended a ministerial meeting of the OECD Committee for Environment Policy;
- 13-14 May 2004 – Czech delegation attended a regular ministerial meeting of the OECD Council and a parallel session of the health ministers and a conference of the OECD Forum;
- 3-5 July 2004 – Czech delegation, led by Deputy Minister of Industry and Trade, M. Somol, attended the 2<sup>nd</sup> Ministerial Conference on Small and Medium-sized Enterprises in Istanbul;
- 11 October 2004 – Czech delegation, led by Deputy Minister of Finance, T. Prouza, attended the debate on the Economic Survey of the Czech Republic;
- 11-13 November 2004 – Czech delegation, led by President of the Czech Statistical Office, J. Fischer, attended the OECD World Forum on Key Indicators, Palermo.

### *Visits by OECD representatives to the Czech Republic:*

- 22-24 March 2004 – visit by Deputy Secretary General of the OECD, R. Hecklinger, on the occasion of a conference of the European Banking and Financial Forum;
- 18-20 April 2004 – visit by Chief Economist of the OECD, J-P. Cotis;
- 26-29 October 2004 – visit by Deputy Secretary General of the OECD, H. Schlögl.

## **World Trade Organisation (WTO)**

The Czech Republic remained a member of the WTO after joining the EU, but with regard to the trade powers of the European Commission it no longer acts independently in the WTO: it now cooperates in drawing up common positions, whether in Brussels in EU Committee 133 and other working bodies of the Council of the European Union and the European Commission, or in Geneva at coordination meetings and during sessions of WTO working bodies.

Following the failure of the 5<sup>th</sup> Conference of Ministers in Cancún in 2003, the rest of the year proved no more fruitful in producing agreement on modalities for further progress in talks on the Doha Development Agenda (DDA). That task therefore became the WTO's

principal objective in the first half of 2004, so that multilateral talks could begin again in earnest.

The Czech Republic was actively involved in the process of responding to the events at Cancún and formulating procedures for possible further developments – this process took place within the European Union at the turn of 2003/2004. The first half of 2004 was then devoted to intensive talks in the WTO, chiefly among the principal partners, in order to reach consensus on the modalities. The key area proved to be agriculture, which accordingly received the greatest attention.

Consensus was achieved at a prolonged session of the WTO General Council at the end of July 2004: the “Doha Work Programme” was adopted. It had been clear that any failure to agree on such a document could seriously jeopardise future work on the DDA. Even though the document is not as detailed as had been expected in Cancún, it is a good springboard for further procedure. The text goes into greatest detail on the subject of agrarian reform, but the document also contains principles for trade in non-agricultural goods and services. It has laid the foundations for talks on facilitating trade and, in its opening section, touches on all DDA agendas. The General Council’s decision constitutes a political commitment of all members, but further elaboration of more detailed modalities is required.

This process is supposed to culminate in time for the 6<sup>th</sup> WTO Conference of Ministers, which will take place in December 2005 in Hong Kong, as the WTO General Council decided. Under the decision, intensive work on the DDA was started and continued throughout the rest of the year. Since the Czech Republic’s accession to the EU, Czech representatives actively participated in this work promoting national interests in the process of formulation of EU common positions.

### **International Monetary Fund (IMF)**

The Czech Republic has been a member of the IMF since its independence, i.e. since 1 January 1993. The IMF’s supreme body is the Board of Governors. The Czech Republic’s IMF governor is Governor of the Czech National Bank Z. Tůma; Deputy Minister of Finance Z. Hrubý was his alternate. IMF governors met at the regular annual IMF/World Bank sessions. The most recent annual meeting in the year 2004 was held in Washington in October 2004.

The Czech Republic's voting power in the IMF (0.39%) is determined by its membership quota. The Czech Republic is a member of the constituency associating the following states: Austria, Belarus, Belgium, Czech Republic, Hungary, Kazakhstan, Luxembourg, Slovakia, Slovenia and Turkey. Cooperation within the constituency is governed by the constituency agreement effective from 1 November 2004 to 31 October 2014.

At present, cooperation between the Czech authorities and IMF primarily takes the form of regular IMF missions to the Czech Republic, resulting in recommendations for economic policy, most often for monetary, fiscal and wage policy. Surveillance missions take place once a year in accordance with Article IV of the Articles of Agreement of the IMF. The last such mission in the year 2004 took place in May and focused on the issue of medium-term fiscal projections, measures supporting these projections, fiscal impacts after accession to the EU, public debt, and reforms in the pension and social sphere.

IMF mission reports regarding the situation in member countries are discussed by the IMF Executive Board and then published on the IMF website.

The Czech Republic had contributed to the funds for IMF ESAF II (the Enhanced Structural Adjustment Facility; in September 1999 this facility has been renamed to Poverty Reduction and Growth Facility) through which the IMF provides aid to the poorest developing countries. The Czech Republic's overall contribution amounts to SDR 10 million. The contribution was paid in from 1994 at annual instalments of SDR 1 million, i.e. approx. CZK 38 million (rate: 38 CZK/SDR); the last instalment was paid in 2003.

### **World Bank Group**

The World Bank Group is a financial group of five independent institutions:

1. The International Bank for Reconstruction and Development (IBRD), which provides financial and technical assistance to developing countries and transition economies; it does not finance the world's poorest countries;
2. The International Development Association (IDA), which finances the world's poorest countries;

3. The International Finance Corporation (IFC), which uses long-term credit and minority capital deposits to finance development projects in the private sector in developing countries and transition economies;
4. The Multilateral Investment Guarantee Agency (MIGA);
5. The International Centre for Settlement of Investment Disputes (ICSID).

The Czech Republic has been a member of the WB ever since its independence, i.e. since 1 January 1993. The WB's supreme body is the Council of Governors. The WB Governor for the Czech Republic is Minister of Finance and Deputy Prime Minister B. Sobotka; his alternate is Czech National Bank Vice-governor O. Dědek. WB Governors meet at regular annual IMF/World Bank meetings. The most recent annual meeting in the year 2004 was held in Washington in October.

The Czech Republic's voting rights (0.41%) are derived from the size of its capital input. The Czech Republic is a member of the same constituency as in the IMF.

The Czech Republic does not draw any loans from the WB, but it does make use of the opportunities for technical cooperation and advice provided by the WB to the Czech Republic via its own and external experts. The technical cooperation programme for the 2004/2005 fiscal year contains an assessment of the system for resolving insolvency in banks in the Czech Republic, including a public seminar (on 26 January 2005 in Prague); an assessment of compliance with corporate governance standards and rules in the collective investment sector and in banks (a seminar on this subject was held in November 2004); the organisation of a seminar on the effectiveness of foreign development aid scheduled for 2005 (in cooperation with MFA's Institute of International Relations); the issue of the fiscal aspects of healthcare provision in the Czech Republic; and proposals for improving fiscal sustainability. The Czech Republic was acquainted with studies on healthcare reform, e.g. in Slovakia and in the Baltic republics.

The Czech Republic's successful cooperation with the WB in the area of the environment continued in 2004. The Czech Republic is a contributor to the Global Environment Facility (GEF); at the same time, it draws environmental protection grant funds. The Czech Republic is currently also drawing a grant from the Japan Climate Initiative Grant Programme in 2003, which is intended to support implementation of the Framework

Agreement between the Czech Republic and the IBRD on Cooperation to Reduce Greenhouse Gases.

An event of great importance in the development of cooperation between the Czech Republic and the WB was the organising of a joint international PPP forum, “Mutually Profitable Partnership between the Public and Private Sector”, which took place in Prague at the end of February 2004.

During the year 2004, the Czech Republic has continued to fall among a client country of the IBRD. In view of its degree of development and of its accession to the EU, the Czech Republic is preparing to graduate from borrower status and join the ranks of the developed members of the IBRD. In this context, the minister of finance will present to the Czech government a proposal for the Czech Republic to graduate during the first half of 2005.

### **European Bank for Reconstruction and Development (EBRD)**

The EBRD was established to assist countries of Central and Eastern Europe and former USSR countries in their transition to market economy – it carries out its financial operations in 27 countries. It has 62 members. Its supreme body is the Board of Governors, in which Minister of Finance B. Sobotka represents the Czech Republic. The Czech Republic’s share of the EBRD’s paid in capital is 0.87%, which is also the country’s voting power. The Board of Governors meets once a year at the annual sessions of the EBRD. The most recent annual meeting of the Board of Governors in the year 2004 was held in London from 18 to 19 April 2004.

In the Czech Republic, the EBRD concentrates on private sector financing (loans and equity investment); since its founding it has implemented projects in the Czech Republic worth a total of EUR 1 billion. Projects worth a total of EUR 82 million were approved in 2004.

In 2004, the EBRD’s work in the Czech Republic proceeded according to the EBRD Strategy for the Czech Republic for 2004-2005, which was approved in September 2003. The new Strategy focuses on the following areas: financial services; private sector financing and support for small and medium-sized enterprises; investment in infrastructure and the environment in towns and municipalities.

In accordance with its mission statement, the EBRD's engagement in the Czech Republic was limited to the private sector in 2004.

Now after the Czech Republic joined the EU, EBRD funds can be used to co-finance projects for which the Czech Republic will draw the financing from the EU's Cohesion Fund and structural funds. The Czech Republic and the EBRD are considering channelling the bank's involvement primarily into infrastructure projects.

### **Council of Europe Development Bank (CEB)**

The CEB, which until 1 November 1999 was called the Council of Europe Social Development Fund, was established in 1956. It currently has 35 shareholders – most of the member states of the Council of Europe (CoE). It is attached to the CoE and is placed under the CoE's supreme authority. The CEB is legally and financially autonomous and constitutes the principal tool of the policy of solidarity pursued by the CoE. The CEB's management bodies are the Governing Board, the Administrative Council (in which two bodies each member country has one representative) and the Auditing Board. The Czech Republic has been a member of the CEB since 12 February 1999.

The CEB's priority objective is to help resolve social problems in member countries, primarily in aiding refugees, immigrants and victims of natural or ecological disasters. The Bank also provides credit, chiefly for projects to create and preserve jobs in small and medium-sized enterprises, to build social housing, for social infrastructure, for environmental protection projects, to promote education and health, for the modernisation of agriculture, to improve the quality of the environment in disadvantaged urban areas, and to protect cultural heritage (including restoring historical monuments).

To date, the Czech Republic has not applied for a loan to cover the needs of the state. In 2004, a private sector loan of EUR 20 million to finance investment projects in the area of small and medium-sized enterprises was approved. Now that the Czech Republic has joined the EU, CEB funds may be used to co-finance projects for which the Czech Republic will draw financing from the EU's Cohesion Fund and structural funds.

### **International Bank for Economic Cooperation (IBEC)**

The IBEC was established by the Agreement on the Establishment and Work of an International Bank for Economic Cooperation of 22 October 1963. The former

Czechoslovakia was a founding member of the IBEC and the Czech Republic's membership was established by virtue of its succession into international agreements concluded by Czechoslovakia. Currently, the bank has nine members: the Russian Federation, the Czech Republic, Poland, Bulgaria, Romania, Slovakia, Cuba, Mongolia and Vietnam.

Following the abolition of the Council for Mutual Economic Aid (CMEA) and the change in the principles of foreign trade between member states of the bank, work has started on preparing the bank for transformation into a financial institution operating on a commercial basis, whose activities would conform to the economic interests of its member states under the new conditions. At the beginning of the 1990s, however, the bank got into financial difficulties as a consequence of the unpaid commitments of some member states. Most debtor countries had repaid their commitments in recent years, but part of the debts owed by the Russian Federation and by Cuba remains outstanding.

According to a statement made by the head of the Russian delegation in autumn 2004, Russia intends to complete the settlement of its remaining debt in the first quarter of 2005. This will be a crucial step for the revitalisation of the bank's financial situation; however, the possibility of a fundamental expansion of commercial activities of the bank depends on how much of the Cuban debt is settled.

### **International Investment Bank (IIB)**

The IIB was founded by the Agreement Establishing an International Investment Bank of 10 July 1970. The bank's current members are the same group of states as in the IBEC, but Poland.

For the same reasons as the IBEC, the IIB also got into financial difficulties in the 1990s; the debts owed by member countries have been gradually settled.

In 2004, the IIB's financial relations with the Russian Federation were settled completely. Not only was the IIB able to restore its financial equilibrium, it also managed to increase fundamentally the volume of its revenue-generating assets, despite the fact that Cuba's debt remains outstanding. The positive changes in the IIB's financial situation have paved the way for the full revitalisation and gradual expansion of its business. The IIB is currently developing its credit activities, completing the preparations for the transition to

international accounting and reporting standards, and striving to raise its entire banking business to a level comparable with international practice.

### **The Czech Republic's Membership in Other International Organisations**

The Czech Republic was involved in roughly forty more international economic organisations, in line with its economic interests. The most important organisations are listed below.

*European Organisation for Nuclear Research (CERN).* Year 2004 marked the 50<sup>th</sup> anniversary of the founding of this organisation. The Czech government delegation to the main celebrations in CERN, which were held on 19 October 2005, was led by Minister of Education, Youth and Sports, P. Buzková.

CERN has two core goals for the coming three years. Firstly, to construct a Large Hadron Collider (LHC), which is the biggest and most complicated research apparatus that has ever been built and is scheduled to be launched in 2007; secondly, to use the LHC for five experiments: ATLAS, ALICE, CMS, LHCb and TOTEM. Work towards achieving these two ambitious goals went ahead according to plan in 2004. Czech physicists and technicians were mainly involved in the preparation of three of the five experiments - ATLAS, ALICE and TOTEM. In collaboration with Czech industry, they supplied a fundamental part of the hadron calorimeter, radiation shielding and pixel detectors for ATLAS; they designed low-voltage power supplies and a load-bearing PHOS cradle for ALICE; and constructed what are called "Roman Pots" for TOTEM. In addition, Czech experts co-authored almost 115 scientific and technical publications and 69 papers at international conferences, which dealt with the results of previous or on-going experiments on various accelerators at CERN. There was high praise for the unparalleled results CERN achieved in 2004 concerning the properties of anti-matter atoms, the behaviour of matter in the earliest stages of the evolution of the universe (either following the Big Bang or according to new cosmological ideas), the theoretical consequences of extra dimensions of space-time, and the origin and properties of dark matter and energy that form 95% of the universe.

Besides these research results, in 2004 CERN also produced new technologies and a whole range of applications for them. This chiefly involves the application of detectors and particle beams in medicine, the development of supraconductive magnets and the development of the GRID network, which is to enable the more effective use of information



sources and calculation capacities around the world. In 2004, CERN and CALTECH in the United States effected a data transfer of record length over a distance of 11,000 km with an average transmission speed of over 6.25 gigabytes per second, which is crucial for GRID.

CERN also contributed to the education of young Czech researchers and technicians by organising several special schools, conferences, courses and student summer activities.

The volume of orders for Czech industry during 2004 will not be known until March 2005, but over the last five years it has been slightly above average, exceeding 42% of the sum which the Czech Republic contributes to CERN's budget (the Czech Republic's contribution to CERN in 2004 was CHF 7.616 million, which is roughly 0.78% of the total amount of contributions paid in to CERN by all member countries).

Overall, 2004 was a successful year for cooperation with CERN – it was a year in which the Czech Republic signed, on 17 December (on the basis of government resolution of 15 December 2004) the “Protocol on the Privileges and Immunities of CERN”, which further underscores the international character of this unique organisation and its significance for the Czech Republic.

*Joint Institute for Nuclear Research (JINR).* The Joint Institute for Nuclear Research is, like CERN, a significant international intergovernmental organisation that deals with the experimental and theoretical study of basic particles of matter and their interactions. Recently, the work of these two organisations has been suitably complementary. For example, the technical and financial requirements of the construction of the new particle super-accelerator, the LHC, made it necessary in CERN to downscale the performance of most experiments in the past and current decades. It came about that the entire upcoming generation of physicists at CERN had practically no opportunity to learn how to perform and evaluate experiments. This enhanced the value for CERN of cooperation with institutions like the JINR, where young people gain valuable experience at the outset of their scientific careers.

For a number of years, the Czech Republic's cooperation with the JINR has focused on joint long-term target projects. In 2004, there were 38 projects, with the results of cooperation with the JINR summarized in over 55 joint works published (or pending publication) in international magazines and more than 70 papers at international conferences, symposia, working meetings etc.; a number of joint preprints and research reports were published; Czech research workers designed two new experiments for the IBR-2 reactor in the

JINR; the Nuclear Physics Institute of the Czech Academy of Sciences provided the JINR's Frank Laboratory of Neutron Physics with expertise in the field of neutron diffractometry. As a part of cooperation with the JINR, Czech scientists continue to take part in a number of experiments with other international research centres (in Germany, France, Italy, the USA etc.), as well as processing the results of various experiments.

In recent years, excursions have been organised for several dozen Czech university students; these are gradually shifting towards specialized work experience in JINR laboratories.

There are currently three Czech citizens serving as deputy laboratory directors in the JINR, where laboratories are major organisational units of the institute, comparable in size with the largest institutes of the Academy of Sciences of the Czech Republic.

During the last ten years, the Czech contribution to the JINR has hovered at a level slightly above USD 1 million per year. In addition to the USD 200,000 that the Czech Republic is obliged to defray in cash according to the JINR Charter, the remainder of the Czech membership contribution is supplied in the form of goods produced in the Czech Republic. It has recently become increasingly common for firms that have become reputed suppliers to the JINR facility at Dubna to win additional major orders from the JINR facility at Dubna over and above Czech membership contribution, as well as orders from other foreign scientific institutions, which regard the JINR's satisfaction as a very good reference.

*Energy Charter.* The European Energy Charter was signed on 17 December 1991 in The Hague as an expression of the political will to promote cooperation in the energy sector between West and East after the fall of the Iron Curtain. This political declaration was followed up in 1994 by the adoption of a legally binding Energy Charter Treaty and a Protocol on Energy Efficiency and Related Environmental Aspects. These documents entered into force in 1998. The primary objective of the Energy Charter Treaty is to strengthen the rule of law in energy issues, thus minimising the risks associated with energy-related investments and trade.

The key event in 2004 in respect of the Energy Charter was the resumption of talks on the Energy Charter Transit Protocol, which resumed at the Energy Charter Conference in June. These talks had been suspended in December 2003 owing to the opposing positions held

by the European Union and Russia in three important questions. The Czech Republic fully supports the completion of talks on the Transit Protocol.

In 2004, the second review of the Energy Charter took place; this review should help define a medium-term strategy for the Energy Charter process. The Charter's legal instruments were appraised, and the entire process of energy cooperation was assessed and possible improvements identified.

In the area of investments, the Energy Charter concentrates on national reports on the investment environment and restructuring in the energy sector. The completion of the national report on the investment environment in Russia is a positive development. In May 2004, the Secretariat of the Energy Charter organised a seminar on best practices in the restructuring of the energy industry and, in October, a conference on "Energy Transit in Eurasia: Challenges and Perspectives". In 2004 the Energy Charter set up the Industry Advisory Panel, whose aim is to strengthen dialogue between industry and the Charter.

Under a Czech initiative, the Working Group on Energy Efficiency met in Prague, for the first time in the Charter's history, on 7-8 June 2004. On this occasion, the Charter presented an in-depth review of energy efficiency policies and programmes in the Czech Republic, which the Charter drew up in cooperation with its Czech partners following a visit of the Charter's review team to the Czech Republic in October 2003.

*World Tourism Organisation (WTO/OMT)*. This organisation's work is extremely important for the Czech Republic, considering tourism's key role in the country's economy. The Czech Republic makes use of analytical information and forecasts provided by the WTO/OMT in the formulation of the relevant policies. In May 2004, the Czech Republic announced its candidacy to host the General Assembly of the WTO/OMT in 2007. From 17 to 20 October 2004, WTO/OMT conference on sustainability certification of tourism activities was organised in Mariánské Lázně.

*International Exhibitions Bureau (BIE)*. The International Exhibitions Bureau (BIE) regulates the conditions for organising World Exhibitions or Fairs. At the General Assembly of the BIE on 16 December 2004, a decision was reached to hold EXPO 2008 in Zaragoza on the theme of "Water and Sustainable Development of Cities".

*International governmental transport organisations.* The 88<sup>th</sup> session of the Council of Ministers of the European Conference of Ministers of Transport (CEMT) was held from 26 to 27 May 2004. At this session, the Council of Ministers adopted a declaration on the “Strategy for the Development of Transport Infrastructure in a Wider Europe”, according to which there will be further talks on existing corridors and their possible expansion. The head of the Czech delegation presented a statement on road transport safety and was highly critical of the redistribution of quotas for road haulage.

Other international government organisations in the area of transport – the Intergovernmental Organisation for International Carriage by Rail, the Organisation for Railways Cooperation, the European Civil Aviation Conference and the European Organisation for the Air Traffic Safety – continued deliberations at the level of expert bodies. Their principal aim is to adopt measures at European or regional level and coordinate rational development in European rail, air and related land-based transport.

The *International Institute of Refrigeration (IIR)* assists research and development of refrigeration technology; the research findings are used in the fields of industry and trade, healthcare, environment and agriculture. The chairman of the Czech National Committee of the IIR represented this organisation at the 16<sup>th</sup> conference of signatories to the Montreal Protocol on Protection of the Ozone Layer, which was held in Prague from 22 to 26 November 2004 and was attended by 188 countries. In December 2004, the Czech National Committee of the IIR applied to host the 23<sup>rd</sup> International Refrigeration Congress of the IIR in 2011 in Prague.

The *International Bureau of Weights and Measures (BIPM)* ensures worldwide uniformity of measurements and their traceability to the International System of Units. Membership of the BIPM enables the Czech Metrology Institute to make use of free calibration of state etalons.

The main work of the *International Organisation of Legal Metrology (OIML)* is to create harmonized procedures for legal metrology. The Czech Republic participates in its activities, among other things running the secretariat of two technical commissions. Czech representatives attended the 12<sup>th</sup> session of the OIML, which was held in Berlin from 26 to 29 October 2004.

The main task of the *European and Mediterranean Plant Protection Organisation (EPPO)* is to draw up plant quarantine control and pesticide assessment procedures. In 2004, the Czech Republic continued to utilize EPPO information, recommendations and documents for work on quarantine, plant protection and registration of plant protection products.

The *International Office of Vine and Wine (OIV)* safeguards vintners' interests, regulates the international wine market, draws up standards and distributes information. The Czech Republic was active in its expert commissions and was mainly involved in the international harmonisation of standards, designed to improve conditions for the production and marketing of vine-based products with regard to consumers' interests. Czech representatives took part in the XXVIII World Congress of Vine and Wine, which was held in Vienna from 4 to 9 July 2004.

The *International Union for Protecting New Varieties of Plants (UPOV)* was set up to protect intellectual property in plant production. The Czech Republic's membership of this organisation facilitates access to the entire world range of leading plant varieties for farmers in the Czech Republic and access to foreign markets for Czech varieties.

In cooperation with the appropriate authorities in the Czech Republic, the *International Office of Epizootics (OIE)* helped formulate and apply recommended veterinary principles for the international trade in animals and animal products, so that requirements are harmonised among member countries. Besides animal health standards, the main priority in 2004 was compliance with the principles of animal welfare, i.e. ensuring quality of life throughout an animal's life up to slaughter.

The Czech Republic is a member of the *European Molecular Biology Conference (EBMC)*, which promotes cooperation between member states in molecular biology research and in related research fields. This membership enables in particular young scientists from the Czech Republic to gain access to international laboratories through a system of scholarships, grants and courses.

The *International Permanent Commission for Firearms Proofing (CIP)* deals with matters of the safety of arms and ammunition designed for civilian purposes and is an important certifying authority in this regard. Czech products with its certification are exempted from certain non-tariff trade barriers and are more competitive on world markets.

The Czech Republic's membership of the *International Criminal Police Organisation (INTERPOL)* consists in the working of the national central bureau, i.e. an official police bureau authorised by government. INTERPOL coordinates cooperation between national central bureaus and assists all organisations, authorities and services whose mission is to prevent, detect, prosecute and fight crime.

The Czech Republic's membership of the *International Centre for the Preservation and Restoration of Cultural Property (ICCROM)* is a considerable benefit for Czech specialist institutions. ICCROM's mission is to contribute to the preservation of cultural heritage, in particular quality conservation and restoration.

*Interoceanmetal Joint Organisation (IOM)*. This international organisation was established in 1987 with the purpose of conducting geological and geophysical exploration of the deep ocean floor and ecological surveying of the allocated territory (the eastern part of the Clarion/Clipperton fracture zone in the Pacific Ocean) in order to calculate the stocks of mineral potential – polymetallic nodules – and subsequently perform extraction. Since 2001, it has owned the sole right to explore and extract in the allocated territory (75,000 km<sup>2</sup>) for an indefinite term and has had contractor status (in the first stage of exploration work as a pioneer investor) from the International Seabed Authority. Under the principle of rotating presidency of the IOM Council, which is the organisation's supreme managing body, A. Pařízek, from the Ministry of Industry and Trade, the Czech Republic's representative in the IOM, was elected Council president for the 2004-2005 term.

## 6. Non-proliferation, Arms Control and Disarmament

International talks on non-proliferation of weapons of mass destruction (WMD), arms control and disarmament formed the focus of the work of the United Nations Security Council (UN SC), the 1<sup>st</sup> Committee (for disarmament and international security) of the 59<sup>th</sup> General Assembly of the United Nations (59<sup>th</sup> UNGA), the UN Disarmament Commission (UNDC) in New York, and the Conference on Disarmament (CD) in Geneva.

In 2004, the Czech Republic was also fully involved in the activities of European Union working groups focused, in particular, on disarmament – CODUN; non-proliferation of WMD – CONOP; conventional arms – COARM; dual-use goods – WPDU). In these forums, the Czech Republic actively participated in preparing and launching the implementation of the

EU Strategy against the Proliferation of WMD for 2004-2008. By adopting this Strategy, the Council of the EU expressed the will of EU member countries to become one of the key actors in the fight against the proliferation of WMD on the international stage.

The strengthening of the fight against the proliferation of WMD and arms control and disarmament in 2004 was, more than ever before, closely linked to the fight against international terrorism, whose primary mission was to counter efforts to illegally acquire WMD and their means of delivery. The adopted measures targeting the proliferation of WMD conformed to the principles of the foreign policy of the Czech Republic, which is party to all the key international treaties on non-proliferation of WMD, disarmament and arms control and a full member of all existing international control regimes and new international initiatives designed to improve the physical protection of nuclear and chemical facilities in particular and the control of exports and transit of dual-use materials and goods that can be used to produce WMD (Proliferation Security Initiative – PSI, G8 Global Partnership, Global Threat Reduction Initiative - GTRI). In 2004, the Czech Republic possessed the appropriate legislative instruments enabling it to implement international commitments and measures stemming from UN SC resolution 1540 (2004) and supported all international activities seeking to prevent the proliferation of WMD.

### **UN Security Council resolution 1540 (2004)**

At its 4956<sup>th</sup> meeting on 28 April 2004, the United Nations Security Council adopted resolution 1540 (2004) on the non-proliferation of weapons of mass destruction. In the preamble to the resolution, the SC stressed that the proliferation of nuclear, chemical and biological weapons, as well as their means of delivery, constitute a threat to international peace and security; affirmed its support for multilateral treaties/conventions whose aim is to eliminate or prevent the proliferation of or illicit trafficking in WMD; and called upon all states to implement them fully. In the operative part of the resolution, the SC called upon all states to prevent non-state actors from developing, acquiring, manufacturing, possessing, transferring, transporting or using WMD and their means of delivery, especially for terrorist purposes, and from attempting to engage in any such activities, participating in them as an accomplice, assisting or financing them.

The Czech Republic fully supported UN SC resolution 1540 (2004), appreciating its benefits for today's very pressing problems in the area of WMD non-proliferation.

Immediately after the resolution was adopted, the Czech Republic performed a detailed analysis of the resolution's individual points with regard to its national legislation and the national system of export control, and assessed the degree to which measures to fight the proliferation of WMD had been implemented. Additionally, specific tasks crucial to full implementation of the resolution were identified. Based on these analyses, which involved the work of the concerned ministries, a detailed national report was drawn up and handed over to the relevant UN SC committee by the required deadline.

### **Nuclear weapons**

#### **Nuclear Non-proliferation Treaty**

The Treaty on the Non-proliferation of Nuclear Weapons (NPT) remains the basis of the global system of non-proliferation of WMD. A review conference (RC) is held every five years, preceded by sessions of the preparatory committees. The 3<sup>rd</sup> session of the preparatory committee for the 7<sup>th</sup> RC NPT was held in 2004, with the participation of the Czech Republic.

#### **International Atomic Energy Agency**

From September 2003 to September 2004, D. Drábová, the president of the Czech Republic's State Office for Nuclear Safety (SÚJB), held the post of vice-chairperson of the Board of Governors of the IAEA. At the 48<sup>th</sup> IAEA General Conference in September 2004, the Czech Republic ended its two-year mandate in the Board of Governors for the Eastern European regional group.

Strengthening the role of the IAEA in the area of nuclear non-proliferation, in particular strengthening the system of "safeguards agreements", remained one of the priorities of the Czech Republic's work in this organisation. Universalisation of the Additional Protocol should ensure implementation of a very high verification standard in this area and enable the strengthening of the regime of nuclear non-proliferation while cutting the cost of the IAEA's safeguards activities.

As a member of the IAEA Board of Governors, the Czech Republic actively participated in talks on Iran's nuclear programme. The unanimous adoption of SC resolutions on Iran in 2004, based on proposals put forward by France, Germany and Great Britain (T-3) and supported by other EU countries, was seen by the Czech Republic as a success for the international community. Iran's implementation of these resolutions is a condition of the



gradual restoration of international confidence in its programme of peaceful use of nuclear energy.

In 2004, the Czech Republic continued to co-finance the work of the Nuclear Security Fund, which was set up by the IAEA after the 11 September 2001 terrorist attacks in the USA.

The Czech Republic was one of 16 developed nuclear states that are members of the Safeguard Support Programme. Under this programme, Czech activities concentrated on the physical protection of nuclear materials. In collaboration with the IAEA and the USA, the Czech Republic organised regional courses on this subject. The Czech Republic was also one of three member countries that decided in 2004 to support the modernisation of the safeguards information system: modernisation is essential if the safeguards system is to be retained as a fully effective NPT verification tool.

Nuclear security and strengthening the IAEA's role in creating nuclear security standards has been an enduring priority in the Czech Republic's work in the IAEA. With regard to the commitments stemming from the NPT and thanks to its national know-how in the nuclear field, the Czech Republic provided technical assistance to Albania, Ukraine and Armenia in 2004.

A number of international conferences or expert talks took place in 2004 in cooperation with or under the aegis of the IAEA and attended by the Czech Republic. The most important event was the international conference of the informal grouping Global Threat Reduction Initiative (GTRI), which was held in Vienna on 18-19 September 2004, under an initiative of the USA. The conference participants discussed ways to make more effective use of existing activities by member states designed to reduce the risks of misuse of nuclear and radioactive materials.

In September 2004, the Czech Republic took part in an organisational meeting concerning the preparations for the 3<sup>rd</sup> Review Conference of the NSC (Nuclear Safety Convention) (Vienna, April 2005) and handed in its national report. The Czech Republic was one of 24 states which, in October 2004, supported the convening of a review conference on the Convention on the Physical Protection of Nuclear Materials as an effective preventive tool against nuclear terrorism.

## **Nuclear Suppliers Group (NSG)**

In connection with the threat of nuclear terrorism and the violation of the NPT by certain states, the process of strengthening of the significance of the Nuclear Suppliers Group, a voluntary association of states that control the export of nuclear items and dual-use items in according to agreed rules in order to support the NPT and to prevent these items being misused for nuclear weapons purposes, continued in 2004. At the plenary meeting in Sweden (Göteborg, May 2004), the NSG was joined by four more states: China, Estonia, Lithuania and Malta.

In 2004, the Czech Republic's work in the NSG Troika (comprising the previous, present and future presidents of the NSG, i.e. the Czech Republic, Republic of Korea and Sweden) focused on strengthening of the dialogue with countries outside the NSG. In April 2004, the first ever official visit to Delhi was made by a delegation of the NSG Troika. In response to a call from the NSG and the work of the NSG Troika, in 2004 Israel and Pakistan voluntarily adopted commitments stemming from the NSG guidelines, even though the two states, not being party to the NPT, may not join the NSG.

The Czech Republic also devoted substantial effort to the NSG's fight against nuclear terrorism and endeavour to strengthen the regime of nuclear weapons non-proliferation in accordance with the NPT.

## **Comprehensive Nuclear - Test Ban Treaty**

The Comprehensive Nuclear - Test Ban Treaty (CTBT) is another crucial instrument in nuclear non-proliferation. Work to build up the CTBT's verification mechanisms, i.e. the International Monitoring System and the International Data Centre, continued in 2004. One fundamental problem with the comprehensive test ban is the fact that the CTBT has not yet entered into force – it still awaits ratification by several key countries. At the 59<sup>th</sup> UN GA, the Czech Republic and 43 other states that have ratified the CTBT backed the repeated declaration of foreign ministers in support of the CTBT's entry into force (New York, 23 September 2004). The Czech Republic also supported the convening of the fourth conference to support the CTBT's entry into force in 2005. The aims of this conference will be to assess the current state of progress in the ratification process and proposals for further action to accelerate the process.

In September 2004, the Czech Republic nominated P. Firbas, the Czech representative in the CTBT Organisation and one of the pioneers of IMS and founders of the seismic station in Vranov u Brna, as its candidate for the post of executive secretary of the Preparatory Commission of the Comprehensive Nuclear-Test-Ban Treaty Organisation. Although he was not elected, the Czech Republic thus demonstrated its active support for the Organisation's work and its ability to put forward highly qualified candidates.

## Chemical and Biological Weapons

### Chemical Weapons

From 29 November to 2 December 2004, the 9<sup>th</sup> session of the Conference of the States Parties to the Chemical Weapons Convention (CWC) was held in The Hague. The session discussed further steps for putting into effect the Action Plan for National Implementation of the CWC and the Action Plan for Universality of the CWC, as well as procedures for destroying declared chemical weapons.

From May 2003 to May 2004, the Czech Republic held the chair of the Executive Council of the Organisation for the Prohibition of Chemical Weapons (OPCW). During its term of office, the Czech Republic organised, on its own initiative, consultations on improving the efficiency of the Executive Council, which resulted in a number of prompt practical steps. During 2004, representatives of the Czech Republic were again elected or appointed to several OPCW bodies.

The Czech Republic continued to play a role in improving of capabilities of the OPCW and member states in the area of chemical weapons protection and assistance (among other things, in the form of the training of a Greek unit that subsequently safeguarded the Athens Olympic Games). In connection with the Action Plan for National Implementation of the CWC, the Czech Republic produced a publication titled "National Implementation of the Convention and Activities of the Czech Republic within the Organisation for the Prohibition of Chemical Weapons", and distributed it at the 9<sup>th</sup> session of the Conference.

Following on from the EU's cooperation with the Russian Federation and as a contribution to the G8 Global Partnership programme, in 2004 (as in 2003) the Czech Republic provided CZK 2 million towards a project to destroy chemical weapons in the Russian Federation (Shchuchye), implemented jointly with Great Britain. 2004 was also the

first year in which the Czech Republic provided a voluntary contribution of CZK 1.5 million to the Voluntary Trust Fund for Assistance against Chemical Weapons under Article X of the CWC, part of which went towards a course for Armenia.

## **Biological weapons**

Since 2001, when the States Parties failed to approve the final text of the Verification Protocol (VP), Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (BTWC) process as a whole has to a large extent come to a halt, with only meetings of experts and annual sessions of the signatories taking place each year. A new impulse is expected from the BTWC review conference in 2006. The Czech Republic was one of the states that vigorously supported the adoption of the VP. That is borne out by the fact that the Czech Republic is one of the few countries whose national legislation conforms to the proposed VP.

The 2<sup>nd</sup> Annual Meeting of the States Parties to the Biological and Toxin Weapons Convention was held in Geneva on 6-10 December 2004. Two main topics were discussed: 1) international cooperation in the area of investigation and response in the event of the suspected use of biological and toxin weapons or the outbreak of diseases; 2) strengthening and broadening national and international institutional efforts and existing mechanisms for the surveillance, detection, diagnosis and combating of infectious diseases affecting humans, animals and plants.

## **Australia Group**

The plenary session of the Australia Group international control regime, attended by the Czech Republic, was held in Paris on 7-10 June 2004. The session discussed further measures to make this control system more effective in the field of chemical and biological non-proliferation, and focused on the strategic questions of increasing the efficiency of the system and stepping up information exchange.

## **Ballistic missiles and WMD means of delivery**

The Czech Republic is a member of the Missile Technology Control Regime (MTCR), whose 18<sup>th</sup> plenary session was held in Seoul on 4-8 October 2004. The session discussed

information exchange, membership for other countries and technical aspects. It also adopted several decisions designed to strengthen the non-proliferation regime and supported the application of UN SC resolution 1540, which is regarded by all member countries as a new universal tool for reducing the risks of WMD proliferation. The Czech Republic was actively involved in the process of enlarging the MTCR member base, with the aim that all new EU member countries attain full membership. However, this goal was not achieved in 2004 because the regime failed to reach consensus on the assessment of individual candidate countries' preparedness criteria.

The Hague Code of Conduct (HCOC) regarding the non-proliferation of ballistic missiles is a political document defining confidence-building measures. It takes the form of a political commitment not to proliferate ballistic missiles as WMD means of delivery. The Czech Republic took part in the HCOC's annual session in Vienna on 17-18 November 2004. This meeting stressed the need to make the HCOC universal. An important step on the path to this goal was the successful adoption of the first-ever resolution of the 1<sup>st</sup> Committee of the 59<sup>th</sup> UN GA dedicated solely to support for the HCOC.

### **The Czech Republic and new international platforms concerning non-proliferation of WMD**

The Czech Republic considers the strengthening of export controls, including export controls of dual-use goods, and measures to prevent smuggling and illegal trafficking as essential measures in the prevention of WMD proliferation and in the fight against terrorism. For that reason, in 2004 the Czech Republic, in accordance with its foreign policy priorities and security interests, joined further informal initiatives of the international community designed to strengthen the fight against WMD proliferation and terrorism:

a) The Proliferation Security Initiative (PSI) is a reaction to the growing problems caused by the proliferation of WMD, their means of delivery and dual-use materials worldwide. The Czech Republic joined the PSI in April 2004 and expects that the broad international application of interdiction principles, as well as the exchange of relevant intelligence, will greatly help to counter efforts to acquire WMD or dual-use goods.

b) In 2004 the Czech Republic also joined the G8 Global Partnership against the Proliferation of WMD (announced at the G8 Sea Island Summit) and takes part in implementing projects in accordance with its national interests and financial capabilities. In 2003 the Czech Republic

provided its first donor contribution towards the destruction of chemical weapons in the Russian Federation and provided the same contribution in 2004.

c) The Czech Republic also fully supports the Global Threat Reduction Initiative (GTRI), which was announced in May 2004 as an initiative designed to reduce the risk of misuse of nuclear and radioactive materials. Under this initiative and in cooperation with the International Atomic Energy Agency, the Czech Republic appraised the possibilities for removing nuclear fuel from the Nuclear Research Institute in Řež u Prahy and returning it to its producer country.

## **Conventional weapons**

### **Conventional weapons export control**

In 2004, the Czech Republic committed itself to observation of the EU Code of Conduct on conventional arms exports. The Code of Conduct's eight criteria set the framework for national export policy in EU member countries. On their basis, the Czech Republic assesses the situation in the territory and country of final destination. The criteria include respect for the international commitments of EU member states; respect for human rights in the country of final destination; assessment of the internal situation in the country of final destination, as a function of the existence of tension or armed conflicts; preservation of regional peace, security and stability, the national security of member states and friendly and allied countries; and the behaviour of the buyer country with regard to the international community. The Code does not merely require member states to proceed according to the said criteria; they must also publish an annual report on national exports and share information on any export licence denials. In accordance with the EU's requirements and following up the reports on small arms and light weapons drawn up in 2000 – 2003, in 2004 the Czech Republic published "Information on the Czech Republic's approach to international negotiations concerning military material, on the volumes of its manufacture, import and export and on the numbers of small arms in the possession of holders of arms permits and arms licences in the territory of the Czech Republic in 2003".

### **Anti-personnel mines**

The Czech Republic continued successfully to implement the Ottawa Convention (the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-

personnel Mines and on their Destruction). The 1<sup>st</sup> Review Conference of the States Parties to the Convention was held in Nairobi at the end of November and beginning of December 2004. The Czech delegation was led by Deputy Minister of Foreign Affairs P. Svoboda. The principal topics at the conference were universal accession to the Convention and implementation of the commitments stemming from it, with particular regard to mine clearance. In the Nairobi Action Plan for 2005-2009, the participants at the Review Conference prioritised the destruction of stockpiled anti-personnel mines, mine clearance, and humanitarian activities to help mine victims and assist the development of mine-cleared territories. Furthermore, in 2004 the Czech Republic contributed to humanitarian mine clearance and aid for mine victims, both through international organisations and as a part of bilateral cooperation (Sudan, Albania, Angola).

### **Restriction on the use of some conventional weapons**

In November 2004, a Czech delegation attended a meeting of states parties to the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons Which May Be Deemed to Be Excessively Injurious or to Have Indiscriminate Effects. The priority for the Czech Republic and other EU member countries was the swift start of talks leading to the adoption of a new legally binding text on mines other than anti-personnel mines so that this text is prepared for approval in time for the 2006 review conference. However, a number of countries at the meeting spoke against starting negotiations; for that reason, the mandate approved for the working group on this type of mine for 2005 was similar to that for 2004, i.e. to continue in the detailed appraisal of all proposals regarding this issue and draw up compromise proposals.

### **Small arms and light weapons**

The international community's endeavours to prevent the proliferation of small arms and light weapons mainly consisted in the implementation of the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, adopted in 2001. The Czech Republic consistently supports the UN's efforts to increase transparency in this area. In 2004, the Czech Republic's annual report on implementation of this programme informed about legislative measures and its role in regional and global cooperation; the Czech Republic was also actively involved in the preparation of a UN international instrument for the timely and reliable identification and

tracing of illegal small arms and light weapons. The Czech Republic's approach was based on an effort to find a balance between responsible implementation of foreign policy commitments in the area of the control of trade in small arms and light weapons and protection of its own security and trade interests.

### **Wassenaar Arrangement**

In 2004, the Czech Republic continued to be an active member of the Wassenaar Arrangement (WA), which aims to prevent the proliferation of conventional weapons and dual-use technologies. The plenary of the WA in December 2004 admitted just one new participating country, Slovenia, despite the EU's efforts to achieve the admission of all EU member countries to the Arrangement. The members of the WA again stressed their intention to broaden the Arrangement's outreach to non-participants, other export control regimes and international organisations. The plenary also approved a number of amendments to the control lists. The participating states expressed their readiness do everything in their power to respond to requests for assistance from states developing effective export controls consistent with Security Council Resolution 1540. In 2004, the Czech Republic also concentrated on the WA's relations with non-members and on strengthening the WA's cooperation with other control regimes in order to prevent duplications and improve the coordination of global non-proliferation efforts.

### **The Czech Republic and NATO in the context of non-proliferation of weapons of mass destruction, arms control and disarmament**

NATO regards the proliferation of weapons of mass destruction and their means of delivery as one of the principal security threats of the present day. This was confirmed by heads of state and government of NATO member countries at the Istanbul summit in June 2004. The NATO Strategic Concept of 1999 set two main goals regarding weapons of mass destruction and their means of delivery: 1) to prevent proliferation and, if it does occur, to reverse it by use of diplomatic means ; 2) equipping NATO with effective capabilities for defence against risks associated with proliferation. Achieving these goals is a gradual and continuous process.

NATO held consultations on non-proliferation both within the Alliance and with its partners (Russia, Ukraine, EAPC). Within NATO, the principal forum for consultations is the Senior Politico-Military Group on Proliferation (SGP). In 2004, the SGP discussed current



issues, the risks and threats associated with weapons of mass destruction and their means of delivery, and missile defence.

The Senior Defence Group on Proliferation (DGP) deals with the development of military defence capabilities. In 2004, the DGP continued to monitor the implementation of the five initiatives in this area adopted at the Prague summit in 2002. The Czech Republic is strongly involved in all five initiatives. Above all, the Czech Republic adopted an important position in respect of the multinational NATO Chemical, Biological, Radioactive and Nuclear Defence Battalion. The Battalion was declared fully operational on 27 June 2004 and the Czech Republic assumed the role of leading country for a sixth-month period.

## **7. The Czech Republic in the fight against international terrorism**

The fight against global terrorism was one of the priorities of Czech foreign policy in 2004. The Czech Republic regards its involvement in the international efforts to combat terrorism both as an expression of solidarity with states affected by terrorism and as a response to a security threat that has an influence on international peace and stability and thus concerns the security situation in the Czech Republic.

On 11 March 2004, Europe was for the first time confronted with a large-scale terrorist attack designed to cause maximum loss of life. This attack showed only too clearly that no civilised country is safe from international terrorism. Furthermore, the nature and timing of the attack indicated that there has been no decline in the ability of terrorist groups to plan, prepare and carry out sophisticated attacks.

In its foreign policy, the Czech Republic continued to promote a comprehensive approach to the fight against terrorism. The principal components of such an approach are an emphasis on international cooperation, respect for human rights and an effort to identify and alleviate the factors that contribute to radicalisation and the growth of terrorism. This comprehensive concept reflects the development of international terrorism, in which much of the current threat is posed by very loosely connected or entirely autonomous terrorist groups, often linked by nothing more than a shared ideology. Suppressing this threat is a long-term task that demands more than just repressive measures.

For Czech foreign policy in 2004, international terrorism was one of the key points in bilateral and multilateral relations. In bilateral relations, terrorism was a regular subject of talks conducted at the highest political level during visits to various territories by representatives of the Czech Republic. The central purpose of this dialogue in certain non-European countries was to narrow the divide between different views on terrorism. In international organisations where the fight against terrorism is also a top priority, the Czech Republic promoted its comprehensive approach, and thus played an active role in the preparation and implementation of political, legal and operative documents adopted by these organisations.

### **National Plan of Action against Terrorism**

In May 2004, the Czech government passed Resolution No. 479, adopting the updated National Plan of Action against Terrorism. This was the second updating of this key document from 2002, which contains an overview of the basic tasks for individual ministries. As a part of this update, the National Action Plan against Terrorism was given a new structure, which is clearer, more flexible and contains a smaller number of tasks better reflecting actual requirements. In response to events in the course of the year, an annex was added to the National Plan of Action against Terrorism, focusing on commitments stemming both from the European Council's Declaration on Combating Terrorism of 25 March 2004 and from the later-updated EU Plan of Action. The goals contained in this document reflect the full breadth of the issue of the fight against terrorism, and therefore are not exclusively the province of foreign policy.

### **The Czech Republic and the United Nations in the fight against terrorism**

At the 59<sup>th</sup> UN GA, the Czech Republic fully supported the UN's role in coordinating action by the international community in the fight against international terrorism. This issue was also the principal theme of a speech by Minister of Foreign Affairs of the Czech Republic in the general debate that opened the 59<sup>th</sup> UN GA. In February 2004, the Czech Republic submitted to the UN Counter-terrorism Committee its 4<sup>th</sup> report on implementation of UN Security Council Resolution 1373 from 2001; it also cooperated with this committee in finalising the report.

The Czech Republic also welcomed the United Nations Security Council resolution 1540 (2004) and appreciated its contribution towards resolving pressing problems in the fight against the proliferation of weapons of mass destruction, which is closely linked to the issue of international terrorism. The resolution calls on every state in the world to prevent, through consistent implementation of the resolution, non-state actors from developing, acquiring, manufacturing, possessing, transporting, transferring or using nuclear, chemical or biological weapons and their means of delivery. As required by this resolution, the Czech Republic drew up its national report and submitted it to the UN in October 2004 (for more details on the Czech Republic's approach to the implementation of resolution 1540 (2004) see Chapter 6 Non-proliferation of WMD, Arms Control and Disarmament).

Substantial progress was made in the Czech Republic's accession to the twelve fundamental UN international conventions. At the end of 2004, the Czech Republic acceded to the Convention on the Suppression of Unlawful Acts against the Safety of Maritime Navigation and the related Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf. What is more, in 2004 the Czech Republic internally started to discuss the proposal to ratify the International Convention for the Suppression of the Financing of Terrorism. The Czech Republic has already ratified the other nine conventions.

### **The Czech Republic and the European Union in the fight against terrorism**

Upon joining the European Union, the Czech Republic gained the opportunity to take full part in all activities associated with the fight against terrorism that take place in the EU. The fight against terrorism is a crosscutting issue that to some extent impacts on all aspects of European integration. Engaging in the EU's anti-terrorism policy was a top priority for the Czech Republic in 2004.

Terrorism was one of the central themes of the European Security Strategy, which is a fundamental conceptual document within the Common Foreign and Security Policy. The Czech Republic participated fully in its implementation at the start of 2004. The terrorist attacks in Madrid were an impulse for European Union states to step up their efforts to fight terrorism. The adoption of the European Council's Declaration on Combating Terrorism on 25 March 2004 was an immediate response to these attacks. The primary objective of the

Declaration was to call on states to make better use of existing tools in the fight against terrorism. The European Union responded to the first major terrorist attack against one of its members by striving for more practical and concrete results and focusing more on anti-terrorism policy.

The July session of the European Council approved the updated EU Plan of Action for Combating Terrorism, which is a summary of all the goals that the European Union has committed itself to achieving in the fight against terrorism. A European Counter-terrorism Coordinator was appointed, whose tasks will include regularly informing the European Council about the implementation of commitments arising from the Plan of Action.

Specifically, the European Union concentrated on the consistent implementation of adopted legal decisions in the area of justice and home affairs; on the brokering of cooperation and information exchange between police authorities and intelligence services; on the issues of visas, border protection and the security of travel documents; on the amendment of legislation regarding money laundering and the financing of terrorism; and on increasing capabilities and capacities in the area of civilian protection and crisis management. As regards institutions, practical cooperation between Europol, Eurojust and the Police Directors Task Force was stepped up.

The SitCen analytical centre, which has become a platform for the integration of EU countries' intelligence capabilities, was also strengthened, thus reinforcing considerably analytical capabilities in the area of security. The Czech Republic was closely involved in these analytical activities, providing materials on individual topics.

In the area of external relations, the EU set in motion a process designed to coordinate more efficiently the bilateral technical assistance that member states or the European Commission provide to third countries. The EU also specified in great detail the substance of political dialogue conducted with selected partners at various levels and adopted a fundamental joint declaration on terrorism with the USA.

The Czech Republic contributed to the aforementioned measures by its active involvement in the working bodies of the Council of the European Union. It is particularly worth mentioning the EU Council's Terrorism Working Group, the sanctions format of the External Relations Working Group and a whole series of other expert working groups in the area of justice and home affairs.

## The Czech Republic and NATO in the fight against terrorism

In 2004, the Czech Republic was involved in the fight against terrorism in the context of the activities of NATO and the Euro-Atlantic Partnership Council and the Partnership for Peace (EAPC/PfP). NATO regards terrorism as one of the principal security threats of the present day, which was confirmed by the heads of state and government of NATO countries at the Istanbul summit in June 2004. NATO launched the far-reaching political and military transformation of its military and civilian capabilities in the fight against terrorism back in 2002 at the Prague summit. The Czech Republic also promotes the fight against terrorism as an area of cooperation between NATO and the EU.

In 2004, NATO, including the Czech Republic, continued to develop new military capabilities under the Prague Capabilities Commitment (PCC) and a rapid response force (NRF). The Czech Republic was the leading country in a multinational NATO CBRN battalion. In this context, a CBRN Defence Centre of Excellence was opened in Vyškov on 1 April 2004; the Centre of Excellence will provide non-accredited specialist training for the requirements of the armed forces of the Czech Republic, of NATO member countries, partner countries and other countries.

NATO also continued to implement its plan to improve civilian protection capabilities. As a part of “consequence management” following terrorist attacks, a list has been drawn up of resources that states, including the Czech Republic, can rapidly provide to the affected ally or partner.

In 2004, NATO continued to expand its stabilisation operations, most notably in Afghanistan and Iraq. Throughout 2004, NATO conducted a naval anti-terrorism operation in the Mediterranean Sea. This operation, Active Endeavour, is designed to prevent transfers of materials that can be misused by terrorists and to provide protection for civilian shipping. The Czech Republic was active in NATO’s stabilisation operations in areas which, in terms of terrorism, are either extremely hazardous (Afghanistan, Iraq) or potentially hazardous (Kosovo, Bosnia and Herzegovina).

NATO also assisted in security operations during important events, for example it helped Greece to protect the Olympic Games from a terrorist attack using WMD (the Distinguished Games mission). The Czech Republic sent a chemical weapons defence unit numbering 100 personnel.

Another component of NATO's counter-terrorism strategy is strengthening cooperation with partners and developing contacts with regions that can be the source of terrorist threat. The Istanbul summit strengthened the Mediterranean Dialogue (MeD) and launched the Istanbul Cooperation Initiative, which focuses on Middle East countries.

### **The Czech Republic and the Organisation for Security and Cooperation in Europe (OSCE) in the fight against terrorism**

In 2004, the Czech Republic continued to support the significant role that regional organisations like the OSCE play in the fight against terrorism. During the year, the OSCE launched a considerable number of counter-terrorism activities that went far beyond this organisation's traditional fields of interest. An Action against Terrorism Unit (ATU) was set up in the OSCE Secretariat; it is charged with internal coordination within the OSCE, organising expert sessions on various themes and monitoring the implementation of international commitments in member states.

In June 2004, the ATU co-organised with the ICAO an expert seminar dealing with the threat to civilian aviation posed by terrorists using man-portable air defence systems (MANPADS). In the course of the year, the Czech Republic was actively involved in drafting decisions on measures to suppress the financing of terrorism, solidarity with the victims of terrorism, container transport, weapons of mass destruction and terrorism, the use of the internet by terrorists and the sharing of information on lost or stolen travel documents.

### **The Czech Republic and the Organisation for Economic Cooperation and Development (OECD) in the fight against terrorism**

The Czech Republic was actively involved in the work of the OECD in a number of areas related to the fight against terrorism, such as the security of information systems and networks, travel security, biotechnology and other topics. Regarding impacts on the insurance industry, the OECD Council adopted a new Decision on a Check-List of Criteria to Define Terrorism for the Purpose of Compensation. From the point of view of prevention and in the context of development cooperation, in spring 2004 the OECD Development Assistance Committee (DAC) prepared a set of Security System Reform and Governance guidelines.

## **The Czech Republic and the Financial Action Task Force on Money Laundering (FATF) in the fight against terrorism**

In 2004, the Czech Republic continued to engage in activities related to the fight against terrorism and money laundering in various international forums. Regarding the Financial Action Task Force (FATF), whose standards play a key role in these areas, the most important event of 2004 was the FATF ministerial meeting held in Paris in May 2004, which decided to extend the Task Force's mandate for a further eight years and to adopt FATF Special Recommendation IX on terrorist financing, focusing on cross-border cash couriers.

## **The Czech Republic and the Council of Europe in the fight against terrorism**

In 2004, the Committee of Experts on Terrorism (CODEXTER) started work on the draft of a Convention on the Prevention of Terrorism, with the involvement of experts from the Czech Republic. The objective of the new Convention is to improve the effectiveness of the fight against terrorism while at the same time upholding human rights. First and foremost, this initiative should fill the gaps in cooperation between member states. Additionally, the Steering Committee for Human Rights adopted Draft Guidelines on the Protection of Victims of Terrorist Acts. This draft contains rules governing the compensation of victims of terrorist acts, the provision of information to such victims and the protection of their privacy. At the end of 2004, the Council of Europe also established a Group of Specialists on Identity Documents and Terrorism and a Group of Specialists on Assistance of Victims and Prevention of Repeat Victimisation.

# **8. Foreign Development and Humanitarian Aid**

## **Foreign development cooperation**

As a part of the international community of democratic and economically developed countries and as a new member of the European Union, the Czech Republic advocates principles of human solidarity and shoulders its portion of the responsibility for resolving worldwide problems. One of the manifestations of this approach is foreign development cooperation (FDC), which is an integral part of the Czech foreign policy. In the broader sense, FDC is an integrated government policy towards developing and transforming partner

countries. In the narrower sense, it represents the Czech state's financial, material, expert or technical assistance in the interests of long-term sustainable development in these countries.

The main objectives of Czech FDC are, in accordance with the Czech Republic's international commitments and, in particular, the Millennium Development Goals: reducing poverty; achieving sustainable socio-economic development; the gradual integration of partner countries into the world economy; developing and shoring up democracy and human rights; good governance of public affairs; introducing the rule of law; and post-conflict renewal. FDC also reflects the Czech Republic's interests and needs and helps intensify political and business ties between partner countries and the Czech Republic. FDC takes into account the Czech Republic's international commitments, in particular the EU's development legislation, OECD recommendations, and the principles of development cooperation as adopted by the international community within the United Nations.

The foundation stone of the Czech FDC system was laid in 1995 with the adoption of the Principles of the Provision of Foreign Development Aid by Resolution of the Czech Republic Government No. 153 of 15 March 1995. The significance of FDC was confirmed in the Concept of Foreign Development Aid of the Czech Republic for 2002-2007 ("Concept"), which the Czech government noted by resolution No. 91 of 31 January 2002. Government resolution No. 302 of 31 March 2004, titled "Institutional System and Principles of Foreign Development Cooperation After the Czech Republic's Accession to the EU" updated the previous documents and set new priorities in the provision of FDC in connection with EU accession. Every year, the government approves the foreign development cooperation plan and assessments of projects. Most recently, Resolution of the Czech Republic Government No. 652 of 23 June 2004 approved the plan of projects for 2005 and an FDC budget outlook for 2006-2007.

In 2004, the Ministry of Foreign Affairs of the Czech Republic, in accordance with the Concept, initiated a number of measures to improve the efficiency of the foreign cooperation system. The Department of Development Cooperation and Humanitarian Aid of the MFA, in coordination with other ministries, started work on a uniform methodology and rules to govern the project cycle. An important training and consultation role continues to be played by the Development Centre operating at the Institute of International Relations, which provides expertise and support to the MFA for coordinating foreign development cooperation.



In line with the Concept, increased emphasis was placed on the involvement of the non-government sector and the public in development cooperation. In order to raise public awareness of and support for the Czech Republic's development cooperation, the MFA operates a website at [www.mzv.cz/pomoc](http://www.mzv.cz/pomoc), with an English-language version at [www.mfa.cz/aid](http://www.mfa.cz/aid). In collaboration with Palacký University in Olomouc, the 7<sup>th</sup> Development Aid Summer School took place in 2004; nearly 800 people have taken part in the summer school since its inception.

Cooperation under the Canada/Visegrad Official Development Assistance for Central Europe (ODACE) project was highly significant for implementation of the Concept of Foreign Development Assistance for 2002-2007. The aims of this project, which has been implemented since 2002 by the MFA in collaboration with the Canadian Development Agency CIDA, is to transfer know-how in building an effective system of development cooperation and to implement original programmes and projects. In the pre-accession period, methodological cooperation with individual EU countries and with international development organisations, most notably the United Nations Development Programme, had a similarly positive influence on this area.

### **Foreign humanitarian aid**

The Czech Republic has traditionally provided financial and material aid and rescue services to other countries. Czech humanitarian aid is an integral part of the Czech Republic's foreign policy.

Bilateral humanitarian aid takes the form of financial donations or material aid (medicines, healthcare apparatus and material, chemicals to make water drinkable, tents, blankets, work to put healthcare and education facilities into operation etc.). It is provided through international organisations, Czech non-governmental organisations or rescue teams, Czech embassies etc.

Multilateral humanitarian aid takes the form of extraordinary contributions to international organisations such as UN offices and organisations (OCHA, UNHCR, UNICEF), the International Committee of the Red Cross and Red Crescent and others. In urgent cases and where practical, rescue aid is provided by the sending of rescue teams (Fire and Rescue Brigade of the Ministry of the Interior of the Czech Republic, dog-handlers with trained dogs etc.).

In 2004, the Czech Republic provided humanitarian aid in a total of 22 cases to 19 countries affected by natural disasters (earthquakes, floods, hurricane) or war conflicts (aid for the population and refugees, aid for “street children”, mine clearance). A total of almost CZK 52 million was provided from the budget reserves under the Treasury Administration heading of the state budget for humanitarian aid in 2004. The priority destinations for Czech humanitarian aid were Iran, which was hit by a powerful earthquake (almost 30% of all humanitarian aid provided in 2004), and the Sudan, which received nearly 20% of the annual volume of aid. Other beneficiaries of Czech humanitarian aid included DPRK, Afghanistan, Caribbean countries affected by Hurricane Ivan, etc. Extraordinary contributions were sent to the International Committee of the Red Cross and Red Crescent and to the UNHCR for mine clearance and tackling refugee problems. A contribution was provided to UNAIDS for the fight against HIV/AIDS.

Besides helping save the lives, health and property of the affected populations, humanitarian aid substantially enhanced the Czech Republic’s reputation abroad.

## II. THE CZECH REPUBLIC'S BILATERAL RELATIONS

**Note on the economic relations tables in the following section:** The tables show selected mutual trade and investment indicators for each of the featured countries from 2002 to 2004. The “Share of 2004 Aggregate Indicators (%)” column refers to the aggregate values of the Czech Republic’s foreign trade in 2004. The foreign investment indicator is composed of three elements: registered capital, reinvested profit and other capital (primarily credit arrangements). Where a negative value is shown, this means:

- in the case of foreign investments in the Czech Republic a fall in the value of the country’s investments in the Czech Republic (e.g. profit was not reinvested in the Czech Republic, foreign enterprises repaid credit previously drawn abroad);
- in the case of Czech investments abroad a fall in the value of Czech direct investments in the country (e.g. caused by sell-offs of registered capital, generation of a loss or provision of credit outside the host country).

Summary data on the Czech Republic’s foreign trade with other countries and customs territories not given in Chapter II – The Czech Republic’s Bilateral Relations are shown in the table called “The Czech Republic’s Foreign Trade 2002 – 2004” in the Appendices to this publication.

### **Less common official names used in the following text:**

Venezuela – Bolivarian Republic of Venezuela

Macedonia – Former Yugoslav Republic of Macedonia

Afghanistan – Islamic Republic of Afghanistan

Great Britain – United Kingdom of Great Britain and Northern Ireland

Libya – Great Socialist People's Libyan Arab Jamahiriya

## **ARAB REPUBLIC OF EGYPT**

Egypt is an important partner of the Czech Republic in the Middle East and North Africa. The relations in 2004 corresponded with the mutual interest of both countries, focused mainly on economic cooperation, especially in the context of the Czech Republic’s accession to the EU.

### *Visits by representatives of the Czech Republic:*

- 18 January 2004 – official visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 13-17 September 2004 – visit by Minister of the Environment L. Ambrozek.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	2 017 441	1 713 240	2 221 692	0.6440
	year-on-year index	82.6	84.9	129.7	
exports	CZK thousands	1 612 290	1 026 299	1 726 450	1.0074
	year-on-year index	77.4	63.7	169.3	
imports	CZK thousands	405 151	686 941	495 242	0.2853
	year-on-year index	112.2	169.6	72.1	
balance	CZK thousands	1 207 139	339 358	1 231 208	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1/ Czech Statistical Office, January 2005 (foreign trade data)  
2/ Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: machinery and equipment, motor vehicles, iron and steel products, glass and glass products, electrical products, paper.

The Czech Republic's principal import commodities: cotton, cotton yarn, textile products, glass and glass products, plastic products, vegetables, aluminium and aluminium products.

*Bilateral agreements concluded in 2004*

- Protocol on Cooperation in the field of Environmental Protection between the Ministry of the Environment of the Czech Republic and the Ministry of State for Environmental Affairs of the Arab Republic of Egypt, Cairo, 14 September 2004.

*Cultural Relations*

Cooperation in science and culture has traditionally had a high standard. Educational and scientific cooperation went ahead without a new implementing protocol to the Cultural Agreement. The text of the new protocol was approved by the Egyptian side at the end of 2004.

The Czech embassy in Cairo organised a number of successful exhibitions, in both Cairo and Alexandria. Two key exhibitions were K. Votípek's "Modern Czech Jewellery" and "Czech Architects Abroad". An exhibition titled "Czech Painters in Egypt between the Wars",

compiled from the private collections of several families living in Cairo and Rome, met with great interest. Czech graphic art was presented through the works of students of Z. Sklenář. An exhibition of photographs by J. Šibík, “The Devil Within Us”, was very well received. Czech cinema was represented by two films (*Pupendo* and *Bolero*) at the Cairo International Film Festival and by a “Czech Film Poster” exhibition. Egyptian children took part in the “Lidice 2004” international art competition.

The work of the expedition of the Czech Egyptology Institute of Charles University at the Abusir site is of fundamental significance. In November 2004, the Náprstek Museum in Prague opened an exhibition presenting four years’ work by Czech Egyptologists titled “Abusir – Mystery of the Desert and Pyramids”. The Czech Republic provided Egypt with eight university scholarships.

## ARGENTINE REPUBLIC

Czech-Argentine relations have for a long time been friendly. Argentina has traditionally been one of the Czech Republic’s leading partners in Latin America. At present, Argentina is the Czech Republic’s second biggest trading partner in Latin America (after Brazil).

After years of deep economic crisis in Argentina, 2004 was a year of gradual growth in trade exchange. Czech exports increased and new opportunities emerged for Czech businesses, especially in the energy industry.

### *Visits by representatives of the Czech Republic:*

- 14-20 October 2004 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament of the Czech Republic;
- 15-21 November 2004 – visit by a delegation of the Committee on National Economy, Agriculture and Transport of the Senate of Parliament of the Czech Republic.

### *Visits by representatives of Argentina:*

- 21-22 October 2004 – visit by Secretary of State for Science, Technology and Productive Innovation T. Del Bono;

- 17-19 November 2004 – visit by Secretary of State for Planning, Public Investments and Services C. Uberti.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 259 795	1 460 142	1 547 848	0.0453
	year-on-year index	73.7	115.9	106.0	
exports	CZK thousands	217 321	458 472	585 166	0.0345
	year-on-year index	57.2	211.0	127.6	
imports	CZK thousands	1 042 474	1 001 670	962 682	0.0561
	year-on-year index	78.4	96.1	96.1	
balance	CZK thousands	-825 831	-543 198	-377 516	
foreign investments - incoming	direct (CZK thousands)	0	0	200	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	-1 100	0	
	portfolio (CZK thousands)	no record	22 600	2 300	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: electric motors, ball-bearings, carbon, vacuum tubes, tractor parts, tools and implements, tyres, pressurised containers, textile machinery, knitting machines, pumps, light bulbs, chemicals, rolled stock, glass, bricks, tiles, paper.

The Czech Republic's principal import commodities: tractor parts, crude aluminium, fish meat, citrus fruits, textiles, nuts, fruit, seasoning, leather, meat.

### *Cultural Relations*

In 2004, Czech was taught in Argentina under the guidance of a Czech language teacher sent from the Czech Republic. In April, the 3<sup>rd</sup> cycle of screenings of Czech films took place, featuring 10 films by Czech directors. The Czech embassy, in cooperation with the Czech Cultural Centre in Buenos Aires, prepared a cycle of three concerts in honour of eminent Czech composers. This was complemented by an exhibition titled "Three Personalities of Czech Music", which was co-organised by the Catholic University in Buenos Aires. In June, a cultural event commemorating the 80<sup>th</sup> anniversary of the death of Franz Kafka was held in the building of the Argentine Senate. The cultural year ended with a cycle

of lectures on the life and work of Antonín Dvořák as a part of the Czech studies programme of John F. Kennedy University.

## BOLIVARIAN REPUBLIC OF VENEZUELA

Bilateral relations between the Czech Republic and Venezuela are friendly and focused on trade and economic cooperation and mutual support for candidates to multilateral forums.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	260 899	70 552	131 870	0.0039
	year-on-year index	80.4	27.0	186.9	
exports	CZK thousands	249 311	63 160	123 427	0.0073
	year-on-year index	77.7	25.3	195.4	
imports	CZK thousands	11 588	7 392	8 443	0.0005
	year-on-year index	306.8	63.8	114.2	
balance	CZK thousands	237 711	55 768	114 984	
foreign investments - incoming	direct (CZK thousands)	0	200	15 700	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	300	-100	
	portfolio (CZK thousands)	no record	no record	400	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: cigarette paper, fireproof bricks and stones, set squares, moulded bricks and iron and steel contours, household glass, machine tools, milling machines, drills, pearls, microscopes.

The Czech Republic's principal import commodities: optical fibres, cables, lenses, tobacco and tobacco products, jet engines and propulsion systems, footwear-manufacturing and leatherworking machines.

### *Cultural Relations*

The Czech embassy in Caracas and the Venezuelan agency Cinematica co-organised a festival of Czech films by director J. Jakubisko. *The Past*, a film by director I. Trajkov, took part in EUROSCOPIO, a festival of films from EU countries. Several exhibitions were very

well received: “The Beauty of Czech Baroque Architecture”; “Magical Prague”, featuring photographs by V. Sirůček; “Ten Figures of Czech Graphic Art”; “Artists from Olomouc”; “The Beauties and Mysteries of the Czech Republic at the Crossroads of History”; and “The Heart of the Prague Quadrennial”.

The Venezuela-Czech Association, an organisation of Czechs living abroad, celebrated the 10<sup>th</sup> anniversary of its establishment in 2004. The key event of the celebrations was an exhibition of Venezuelan artists of Czech origin in the El Hatillo cultural centre in Caracas.

At a meeting of Czech expatriates, a folklore ensemble, Jatelinka, was set up; it has already performed at two international festivals held in Venezuela.

As a part of foreign development aid, the Czech government in 2004 provided Venezuela with one university scholarship for master’s degree study.

## **BOSNIA AND HERZEGOVINA**

Bosnia and Herzegovina is one of the Czech Republic’s foreign policy priority countries. Consequently, in 2004 personnel of the Army of the Czech Republic joined EUFOR units as a part of ALTHEA, the EU’s military operation in Bosnia and Herzegovina. The Czech Republic continued to participate in the EU police mission (EUPM) and improved the effectiveness with which development aid for Bosnia and Herzegovina is coordinated. Bilateral relations between the two countries are good; the path towards further development consists primarily in supporting Bosnia and Herzegovina in its efforts to start the stabilisation and association process with the EU and join the PfP. There are also good prospects for the development of economic cooperation.

The Czech government resolution No. 302 of 31 March 2004 ranked Bosnia and Herzegovina among the Czech Republic’s eight foreign development cooperation priority countries for 2006-2010.



*Visits by representatives of the Czech Republic:*

- 18-20 March 2004 – members of the Chamber of Deputies of Parliament of the Czech Republic attend the 56<sup>th</sup> Rose-Roth seminar in Sarajevo organised by the NATO Parliamentary Assembly;
- 23 July 2004 – visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda on the occasion of the ceremonial re-opening of the Old Bridge in Mostar.

*Visits by representatives of Bosnia and Herzegovina:*

- 21-26 January 2004 – visit by Vice-governor of the Central Bank of Bosnia and Herzegovina D. Kovačević;
- 2-8 February 2004 – visit by five top-level representatives of the national ministries of security and human rights for training in the Czech Republic's asylum and migration policy.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	2 714 119	2 623 292	2 831 139	0.8290
	year-on-year index	96.5	96.7	107.9	
exports	CZK thousands	2 558 581	2 429 571	2 643 088	0.1558
	year-on-year index	95.5	95.0	108.8	
imports	CZK thousands	155 538	193 721	188 050	0.0109
	year-on-year index	117.0	124.5	97.0	
balance	CZK thousands	2 403 043	2 235 850	2 455 038	
foreign investments - incoming	direct (CZK thousands)	1 600	-800	100	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	36 600	-5 800	-2 100	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade between the Czech Republic and Bosnia and Herzegovina has for long been stabilised at levels that probably correspond to the potential of this relation. The balance of trade has remained stable and has for long resulted in surplus for the Czech Republic.

The Czech Republic's principal export commodities: detergents, iron bars, passenger cars, chemical fibres, unmilled wheat grain, tar, sugar, railway and tram passenger carriages, glass and glass products, iron profiles, television sets.

The Czech Republic's principal import commodities: non-malleable cast iron products, ferrosilicon, roundwood, bandaging material, filters for petrol engines, seat parts, sheet aluminium, spirits.

### *Cultural Relations*

In 2004, the Czech embassy put on two exhibitions, "Floods in Central Europe 1997-2002" and "Children's Drawings from Terezín", in Tuzla (FBiH) and Prijedor (RS). In February 2004, there were joint concerts of groups MCH Band, VRRM, Už jsme doma and Jablkoň in Sarajevo and Banja Luka; the Sarajevo concert was part of the "Sarajevo Winter" festival. Banja Luka hosted a performance by the Brno-based Divadlo Klauniky theatre ensemble in September.

The Czech embassy cooperated closely with four Czech expatriate associations in Bosnia and Herzegovina; these associations were actively involved in co-organising cultural events with the Czech embassy. Funds provided by the Ministry of Foreign Affairs of the Czech Republic in 2004 were used to renovate Czech House in Prijedor, which serves the local section of the Česká beseda expatriate association.

## **CANADA**

Canada continued to be an important ally and partner of the Czech Republic in 2004. The Czech Republic's accession to the EU in May 2004 was reflected at bilateral level in increased Canadian interest in contacts and consultations. Canada's membership of and work in all key international organisations, its focus on peace-making and multilateral diplomacy, the emphasis it places on transatlantic ties and on shared values have enabled good cooperation between the two countries. Cooperation under the Canada-Visegrad ODACE project (Official Development Assistance for Central Europe) is developing very well. The aim of this project of the MFA and the Canadian Development Agency CIDA is to share know-how in the development of an effective system of development cooperation and implementation of projects.

Bilateral contacts culminated in a visit to Canada by President V. Klaus. Although this visit was part of an unofficial lecture tour, the President had the opportunity to talk to the Governor General of Canada A. Clarkson, whom he invited to visit the Czech Republic.

*Visits by representatives of the Czech Republic:*

- 29 May – 1 June 2004 – visit by Minister of Culture P. Dostál;
- 21-28 May 2004 – visit by the Standing Senate Commission on Expatriates;
- 6-13 November 2004 – unofficial visit by President V. Klaus.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	5 514 485	5 718 767	7 052 589	0.2066
	year-on-year index	89.9	103.7	123.3	
exports	CZK thousands	2 192 552	2 078 563	2 614 163	0.1541
	year-on-year index	95.2	94.8	125.8	
imports	CZK thousands	3 321 933	3 640 204	4 438 427	0.2585
	year-on-year index	86.7	109.6	121.9	
balance	CZK thousands	-1 129 381	-1 561 641	-1 824 264	
foreign investments - incoming	direct (CZK thousands)	95 100	430 400	921 600	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	49 300	-23 600	-40 900	
	portfolio (CZK thousands)	918 800	1 186 200	2 045 700	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: machine engineering products, electrical engineering components, casein, metallurgical products, glass, office furniture, toys, beer, musical instruments, tools and implements, textile products, glass jewellery, footwear, sports equipment.

The Czech Republic's principal import commodities: medicaments, pet food, machine engineering products, telecommunications equipment, foodstuffs, paper, sports equipment, automated data processing machines.

*Cultural Relations*

The principal event was the visit by Minister of Culture P. Dostál, who attended a performance of the third part of the biggest Czech-Canadian theatre project "Prague-Toronto". In 2004, the project, titled "Myths that Unite Us", was broadened to include members of a theatre group of the Canadian aboriginal population, the Ojibwe tribe. The Canadian partners had previously successfully performed in Prague.

In 2004, Czech culture was presented in Canada through cinema (e.g. *Year of the Devil* by director P. Zelenka at the “Central European Film Festival” in Ottawa); in music (a concert by the duo E. Rattay and J. Novotný in Ottawa); and in theatre (the “Prague-Toronto” project). “Prague-Toronto” was the culmination of cultural exchange to date.

The Czech Republic supports the activities of Czech expatriate associations in Canada. Financial support for expatriate activities exceeded CZK 780,000. The interest in the Czech community in Canada was confirmed by the Senate delegation’s visit to Ottawa and Toronto.

## **COMMONWEALTH OF AUSTRALIA**

Australia is an important political, economic and cultural partner for the Czech Republic in the Asian-Pacific region. Relations remained very good in 2004. The large Czech expatriate community contributes considerably to the development of relations.

### *Visits by representatives of the Czech Republic:*

- 4-5 February 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 21 October – 1 November 2004 – visit by a delegation of the Committee on Public Administration, Regional Development and the Environment of the Senate of Parliament of the Czech Republic.

### Economic Relations

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	3 444 192	3 724 229	4 722 747	0.1383
	year-on-year index	95.0	108.1	126.8	
exports	CZK thousands	1 533 289	1 729 219	2 512 497	0.1481
	year-on-year index	139.1	112.8	145.3	
imports	CZK thousands	1 910 903	1 995 010	2 210 250	0.1287
	year-on-year index	75.7	104.4	110.8	
balance	CZK thousands	-377 614	-265 791	302 247	
foreign investments - incoming	direct (CZK thousands)	10 600	1 200	61 200	
	portfolio (CZK thousands)	no record	796 700	1 363 700	
foreign investments - outgoing	direct (CZK thousands)	47 200	5 300	43 900	
	portfolio (CZK thousands)	1 385 100	0	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade exchange registered substantial growth in 2004. Total trade turnover grew by 27%. Exports rose by 45%, turning the Czech Republic's previous balance of trade deficit into a surplus.

The Czech Republic's principal export commodities: metalworking machines, machine engineering products, components for electricity transmission, computer products, sporting arms and ammunition, chemicals and chemical components, timber, glass, textiles, sports articles and toys.

The Czech Republic's principal import commodities: concentrates of manganese, aluminium, titanium and other ores, wool, sheep and lamb skin, wine, medical and pharmaceutical products, wine, meat and food products.

### Cultural Relations

The Czech embassy in Canberra and consulate general in Sydney took part in organising a number of cultural events, such as performances by Czech singers, screenings of Czech films, exhibitions of Czech painters *et al.*

Czech students associated around the agency Czech Mate and the Czech and Slovak Herald magazine play a major role in promoting Czech culture.

## DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

Relations with the Democratic People's Republic of Korea are gradually intensifying in many areas, motivated by an effort to help engage the country in broader dialogue with the international community. In June 2004, the Czech Republic re-opened its embassy in Pyongyang.

### *Visits by representatives of the Democratic People's Republic of Korea:*

- 11 March 2004 – visit by Chairman of the Supreme People's Assembly Choe Thae-Bok.

### *Economic Relations*

		2002	2 003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	46 664	85 212	309 111	0.0091
	year-on-year index	137.1	182.6	362.8	
exports	CZK thousands	17 453	7 956	59 131	0.0042
	year-on-year index	122.2	45.6	743.2	
imports	CZK thousands	29 111	77 256	249 980	0.0015
	year-on-year index	149.3	265.4	323.6	
balance	CZK thousands	-11 658	-69 300	-190 849	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Despite the complicated political climate of the DPRK's relations with the global community, the Czech Republic's trade with this country is growing fast. Czech exports are on the increase (growth of almost 400%), but imports from the DPRK rose almost threefold in 2004, deepening the Czech Republic's balance of trade deficit.

The Czech Republic's principal export commodities: passenger transport vehicles, iron wire, sports equipment.

The Czech Republic's principal import commodities: electrical engineering components, photographic devices, chemicals, electrical engineering products.

### *Cultural Relations*

Cultural cooperation between the Czech Republic and the DPRK is focused on education. Every year, the Czech Republic provides the DPRK with university scholarships.

## **DEMOCRATIC REPUBLIC OF THE CONGO**

As the Democratic Republic of the Congo moves towards political and economic stability, bilateral contacts have deepened and new room has been created for economic cooperation.

The Czech Republic took part in the creation of a security framework for the planned elections by training seven Congolese police instructors. Three Czech observers remain in the UN MONUC mission.

### *Visits by representatives of the Democratic Republic of Congo:*

- 19-22 July 2004 – working visit by Minister of Defence J-P. Ondekane.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	4 880	45 834	60 660	0.0017
	year-on-year index	32.5	939.2	132.3	
exports	CZK thousands	2 450	45 390	55 309	0.0034
	year-on-year index	24.0	1852.6	121.9	
imports	CZK thousands	2 430	444	5 351	0.0003
	year-on-year index	50.6	18.3	1 205.2	
balance	CZK thousands	20	44 946	49 158	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	17 500	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

After the years of limited trade during the civil war, the Czech Republic's trade with the Democratic Republic of Congo continued to revive for the second successive year in 2004.

The Czech Republic's principal export commodities: water turbine parts, used clothing, tyre cord, bicycle spares.

The Czech Republic's principal import commodities: timber, exotic birds, cobalt.

### *Cultural Relations*

In 2004, a book exhibition titled "100 Czech Writers in French Translation" and an exhibition of contemporary Czech graphic art were held under the auspices of the Czech embassy.

As a part of development cooperation, the Czech Republic provided the Democratic Republic of Congo with five university scholarships for 2004/2005 academic year.

## **EASTERN REPUBLIC OF URUGUAY**

Czech-Uruguayan relations have traditionally been good and focused on economic and trade exchange, which in 2004 again gathered momentum after the resolution of Uruguay's serious economic crisis.

### *Visits by representatives of Uruguay:*

- 5-7 September 2004 – official visit by President of the Chamber of Representatives of Parliament J. A. Batlle with a delegation.



*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	352 089	103 523	93 148	0.0027
	year-on-year index	251.2	29.4	90.0	
exports	CZK thousands	290 307	19 329	25 533	0.0015
	year-on-year index	571.9	6.7	132.1	
imports	CZK thousands	61 782	84 194	67 615	0.0039
	year-on-year index	69.1	136.3	80.3	
balance	CZK thousands	228 525	-64 865	-42 082	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	0	no record	600	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: tyres, alkaloids, staple fibre fabrics, ball-bearings.

The Czech Republic's principal import commodities: meat processing industry products, fresh and dried citrus fruits, wool, beef, wine.

*Cultural Relations*

In May 2004, the Czech Republic took part for the first time in "Europe Week", a joint cultural and promotional event of the Delegation of the European Commission and diplomatic missions of EU countries. The year had been conceived as "Czech Music Year", so emphasis was placed on the presentation of classical music. Two concerts by cellist M. Kaňka and one concert by piano concert soloist J. Čechová were staged, complemented by an exhibition titled "Three Personalities of Czech Music – Smetana, Dvořák, Janáček". Films by J. Jakubisko and J. Švankmajer were screened at the XXII International Film Festival.

The Uruguayan association of friends of the Czech Republic organised a traditional Czech language course in cooperation with the Czech embassy; took part in the all-year celebrations of the 100<sup>th</sup> anniversary of the death of Antonín Dvořák; founded a Czech expatriate library; and, in September, staged Czech culture week, the third repetition of the event. The association also launched its own website in 2004.

## FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

Ethiopia is the Czech Republic's oldest partner in sub-Saharan Africa. Relations between the two countries have for long been friendly. After a temporary decline in the intensity of political dialogue at the start of the 1990s, new efforts are being made to revive economic and trade ties.

Since 1996, Ethiopia has been a regular beneficiary of the Czech Republic's foreign development aid. Under ongoing projects, a new source of drinking water was handed over to the Ethiopian town of Alaba in November 2004. Ethiopia's importance as a partner for the Czech Republic is enhanced by the fact that Addis Ababa is the seat of the Secretariat of the African Union (AU) and the UN Economic Commission for Africa (UNECA).

### *Visits by representatives of the Czech Republic:*

- 30 March – 4 April 2004 – visit by a delegation of the Committee on Education, Science, Culture, Human Rights and Petitions of the Senate of Parliament of the Czech Republic.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	72 019	98 187	82 830	0.0024
	year-on-year index	87.0	136.3	84.4	
exports	CZK thousands	46 153	66 530	50 626	0.0030
	year-on-year index	90.6	144.2	76.1	
imports	CZK thousands	25 866	31 657	32 204	0.0019
	year-on-year index	81.1	122.4	101.7	
balance	CZK thousands	20 287	34 873	18 422	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

Ethiopia is one of the Czech Republic's traditional trading partners in Sub-Saharan Africa; the volume of trade in 2004 conformed to the average for recent years.

The Czech Republic's principal export commodities: tanning and textile machinery, food processing machinery, spare parts for machinery and plant, valves and fittings, military aviation technology.

The Czech Republic's principal import commodities: pulses, coffee, hides and skins.

### *Cultural Relations*

In October 2004, an exhibition was held in Addis Ababa marking three anniversaries in mutual relations: 70 years since the first trade agreement was concluded, 60 years since mutual diplomatic relations were established, and 50 years since the Czech embassy was opened in Ethiopia.

As a part of development cooperation, the Czech Republic provided Ethiopia with five university scholarships for the 2004/2005 academic year.

## **FEDERAL REPUBLIC OF GERMANY**

Relations with Germany, one of the Czech Republic's neighbours, rank among the priorities of the Czech foreign policy. The frequency of bilateral contacts between political representatives, the intensity of economic relations, and the close cooperation between regions, municipalities and non-governmental organisations help make full use of the potential that is offered by the geographical proximity of the two countries.

In 2004, Czech-German political dialogue focused on matters of European politics and reflected topics arising in connection with the EU enlargement. This was also the main theme of talks during the visit to Prague by German Chancellor G. Schröder and the subsequent visit to Berlin by Prime Minister S. Gross in autumn 2004.

The Czech Republic welcomed the speeches made by the German Chancellor in Warsaw in August 2004 and in Prague in October 2004, in which the Chancellor spoke out against the politically motivated abuse of historical issues.

*Visits by representatives of the Czech Republic:*

- 7 February 2004 – working visit to Passau by President V. Klaus;
- 17-18 February 2004 – working visit by Prime Minister V. Špidla;
- 23-26 March 2004 – visit by a delegation of the Committee for European Integration of the Chamber of Deputies of the Parliament of the Czech Republic;
- 1 May 2004 – meeting in Saxony between Prime Minister V. Špidla, German Chancellor G. Schröder, Polish Prime Minister L. Miller and Minister-President of the Free State of Saxony G. Milbradt on the occasion of the candidate countries' accession to the EU;
- 22 June 2004 – working visit to Munich by President V. Klaus;
- 9 September 2004 – working visit by Minister of Foreign Affairs C. Svoboda;
- 27 September – 1 October 2004 – visit by a delegation of the Permanent Committee for Oversight of Security Information Service Activities of the Chamber of Deputies of Parliament of the Czech Republic;
- 7-10 November 2004 – visit by a delegation of the Committee on Education, Science, Culture, Human Rights and Petitions of the Senate of Parliament of the Czech Republic;
- 19 November 2004 – working visit by Prime Minister S. Gross.

*Visits by representatives of the Federal Republic of Germany:*

- 27 February 2004 – working visit by Minister of Foreign Affairs J. Fischer;
- 4 October 2004 – working visit by Federal Chancellor G. Schröder;
- 15 October 2004 – working visit by Federal President H. Köhler;
- 3 November 2004 – working visit by chairwoman of the CDU A. Merkel;
- 15 November 2004 – visit by a delegation of the Petitions Committee of the Bundestag.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	887 530 105	976 735 725	1 158 900 000	33.9452
	year-on-year index	94.41	110.05	118.7	
exports	CZK thousands	457 020 018	507 085 727	616 933 854	36.3603
	year-on-year index	94	111	121.6	
imports	CZK thousands	430 510 087	469 649 998	541 670 474	31.5417
	year-on-year index	94.3	109.09	115.4	
balance	CZK thousands	26 509 931	37 435 725	75 263 380	
foreign investments - incoming	direct (CZK thousands)	155 554 100	23 338 400	22 325 600	
	portfolio (CZK thousands)	no record	no record	41 200 000	
foreign investments - outgoing	direct (CZK thousands)	4 100	60 000	-282 500	
	portfolio (CZK thousands)	28 221 000	no record	45 784 400	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The commodity structure of trade exchange between the Czech Republic and Germany has been relatively stable for several years now. Particularly positive is the commodity structure of Czech exports, most of which is accounted for by machinery and transport vehicles along with consumer goods (66.7%), semi-finished products and products for further industrial processing (26.4%). Export of raw materials is in decline, making up just 2.6% of exports in 2004. The share of exports accounted for by agricultural produce, foodstuffs and beverages and by fuels is also declining (1.2% and 1.9% respectively). Moreover, exports of traditional Czech commodities – glass, porcelain and textiles – are also decreasing in importance.

The commodity structure of imports is similar to that of exports, with the exception of the high proportion of semi-finished goods for further processing. Machinery and transport equipment along with consumer goods formed 58.1% of Czech imports; semi-finished goods for further processing 35.6%.

In terms of the value of mutual trade turnover, the value of Czech exports and the value of Czech imports, Germany is the Czech Republic's biggest trading partner.

With the support of the Czech Embassy to Germany, the Association of Czech Enterprises Operating in Germany was founded. Its goal is to assist Czech enterprises on the German market.

Germany's major share of the Czech Republic's total exports (around 35% over the long term) is an indication of the degree to which the Czech and German economies are interlinked; this was enhanced after the Czech Republic joined the EU. These results were achieved at a time when the German economy registered a slight upturn. In 2004, the Czech Republic's balance of trade surplus with Germany was actually double that in 2003.

The Czech Republic's principal export commodities: transport equipment, in particular passenger cars and their accessories, electrical devices, instruments and appliances, machinery and equipment for various industrial sectors, power-system machinery and equipment, office equipment, metallurgical products, metal goods, rubber industry and plastics industry products.

The Czech Republic's principal import commodities: transport equipment, electrical devices, instruments and appliances, machine engineering, power-system machinery, office equipment, computers, optics and precision mechanics.

### *Bilateral agreements concluded in 2004*

- Agreement between the Government of the Czech Republic and the Government of the Federal Republic of Germany Offsetting Stocks of Crude Oil and Oil Products of the Czech Republic Warehoused in the Federal Republic of Germany, Prague, 12 January 2004;
- Arrangement between the Ministry of the Interior of the Czech Republic and the Federal Ministry of the Interior of the Federal Republic of Germany on Establishing Advance Frontier Clearance Posts and Defining Routes for Frontier Clearance during Journeys on Trains and Boats, Prague, 17 September 2004.

### *Cultural Relations*

The most important cultural events in 2004 included the following: the Schleswig-Holstein Music Festival (where Czech music and the Czech Republic in general formed the core of the programme); Prague-Berlin 2004 (a festival showcasing Czech theatre, contemporary music, sculpture etc.); "Cultural Year of the Ten" (a joint initiative of the ten new EU member states designed to present these countries' cultures in Germany); and "Czech Village" cultural days in Berlin. There were countless cultural events in connection with the Czech Republic's accession to the EU, culminating at the beginning of May in the accession

celebrations. The presentation of the Czech Republic at the national celebrations of Reunification Day in Erfurt, on 2-3 October 2004, was another significant event.

A large number of Czech-German cultural projects, youth exchanges and sociological or historical research projects were implemented, with the continuing financial support of the Czech-German Fund for the Future. The three Czech Centres are particularly important mediators of Czech culture in Germany – they are situated in Berlin, Dresden and Munich. The image of the Czech Republic is also shaped considerably by the activities of several dozen cultural associations of all kinds, which operate throughout Germany and intensively cooperate with partners from the Czech Republic.

## FEDERAL REPUBLIC OF NIGERIA

In mutual relations in 2004, the political emphasis remained on the creation of the legal and treaty framework that is essential for mutually successful economic and trade cooperation.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	863 238	626 737	611 346	0.0179
	year-on-year index	92.4	72.6	97.5	
exports	CZK thousands	451 802	244 104	376 947	0.0222
	year-on-year index	89.7	54.02	150.4	
imports	CZK thousands	411 436	382 633	234 399	0.0136
	year-on-year index	97.9	92.9	61.25	
balance	CZK thousands	40 366	-138 529	142 548	
foreign investments - incoming	direct (CZK thousands)	0	0	200	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Nigeria is the Czech Republic's second biggest trading partner in sub-Saharan Africa (after South Africa), but in recent years overall trade exchange has been in decline. After the sharp fall last year, however, in 2004 Czech exports almost recovered to their previous levels.

The Czech Republic's principal export commodities: razorblades, passenger cars, automatic data processing equipment, iron and steel, electric generator parts, dried milk, caps and fezzes.

The Czech Republic's principal import commodities: cocoa, petroleum products.

### *Cultural Relations*

In 2004, an exhibition titled "UNESCO Heritage Sites in the Czech Republic" was held in the capital Abuja and was greeted with outstanding interest.

As a part of development cooperation, the Czech Republic provided Nigeria with three university scholarships for the 2004/2005 academic year.

## **FEDERATION OF MALAYSIA**

Relations between the Czech Republic and Malaysia are developing successfully; the Czech Republic is seeking to intensify cooperation, especially in the economic area. The current level of trade exchange falls short of both countries' potential. The Czech Republic's principal goal is to reduce its considerable balance of trade deficit with Malaysia.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	16 914 958	19 559 919	15 630 161	0.4583
	year-on-year index	126.3	115.6	79.9	
exports	CZK thousands	1 693 125	861 832	1 027 583	0.0606
	year-on-year index	129.6	50.9	119.2	
imports	CZK thousands	15 221 833	18 698 087	14 602 578	0.8515
	year-on-year index	125.9	122.8	78.1	
balance	CZK thousands	-13 528 708	-17 836 255	-13 574 995	
foreign investments - incoming	direct (CZK thousands)	44 600	9 000	1 700	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	no record	0	no record	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Although mutual trade declined in 2004, Czech exports rose, cutting the Czech Republic's balance of trade deficit with Malaysia. Even so, the relative trade deficit with



Malaysia (along with China) is bigger than with any other country – imports are approximately 14 times higher than exports. Components for the final assembly of electrical and electronic products in the Czech Republic form a substantial portion of these imports.

The Czech Republic's principal export commodities: automobiles, metalworking machines and machine tools, fittings, electrical devices, instruments and appliances, office machines and automatic data processing equipment, paper and cardboard, textile products, furniture, plastics, dried milk, chandeliers and glassware.

The Czech Republic's principal import commodities: electrical devices, instruments and appliances, integrated circuits and systems, memory units, natural rubber, telecommunications equipment, semiconductor parts, radio receivers, textile yarn, palm oil, plastics.

### *Cultural Relations*

In the middle of March 2004, the Malaysian National Library in Kuala Lumpur opened an exhibition titled "The Magical World of Czech Illustrators for Children", which was later installed in other towns too. At the EU countries film festival, Czech cinema was represented by J. Hřebejk's film *Cosy Dens*. The Brno State Philharmonia toured Malaysia in November.

## **FEDERATIVE REPUBLIC OF BRAZIL**

Brazil is one of the Czech Republic's most important partners in Latin America; mutual relations focus mainly on trade and economic cooperation. Brazil is currently the Czech Republic's biggest trading partner in Latin America. Brazil is a traditional market for Czech businesses, in particular whole plant contractors.

### *Visits by representatives of the Czech Republic:*

- 22-28 April 2004 – visit by Minister of Industry and Trade M. Urban;
- 15-22 October 2004 – visit by a delegation of the Committee on Legal and Constitutional Affairs of the Senate of Parliament of the Czech Republic.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	4 533 201	5 154 341	7 236 731	0.2120
	year-on-year index	82.0	113.7	140.4	
exports	CZK thousands	1 501 300	1 470 739	2 394 458	0.1411
	year-on-year index	101.1	94.6	162.8	
imports	CZK thousands	3 031 901	3 683 602	4 842 273	0.2820
	year-on-year index	76.4	121.5	131.5	
balance	CZK thousands	-1 530 601	-2 212 863	-2 447 815	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	-1 100	-26 700	9 500	
	portfolio (CZK thousands)	3 500	400	19 700	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: instrument components and spare parts, components and spare parts for motor vehicles and their engines, glass and glass products, textile machinery, power-system machinery and equipment, television screens, pumps, pipes, ceramics, spinning machines, pearls, vacuum tubes.

The Czech Republic's principal import commodities: poultry meat, aircraft, tobacco, soya forage cakes, coffee and coffee derivatives, crude aluminium, pumps, footwear, meat, tropical fruit.

*Cultural Relations*

In 2004, Czech culture was presented through an exhibition titled "Czech Tracks on the Banks of the Amazon" in Sao Paulo in May; at a joint concert in May to mark the EU enlargement; through a tour of the J. Srnec Black Light Theatre in June; and at a Festival of European Film in Brasilia and Sao Paulo in July.

**FORMER YUGOSLAV REPUBLIC OF MACEDONIA**

The Czech Republic actively supported the reconstruction efforts of the Macedonian government and expressed understanding for integration of the country into Euro-Atlantic structures. Political relations have traditionally been friendly; as regards economic relations, there is still considerable room for growth.

*Visits by representatives of the Czech Republic:*

- 5 March 2004 – President V. Klaus attended the funeral of President B. Trajkovski;
- 16-17 March 2004 – visit by Prime Minister V. Špidla.

*Visits by representatives of FYROM:*

- 16-19 June 2004 – visit by Minister of the Environment and Physical Planning L. Janev;
- 23 September 2004 – visit by Minister of Economy S. Jakimovski;
- 3 October 2004 – visit by Minister of Foreign Affairs I. Mitreva;
- 12 November 2004 – visit by Minister of Defence V. Buckovski.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	394 227	434 508	631 965	0.0183
	year-on-year index	69	110	145	
exports	CZK thousands	292 079	300 860	415 193	0.0121
	year-on-year index	64	103	138	
imports	CZK thousands	102 148	133 648	216 773	0.0063
	year-on-year index	83	131	162	
balance	CZK thousands	189 931	167 212	198 420	
foreign investments - incoming	direct (CZK thousands)	0	0	no record	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	23 600	no record	
	portfolio (CZK thousands)	0	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade exchange between the Czech Republic and Macedonia declined sharply after the security crisis in 2001 and has practically stagnated since then.

The Czech Republic's principal export commodities: detergents and laundry agents, paper, cardboard, paperboard, motor vehicles, tractors, food products of animal origin, clothing and clothing accessories, reactors, boilers, mechanical devices.

The Czech Republic's principal import commodities: beverages, spirits, vinegar, tobacco and tobacco products, vegetables, fruit, clothing and clothing accessories, leather and leather products, transport equipment.

### *Cultural Relations*

Cultural relations concentrate on educational cooperation, in particular Czech language teaching in Macedonia and vice versa. A Czech language teacher works at Skopje University; there are Macedonian language teachers at Charles University in Prague and Masaryk University in Brno. Direct cooperation takes place between the Faculty of Arts of Masaryk University and the Philology Faculty of Skopje University.

## **FRENCH REPUBLIC**

Relations between France and the Czech Republic successfully developed at bilateral and multilateral level in the context of European integration and Euro-Atlantic partnership. The overall quality of relations is enhanced by shared historical ties; cultural relations are highly developed. Cooperation at regional level is developing promisingly: there are more than 50 partnerships between regions, towns and municipalities in the Czech Republic and France. France has for long been one of the Czech Republic's most important trading partners. French investments in the Czech Republic grew substantially.

### *Visits by representatives of the Czech Republic:*

- 23-24 February 2004 – working visit to the French Economic and Social Council by Minister of Labour and Social Affairs Z. Škromach;
- 8 April 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 2-5 May 2004 – Mayor of Prague P. Bém attended a meeting of EU mayors and made a visit to Paris;
- 6 June 2004 – President V. Klaus attended the D-Day landings 60<sup>th</sup> anniversary celebrations in Normandy;
- 28 September 2004 – President of the Senate of Parliament of the Czech Republic P. Pithart attended the ceremonial opening of the renovated Czech embassy in Paris; the Order of the Legion of Honour was conferred on Mr Pithart;
- 28 November – 1 December 2004 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of the Parliament of the Czech Republic.

*Visits by representatives of the French Republic:*

- 23 January 2004 – visit by a delegation of the Foreign Affairs Committee of the National Assembly;
- 28-29 June 2004 – visit by a delegation of the EU Affairs Committee of the National Assembly;
- 1 October 2004 – working visit for the State Secretary for the Budget D. Bussereau;
- 2 November 2004 – working visit by Minister of Economy, Finance and Industry N. Sarkozy.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (v %)
turnover	CZK thousands	121 987 000	135 838 000	158 755 126	4.6500
	year-on-year index	100.8	111.4	116.9	
exports	CZK thousands	58 443 000	64 870 000	77 753 798	4.5800
	year-on-year index	107.2	111.0	119.8	
imports	CZK thousands	63 544 000	70 968 000	81 001 328	4.7000
	year-on-year index	95.5	111.7	114.1	
balance	CZK thousands	-5 101 000	-6 098 000	-3 247 530	
Foreign investments - ming	direct (CZK thousands)	11 004 600	14 723 700	4 426 900	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - bing	direct (CZK thousands)	0	0	-2 000	
	portfolio (CZK thousands)	6 060 600	33 391 200	23 972 300	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

France has for long been one of the Czech Republic's most important trading partners. In terms of total foreign trade turnover, France is the Czech Republic's 6<sup>th</sup> biggest trading partner. France is the 5<sup>th</sup> biggest importer to the Czech Republic and 6<sup>th</sup> biggest market for Czech exports.

In 2004, trade between the Czech Republic and France grew by 16.9% year-on-year. The Czech Republic continues to have a balance of trade deficit with France, but at approximately just half the level of the previous year.

The Czech Republic's principal export commodities: machinery and transport equipment, road vehicles, electrical devices, instruments and appliances.

The Czech Republic's principal import commodities: machinery and transport equipment, road motor vehicles, equipment for telecommunications and audio recording and reproduction, medicaments and pharmaceutical products.

### *Cultural Relations*

The presence of Czech culture in France was positively influenced by the Czech Republic's accession to the EU, which was celebrated mainly through music. To mark the occasion, the Czech Centre staged a "Marathon of Contemporary Music of the Ten Acceding Countries". There were also a number of concerts in 2004 commemorating 100 years since the death of Antonín Dvořák. The re-opening of the renovated Czech embassy in Paris was a significant political and cultural event, on which occasion President of the Senate P. Pithart was awarded the Order of the Legion of Honour. The Czech Centre put on dozens of exhibitions of Czech artists and, in November 2004, continued with the second year of a jazz festival.

In educational cooperation, relations between more than a hundred secondary and elementary schools in France and the Czech Republic continued to develop; cooperation at university level also flourished. Czech is taught at 16 universities; 2 universities offer Czech studies as a course. Four bilingual grammar schools operate in the Czech Republic. There are 21 Czech expatriate organisations in France.

## **GEORGIA**

The Czech Republic and Georgia have for long shared friendly relations. The Czech Republic regards Georgia as an important partner in the South Caucasus and seeks to develop mutual relations. It also supports Georgia's efforts to consolidate its territorial integrity and sovereignty. The Czech Republic's primary concern is to activate relations in the political area.

Improving legal basis with Georgia is one the Czech Republic's priorities. In 2004, work on agreement on the avoidance of double taxation went ahead; it is due to be signed during 2005.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	243 588	414 127	451 611	0.0013
	year-on-year index	111.9	170.0	109.1	
exports	CZK thousands	238 607	320 788	343 162	0.0020
	year-on-year index	119.0	134.4	107.0	
imports	CZK thousands	4 981	93 339	108 449	0.0006
	year-on-year index	28.9	1 873.9	116.2	
balance	CZK thousands	233 626	227 449	108 449	
foreign investments - incoming	direct (CZK thousands)	0	200	900	
	portfolio (CZK thousands)	11 100	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	0	0	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

In spite of the Georgian government's efforts to improve the market environment in the course of 2004, trade exchange between the Czech Republic and Georgia fell short of the two countries' potential, partly owing to a somewhat cautious approach by Czech enterprises. The conditions for business are improving, however, and the overall trend is positive.

The Czech Republic's principal export commodities: reactors and instruments, arms and ammunition, paper and cardboard, glass.

The Czech Republic's principal import commodities: manganese ore, nuts.

*Cultural Relations*

In 2004, Georgia made use of both the scholarships offered for study in the Czech Republic – one for doctorate study, and one for undergraduate study. Cooperation between the Czech embassy in Tbilisi and the Zlatá Praha expatriate association continued.

## GRAND DUCHY OF LUXEMBOURG

Relations between the Czech Republic and the Grand Duchy of Luxembourg are dynamic at all levels. Cooperation is focused on economic ties, as well as partnership in the EU and NATO. Regional contacts between Visegrad countries and Benelux countries are a promising form of cooperation.

### *Visits by representatives of the Czech Republic:*

- 19 January 2004 – official visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 7-10 November 2004 – visit by a delegation of the Committee on Education, Science, Culture, Human Rights and Petitions of the Senate of Parliament of the Czech Republic.

### *Visits by representatives of Luxembourg:*

- 24 September 2004 – Minister for Development Cooperation and Humanitarian Action J. Schiltz attends a conference titled “Enlarged Europe – Reinforced Responsibility”;
- 22 November 2004 – working visit by Prime Minister J.-C. Juncker.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	4 631 738	5 292 899	6 270 867	0.1872
	year-on-year index	100.7	114.3	118.5	
exports	CZK thousands	2 053 713	2 694 903	2 665 112	0.1592
	year-on-year index	87.3	131.2	98.9	
imports	CZK thousands	2 578 025	2 597 996	3 605 755	0.2099
	year-on-year index	114.8	100.8	138.8	
balance	CZK thousands	-524 312	96 907	-940 643	
foreign investments	direct (CZK thousands)	3 583 300	3 379 100	1 395 600	
incoming	portfolio (CZK thousands)	no record	20 400 000	45 300	
foreign investments	direct (CZK thousands)	0	0	-78 600	
outgoing	portfolio (CZK thousands)	19 941 100	26 907 300	38 090 000	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)



Investments play a major role in mutual relations. Luxembourg is the 8<sup>th</sup> biggest EU investor in the Czech Republic, ahead of countries like Italy and Spain. Overall, Luxembourg is the 12<sup>th</sup> biggest investor in the Czech Republic. Investments were targeted at business-to-business services, electronics, construction and the foodstuffs industry.

Despite the relatively low volume, trade exchange between the Czech Republic and Luxembourg is very intensive. In terms of export volume per head, Luxembourg is the Czech Republic's 4<sup>th</sup> biggest export destination, after Germany, Austria and Slovakia.

The Czech Republic's principal export commodities: machinery and transport equipment, valves and fittings, data processing machines, textile yarns and fabrics.

The Czech Republic's principal import commodities: iron and iron products, machinery and transport equipment, measuring and regulating devices.

### *Cultural Relations*

Key cultural events in 2004 included a series of concerts by Čechomor. The group gave a concert at the inauguration of a new cultural centre in Luxembourg's historical district, which was attended by political leaders, including Grand Duke Henri. Vocal groups Gentleman Singers and Voxtet performed in Luxembourg and Heiderschied and an exhibition of works by artist of Czech origin O. Naleznik was opened. Czech writer L. Reinerová attended and spoke at an international colloquium titled "Living Cultural Diversity" in Luxembourg.

## **GREAT SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA**

In 2004, the Czech Republic pushed ahead with the gradual process of restoring bilateral relations, especially in the economic sphere. One new impulse for the development of mutual relations was the repeal of previously suspended economic sanctions against Libya by the EU Council for General Affairs and External Relations. The issue of Libya's debt to the Czech Republic remains unresolved.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	936 628	1 686 292	1 966 340	0.0576
	year-on-year index	24.4	180.0	116.6	
exports	CZK thousands	72 600	279 140	245 504	0.0145
	year-on-year index	55.7	384.5	87.9	
imports	CZK thousands	864 028	1 407 152	1 720 836	0.1002
	year-on-year index	23.3	162.9	122.3	
balance	CZK thousands	-791 428	-1 128 012	-1 475 332	
foreign investments incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: non-metal mineral products, glass products, metal products, metalworking machinery, iron and steel (pipes for oil wells), rubber products, aircraft parts, automobile spares.

The Czech Republic's principal import commodities: crude oil.

### *Cultural Relations*

In 2004, the Czech embassy organised "Czech Day", a cultural event aimed at promoting and popularising Czech cultural heritage and the Czech Republic as a whole, primarily in connection with the Czech Republic's accession to the EU.

## **HASHEMITE KINGDOM OF JORDAN**

Czech-Jordanian relations have traditionally been friendly, with the emphasis on trade and economic exchange, which grew slightly in 2004. Jordan's interest in developing relations was confirmed by a visit to Prague by King Abdullah II in May 2004.

### *Visits by representatives of the Czech Republic:*

- 5-7 March 2004 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament of the Czech Republic;
- 1-3 December 2004 – working visit by Minister of Foreign Affairs C. Svoboda.

*Visits by representatives of the Hashemite Kingdom of Jordan:*

- 24 May 2004 – visit by King Abdullah II bin Al Hussein.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	556 140	394 252	560 961	0.0164
	year-on-year index	120.3	70.9	142.3	
exports	CZK thousands	551 770	387 048	550 899	0.0324
	year-on-year index	120.9	70.1	142.3	
imports	CZK thousands	4 370	7 204	10 062	0.0006
	year-on-year index	74.3	164.9	139.7	
balance	CZK thousands	547 400	379 844	540 837	
foreign investments - incoming	direct (CZK thousands)	200	0	600	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: motor vehicles, craft wrapping paper, steel rods, digital data processing equipment, powdered milk and cream.

The Czech Republic's principal import commodities: cosmetics, refined building stone.

*Cultural Relations*

In Amman in spring 2004, there was an exhibition of photographs of Prague and in autumn an exhibition of photographs by J. Šibík titled "The Devil Within Us". In July, the Jeseník String Orchestra performed two concerts in Jerash and Amman. The Czech film *Cosy Dens* was screened at the 28<sup>th</sup> "EU Film Festival" which took place in Amman from 28 September to 13 October.

In 2004, cooperation continued between the Institute of Tropical and Subtropical Agriculture of the Czech University of Agriculture in Prague and the Jordan University of Science and Technology in Irbid on a project for a research and training centre focusing on sheep breeding.

The Czech Republic provided Jordan with one university scholarship.

## HELLENIC REPUBLIC

In 2004, relations between the Czech Republic and Greece developed successfully at bilateral and multilateral level in the context of European integration and Euro-Atlantic partnership. The Czech Republic was actively involved in providing security the Summer Olympic Games. Economic cooperation remained at the heart of the relations between the two countries.

### *Visits by representatives of the Czech Republic:*

- 28-31 January 2004 – working visit by Minister of Agriculture J. Palas;
- 12-15 August 2004 – working visit by President V. Klaus;
- 15 August 2004 – working visit by Minister of Defence K. Kühnl;
- 12-19 August 2004 – working visit by Minister of Education, Youth and Sports P. Buzková;
- 17-19 September 2004 – working visit by Minister of Education, Youth and Sports P. Buzková;
- 25-26 September 2004 – visit by Prime Minister S. Gross and First Deputy Prime Minister Z. Škromach.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	7 141 237	8 684 333	8 832 132	0.2587
	year-on-year index	94.9	121.6	101.7	
exports	CZK thousands	4 943 525	6 645 153	6 610 779	0.3896
	year-on-year index	96.9	134.4	99.4	
imports	CZK thousands	2 203 658	2 039 180	2 221 353	0.1293
	year-on-year index	90.8	92.5	108.9	
balance	CZK thousands	2 734 473	4 605 973	4 389 426	
foreign investments - incoming	direct (CZK thousands)	105 000	259 748	484 100	
	portfolio (CZK thousands)	no record	354 792	no record	
foreign investments - outgoing	direct (CZK thousands)	0	1 507	no record	
	portfolio (CZK thousands)	6 600	1 537 600	13 456 700	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

After the growth in trade in previous years brought about by the two countries' collaboration on projects for the reconstruction and development of South East Europe, trade

stabilised in 2004. Despite a slight decrease in Czech exports and an increase in imports from Greece, the Czech Republic maintains a relatively large balance of trade surplus with Greece.

The Czech Republic's principal export commodities: motor vehicles, electronic audio recording and reproduction devices, timber and wood products, iron and steel products, mechanical devices, rubber and rubber products.

The Czech Republic's principal import commodities: fruit, cotton, vegetable and vegetable products, clothing and clothing accessories, tobacco and tobacco substitutes.

### *Cultural Relations*

The Czech Radio Symphony Orchestra gave a performance in September during the Athens summer festival. Exhibition titled "Theatrum Mundi" mapping Czech graphic art was one element of the presentation of the EU's ten new member states in Heraklion, Crete. As a part of Czech Music Year, an exhibition titled "Three Personalities of Czech Music" was staged in Thessaloniki and Athens. During the Summer Olympic Games and Paralympic Games, an exhibition titled "The Beauties and Mysteries of the Czech Republic" was staged in the Czech Olympic House; "Argonauts", a Czech-Greek art project performed by Laterna Magica, was put on in the town of Volos. On the occasion of a visit by Prime Minister S. Gross and First Deputy Prime Minister Z. Škromach, a statue of Discobolos by sculptor J. Řeřicha was unveiled in Athens.

In education sphere, exchanges of students and research workers continued. Professor R. Dostálová was awarded a Gold Medal and diploma by the Hellenic Society of Translators of Literature.

## **HOLY SEE**

Relations between the Czech Republic and the Holy See are founded on the shared spiritual values underlying West European civilisation and on a closeness of opinion on the principles underpinning international politics. A question remaining open is the Treaty on Mutual Relations between the Czech Republic and the Holy See.

### *Cultural Relations*

On the occasion of the celebrations marking the EU enlargement, a colloquium was held on 12 May 2004 under the title “The Role of the Catholic Church in the Process of the Fall of Totalitarian Regimes”. On 8 December 2004, a discussion evening took place with Cardinal T. Špidlík on the occasion of his 80<sup>th</sup> birthday.

## **IRELAND**

Relations between the Czech Republic and Ireland successfully developed at bilateral and multilateral level in the context of European integration; governmental and parliamentary dialogue developed intensively. There was a very high frequency of high-level bilateral contacts with regard to the Irish presidency of the EU in the first half of 2004. On 1 May 2004, Ireland opened its labour market to Czech citizens.

### *Visits by representatives of the Czech Republic:*

- 15-17 January 2004 – working visit by Minister of Labour and Social Affairs Z. Škromach;
- 26-27 February 2004 – Minister for Regional Development P. Němec attended a meeting of regional development ministers;
- 1-3 March 2004 – working visit by Minister of Culture P. Dostál;
- 3 March 2004 – consultations between Prime Minister V. Špidla and Prime Minister B. Ahern;
- 9-11 May 2004 – working visit by Minister of Agriculture J. Palas;
- 16-19 November 2004 – visit by a delegation of the Committee for Science, Education and Culture of the Chamber of Deputies of Parliament of the Czech Republic.

### *Visits by representatives of Ireland:*

- 15-18 March 2004 – visit by members of the Parliamentary Joint Committee on Foreign Affairs;
- 31 March – 3 April 2004 – working visit by Minister for Health and Children M. Martin;

- 22 April 2004 – visit by Prime Minister B. Ahern – lecture in the Senate of Parliament of the Czech Republic;
- 20 May 2004 – working visit by Prime Minister B. Ahern as a part of a tour of new EU countries;
- 16-17 May 2004 – working visit by Minister for Transport S. Brennan;
- 14-17 June 2004 – visit by a delegation of the Parliamentary Joint Committee on Agriculture and Food;
- 20-23 September 2004 – visit by a delegation of the Parliamentary Joint Committee on Environment and Local Government;
- 23-24 September 2004 – Minister for Development Cooperation T. Kitt attended a conference titled “Enlarged Europe – Reinforced Responsibility”.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	16 225 000	13 946 000	15 626 695	0.4577
	year-on-year index	95.8	86.0	112.05	
exports	CZK thousands	7 982 000	6 042 000	6 395 321	0.3768
	year-on-year index	88.3	75.7	105.9	
imports	CZK thousands	8 243 000	7 904 000	9 231 374	0.5375
	year-on-year index	104.3	95.9	116.8	
balance	CZK thousands	-261 000	-1 862 000	-2 836 053	
foreign investments incoming	-direct (CZK thousands)	131 000	621 800	1 495 600	
	-portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	-direct (CZK thousands)	33 100	210	-26 400	
	-portfolio (CZK thousands)	3 309 600	5 934 000	20 651 100	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

After a fall in trade in the previous year, trade exchange in 2004 came closer to the volume achieved in 2002. The Czech Republic’s balance of trade deficit with Ireland grew substantially. Ireland is the Czech Republic’s 25<sup>th</sup> biggest trading partner.

The Czech Republic’s principal export commodities: office machines and data processing machines, road vehicles, machinery and plant equipment, electrical devices, instruments and appliances.

The Czech Republic’s principal import commodities: office machines and data processing machines, medicaments and pharmaceutical products, electrical devices, instruments and appliances, various products.

### *Cultural Relations*

A presentation of artists from all EU member countries was staged to mark the EU enlargement, which took place during the Irish presidency; the Czech Republic was represented by the Emil Viklický Trio. The Czech Republic's partner city, Killarney in County Kerry, hosted a parade of Czech compatriots in national costume; the "Czech Press Photo 2003" exhibition continued; and there was a concert by V. Bílá and her band Kale. The climax of the celebrations of accession to the EU was "Czech Week" in County Kerry, featuring the presentation of prizes to the winners of a children's art competition on "Czech Republic and the European Union", the opening of an exhibition titled "The Beauties and Mysteries of the Czech Republic", a business seminar on tourism, and a screening of Czech film *Kolya*. Janáček's opera *Her Foster-daughter* was staged in Dublin by Opera Ireland in collaboration with Czech artists (the director was the head of the National Theatre Opera J. Nekvasil; director of the National Theatre D. Dvořák was stage designer). The opera *Jenůfa* was sung in Czech, with English supertitles. The "Music in Great Irish Houses" festival featured two concerts by the Martinů Quartet in Dublin. The capital also hosted a concert of works by Dvořák performed by violinist P. Šporcl, accompanied by the RTÉ Symphony Orchestra conducted by L. Pešek. *Kolya* and *Cosy Dens* were screened at a open-air summer film festival in Dublin's Temple Bar district. An exhibition of "The Beauties and Mysteries of the Czech Republic" was put on in European Union House in Dublin.

## **ISLAMIC REPUBLIC OF AFGHANISTAN**

In 2004, the Czech Republic was actively involved in the international community's efforts to stabilise and rebuild the country. The Czech Republic was not directly involved in the actual military actions against the Taleban, but it engaged in the renewal of the country at governmental and non-governmental level immediately after the end of the military operations.

Czech army personnel were present in Afghanistan as a part of the international community's efforts to provide assistance for the restoration of security and stability in the country. Since April 2004, the Czech Republic has had 120 military personnel in Afghanistan, 16 of whom operate under the ISAF (International Security Assistance Force) in administrating Kabul International Airport; the remainder were attached to Operation Enduring Freedom (OEF).



The development aid policy adopted by the Czech government for 2002-2007 includes Afghanistan among twelve priority countries; roughly a third of the Czech Republic's governmental foreign humanitarian aid heads to Afghanistan. The development aid plan comprises the following projects:

- a) reviving and developing the education system in Central Afghanistan (People in Need);
- b) rehabilitating the Afghan National Museum in Kabul;
- c) building a secondary school in Kandahar province;
- d) building wells for drinking water and installing hand pumps in Farah province.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	27 446	44 455	171 218	0.0050
	year-on-year index	255.3	162.0	385.1	
exports	CZK thousands	26 302	40 678	137 005	0.0081
	year-on-year index	441.2	154.7	336.8	
imports	CZK thousands	1 144	3 777	34 213	0.0020
	year-on-year index	23.9	330.2	905.8	
balance	CZK thousands	25 158	36 901	102 792	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic is one of the countries that formerly exported whole plant equipment to Afghanistan (e.g. cement works). After a period of caution, increased interest among Czech enterprises to establish business ties with Afghanistan was registered in 2004. The improving situation in the country is also reflected in the approximately tenfold growth in Czech imports and the more than tripling of Czech exports in 2004 over the previous year.

The Czech Republic's principal export commodities: machine engineering products, electrical engineering apparatus, glass jewellery, glass.

The Czech Republic's principal import commodities: fruit, nuts, carpets, furs.

### *Cultural Relations*

The Czech Republic provided Afghanistan with four university scholarships in 2004.

## **ISLAMIC REPUBLIC OF IRAN**

Relations continued to be influenced by the presence of Radio Farda, part of Radio Free Europe/Radio Liberty, in Prague. After several years of stagnation in mutual relations, political contacts were revitalised in 2004 in connection with the Czech Republic's accession to the EU. Both countries have expressed interest in normalising mutual relations.

### *Visits by representatives of Iran:*

- 28 April 2004 – visit by Minister of Foreign Affairs K. Kharazi.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 552 238	2 465 774	1 501 574	0.0440
	year-on-year index	111.1	158.9	60.9	
exports	CZK thousands	1 303 425	2 132 207	1 177 486	0.0693
	year-on-year index	116.3	163.6	55.2	
imports	CZK thousands	248 813	333 567	324 088	0.0189
	year-on-year index	90.3	134.1	97.2	
balance	CZK thousands	1 054 612	1 798 640	853 398	
foreign investments - incoming	direct (CZK thousands)	300	100	400	
	portfolio (CZK thousands)	no record	no record	60 600	
foreign investments - outgoing	direct (CZK thousands)	0	0	-1 300	
	portfolio (CZK thousands)	3 000	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

In March 2003, Iran imposed unilateral economic sanctions on the Czech Republic, which were still in force at the end of 2004. As a result of this embargo, Czech exports to Iran declined sharply in 2004, falling by more than 44% below 2003 levels.

The Czech Republic's principal export commodities: rail track, iron and steel, instruments and mechanical devices, locomotives and transport equipment, mechanical machinery, electronic audio-video recording and reproduction devices, glass and glass products.

The Czech Republic's principal import commodities: agricultural produce, motor vehicles, carpets and floor coverings.

### *Cultural Relations*

An exhibition of cartoons by M. Barták, complemented by a selection of books of Czech cartoons and humorous magazines, was held in Tehran in January.

To celebrate the Czech Republic's accession to the EU, the Czech embassy in Tehran put on a concert of classical music by composers from the new member states. Czech music was represented by piano works by Dvořák, Janáček and Martinů, performed by professors and students of the Tehran Conservatory. An exhibition of photographs titled "The Beauties and Mysteries of the Czech Republic" accompanied the concert.

In June, the embassy organised an exhibition titled "Three Personalities of Czech Music" in the prestigious Iranian Artists' Forum in Tehran. At the private view, a lecture on Czech classical music was given by eminent Iranian musicologist Professor Aryanpour, featuring excerpts from well-known Czech works.

The Czech Republic provided Iran with one university scholarship.

## **ISLAMIC REPUBLIC OF PAKISTAN**

Mutual relations revived in 2004 and inter-ministerial contacts were established by the Czech Republic at working level, which is helping to clarify mutual attitudes. The Czech Republic is seeking to intensify further these relations at top level.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 031 101	1 070 527	1 430 950	0.0419
	year-on-year index	97.8	103.8	133.7	
exports	CZK thousands	395 052	407 052	694 721	0.0409
	year-on-year index	99.1	103.0	170.7	
imports	CZK thousands	636 049	663 475	736 229	0.0429
	year-on-year index	97.0	104.3	111.0	
balance	CZK thousands	-240 997	-256 423	-41 508	
foreign investments - incoming	direct (CZK thousands)	600	0	300	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade exchange, which has traditionally formed the core of economic relations between the Czech Republic and Pakistan, registered an overall growth of 34% as a result of a sharp upsurge in Czech exports (up 71%), which substantially reduced the Czech Republic's balance of trade deficit with Pakistan.

The Czech Republic's principal export commodities: textile machinery, glass jewellery and other glass products, paper.

The Czech Republic's principal import commodities: leather products, textiles, clothing, sports equipment.

### *Cultural Relations*

A "Festival of European Films" was held in Islamabad, Lahore and Karachi in April 2004, featuring two Czech films (*Dark Blue World* and *Wild Bees*). *Zelary* was screened in the competition section at the KARAFILM festival and received one of the festival awards (for its score).

A Czech Film Club was set up at the Czech embassy in Islamabad – it offers regular screenings of Czech films for Czechs living in Pakistan and for local citizens who speak Czech (e.g. former students or partners of Czech citizens).

## JAPAN

Japan is one of the Czech Republic's most important partners in Asia. Strong cultural ties have traditionally played a significant role in Czech-Japanese relations. The substantial influx of Japanese investments in the Czech Republic continued in 2004.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	32 130 371	37 323 645	60 744 339	1.7793
	year-on-year index	105.6	116.2	162.8	
exports	CZK thousands	4 621 478	4 543 945	5 791 695	0.3414
	year-on-year index	97.4	98.3	127.5	
imports	CZK thousands	27 508 893	32 779 700	54 952 644	3.1999
	year-on-year index	107.2	119.2	167.6	
balance	CZK thousands	-22 887 415	-28 235 755	-49 160 949	
foreign investments - incoming	direct (CZK thousands)	4 397 500	7 139 700	6 767 000	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	20 400	0	
	portfolio (CZK thousands)	9 500	no record	126 700	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: pumps, motor vehicle parts, timber, hops, glass jewellery.

The Czech Republic's principal import commodities: automobiles, machine tools, machine parts, consumer electronics.

### *Cultural Relations*

Czech classical music has always had an excellent reputation in Japan; traditional Japanese art forms are popular in the Czech Republic. From September to December 2004, Tokyo and other Japanese cities hosted a "Festival of Czech Music", which was accompanied by a series of joint Czech-Japanese musical projects. The festival was attended by the Deputy Minister of Culture of the Czech Republic.

University student exchanges take place every year between Japan and the Czech Republic. Japanese scholarship beneficiaries regularly take part in the Summer School of Slavonic Studies.

## KINGDOM OF BELGIUM

Czech-Belgian relations developed successfully at bilateral and multilateral level in the context of European integration and Euro-Atlantic partnership. There are numerous contacts, both at Belgian federal level and with Belgian regions and communities – with the Francophone Community and Walloon region and with the Flemish government. The Czech Republic opened an honorary consulate in Liège on 13 July 2004. Meetings also took place as a part of V4-Benelux cooperation.

### *Visits by representatives of the Czech Republic:*

- 16-18 February 2004 – visit by a delegation of the Committee on Foreign Affairs, Defence and Security of the Senate of Parliament of the Czech Republic;
- 2-4 April 2004 – visit by the Standing Commission on Expatriates Living Abroad of the Senate of Parliament of the Czech Republic;
- 26-27 April 2004 – visit by a delegation of the Agricultural Committee of the Chamber of Deputies of Parliament of the Czech Republic;
- 8 May 2004 – Prime Minister V. Špidla started the Peace Race in Brussels.

### *Visits by representatives of Belgium:*

- 2-3 March 2004 – working visit by Prime Minister G. Verhofstadt and Minister of Foreign Affairs L. Michel;
- 13 December 2004 – working visit by First Deputy Minister of Foreign Affairs J. Grauls.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	59 627 332	60 247 611	76 925 438	2.2532
	year-on-year index	83.8	101.1	127.7	
exports	CZK thousands	29 754 165	30 781 500	43 963 276	2.5911
	year-on-year index	78.2	103.5	142.8	
imports	CZK thousands	29 863 167	29 466 111	32 962 162	1.9194
	year-on-year index	90.3	98.7	111.9	
balance	CZK thousands	-109 002	1 315 389	11 001 114	
foreign investments - incoming	direct (CZK thousands)	8 211 500	4 312 300	941 000	
	portfolio	no record	no record	9 700	
foreign investments - outgoing	direct (CZK thousands)	0	100	-1 000	
	portfolio	10 529 800	400 500	1 124 800	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Belgium is one of the Czech Republic's most important trading partners. It is the Czech Republic's 13<sup>th</sup> biggest trading partner in terms of total turnover of the Czech Republic's foreign trade and 10<sup>th</sup> biggest in terms of Czech exports.

The Czech Republic's principal export commodities: machinery and transport equipment, industrial consumer products, foodstuffs, live animals.

The Czech Republic's principal import commodities: chemicals and related products, industrial consumer products, machinery and transport vehicles.

### *Cultural Relations*

The Belgian public was given the opportunity to discover Czech culture primarily in the form of classical music. The traditional Christmas Concert in the Church of Our Lady of Sablon in Brussels and a performance by the Boni Pueri choir were among the most important cultural events. The first ever performance Ryba's Czech Christmas Mass in Czech by a Belgian choir met with great success. A gala evening combined with a presentation of Czech culture and history was staged in Brussels, featuring musical works by Schulhoff and Dvořák performed by the César Franck Quartet. The event was accompanied by an exhibition of paintings by Czech artist O. Bontridder-Dohnalová.

The Beseda-rovnost Czech expatriate association, which has promoted Czech culture in Belgium for over 100 years now, received the Gratias Agit award from Minister of Foreign Affairs of the Czech Republic.

## KINGDOM OF DENMARK

Czech-Danish relations developed successfully at bilateral and multilateral level, in particular in the context of European integration and Euro-Atlantic partnership. Governmental and parliamentary dialogue developed intensively. Expert consultations took place as well as visits by senior officials. Attention focused on comparing the two countries' positions on matters concerning the EU and security, trade and economic issues.

### *Visits by representatives of the Czech Republic:*

- 9-10 March 2004 – official visit by President of the Chamber of Deputies of Parliament of the Czech Republic L. Zaorálek;
- 15-18 March 2004 – visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament of the Czech Republic, led by V. Ostrý;
- 27-29 April 2004 – visit by a delegation of the Committee for Social Policy and Health Care of the Chamber of Deputies of Parliament of the Czech Republic, led by L. Talmanová.

### *Visits by representatives of Denmark:*

- 22 October 2004 – working visit by Prime Minister A. F. Rasmussen.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	15 729 000	17 538 000	20 711 677	0.6066
	year-on-year index	99.4	111.5	118.1	
exports	CZK thousands	7 393 000	8 125 000	9 637 834	0.5680
	year-on-year index	100.7	109.9	118.6	
imports	CZK thousands	8 336 000	9 413 000	11 073 842	0.6448
	year-on-year index	98.2	112.9	117.6	
balance	CZK thousands	-943 000	-1 288 000	-1 436 008	
foreign investments incoming	direct (CZK thousands)	1 449 100	238 300	284 800	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	0	170	1 900	
	portfolio (CZK thousands)	121 000	506 600	424 700	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)



The Czech Republic's principal export commodities: Besides passenger cars, Czech exports to Denmark have traditionally focused on machine engineering products, rubber products, textiles, metallurgical products, wood products, non-ferrous metals. Sales of refined semi-finished products, construction prefabricates, children's building blocks, and products with high added value such as telecommunications and recording equipment and specialised and scientific instruments. Danish investors account for a major proportion of exports of new commodities.

The Czech Republic's principal import commodities: Czech imports from Denmark are evenly spread over several commodities and are not so dependent on sales fluctuations in particular fields. The Czech Republic's most frequent exports to Denmark, and the strongest in volume terms, include machinery and transport vehicles, chemicals and related products, industrial and consumer goods, market goods, foodstuffs, live animals chemicals and related products, industrial consumer products, machinery and transport vehicles.

### *Cultural Relations*

In January 2004, the Pražák Quartet performed works by Schubert in Copenhagen. A number of Czech-themed cultural events were organised in Denmark in connection with the Czech Republic's accession to the EU. In May 2004, an exhibition of paintings by B. Pejchal was staged in Copenhagen. In June, there was an exhibition of works by painter J. Němec in Royal Lyngby. From June to August 2004, a windmill in Skjern housed an exhibition called "Czech Puppet Theatre 1900-1950". Czech films *Boredom in Brno* and *Czech Dream* were screened at the Copenhagen International Film Festival 2004. The Martinů Trio gave a concert in Århus as a part of the "Czech Dreams" international music project.

## **KINGDOM OF MOROCCO**

The Czech Republic's membership of the EU brought increased interest in the development of bilateral cooperation with Morocco. The Czech Republic stressed the expansion of economic and trade cooperation and cultural exchange; this was aided by the Moroccan decision to abolish visa requirements for Czech citizens from 2005.

*Visits by representatives of the Czech Republic:*

- 16-22 May 2004 – visit by a delegation of the Committee for Science, Education, Youth and Sports of the Chamber of Deputies of Parliament of the Czech Republic;
- 9-12 December 2004 – working visit by Minister of Industry and Trade M. Urban.

*Visits by representatives of Morocco:*

- 14 May 2004 – working visit by Minister Attached to the Prime Minister in charge of Economic and General Affairs and Upgrading the Economy, A. El Mossadeq.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	839 659	906 365	1 419 627	0.0416
	year-on-year index	94.9	107.9	156.6	
exports	CZK thousands	277 139	273 238	589 107	0.0347
	year-on-year index	64.7	98.6	215.6	
imports	CZK thousands	562 520	633 127	830 520	0.0484
	year-on-year index	123.4	112.6	131.2	
balance	CZK thousands	-285 381	-359 889	-241 413	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: dried milk, paper and cardboard, road vehicles, plant (primarily for the textile and leatherworking industry), iron and steel, machinery and accessories (ball-bearings, casts), tyres and inner tubes, electrical and electronic devices, chemicals.

The Czech Republic's principal import commodities: clothing and underwear, vegetables, transistors, relays, semiconductor parts, footwear, marine fish.

*Cultural Relations*

The principal presentation of Czech culture in Morocco consisted in the successful performances by children's choirs – in spring the Rolnička choir in Rabat, Casablanca and Marrakech; and in autumn the Dolinečka choir during Czech culture week. This event was accompanied by the private view of an exhibition of paintings by Czech artist I. Trefilová.

A charity sale and exhibition of children's drawings and a performance by Czech jazz guitarist R. Linka took place in Rabat.

## KINGDOM OF NORWAY

The Czech Republic and Norway are linked by partnership in NATO and, since 1 May 2004, membership of the European Economic Area. Norway committed itself to providing the Czech Republic and other new EU/EEA members with a financial contribution in order to eliminate the economic disparities within the internal market in the 2004-2009 term.

### *Visits by representatives of the Czech Republic:*

- 13-14 May 2004 – official visit by President V. Klaus;
- 6-9 June 2004 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament of the Czech Republic.

### *Visits by representatives of Norway:*

- 28-30 September 2004 – working visit by a delegation of the Standing Committee on Finance and Economic Affairs of Parliament;
- 18-19 October 2004 – working visit by Minister of Foreign Affairs J. Petersen.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	17 994 000	18 106 000	16 820 071	0.4926
	year-on-year index	95.8	100.9	92.9	
exports	CZK thousands	5 645 000	4 749 000	5 850 273	0.3448
	year-on-year index	109.3	84.1	123.2	
imports	CZK thousands	12 299 000	13 357 000	10 969 798	0.6387
	year-on-year index	90.7	108.6	82.1	
balance	CZK thousands	-6 654 000	-8 608 000	-5 119 525	
foreign investments- incoming	direct ( CZK thousands )	430 800	-435 800	246 300	
	portfolio ( CZK thousands )	no record	no record	no record	
foreign investments- outgoing	direct ( CZK thousands )	0	-97 700	-3 200	
	portfolio ( CZK thousands )	557 300	1 667 700	2 048 500	

Sources: 1/ Czech Statistical Office, February 2005 (foreign trade data)  
2/ Czech National Bank, March 2005 (investments data)

In 2004, the volume of trade exchange rose, with the Czech Republic also reducing its balance of trade deficit with Norway. Norway is the Czech Republic's 24<sup>th</sup> biggest trading partner.

The Czech Republic's principal export commodities: machine engineering products, mostly machinery and transport equipment (Škoda cars), followed by other industrial products.

The Czech Republic's principal import commodities: natural gas (accounting for over 84% of total imports from Norway), market and machine engineering products, fish, chemicals.

### *Bilateral agreements concluded in 2004*

- Memorandum of Understanding on the Implementation of the Norwegian Financial Mechanism 2004-2009 between the Kingdom of Norway and the Czech Republic, Prague, 19 October 2004;
- Convention between the Government of the Czech Republic and the Government of the Kingdom of Norway for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, Prague, 19 October 2004.

### *Cultural Relations*

Key cultural events in 2004 included an exhibition of photographs titled "Floods in Central Europe" in Oslo and a gala concert in honour of the 60<sup>th</sup> birthday of Professor J. Hlinka in the hall of Oslo University. An exhibition about the life and work of Antonín Dvořák and a concert of chamber music by Dvořák and Janáček were staged as a part of "Czech Music Year". At the end of the year, the traditional concerts of Czech Christmas music were performed in Oslo by the Tineola Theatre and the Ritornello chamber ensemble.

## **KINGDOM OF SAUDI ARABIA**

Saudi Arabia is an important partner for the Czech Republic in the Middle East. Relations are dominated by economic ties, but cooperation in other areas is also developing. The number of Saudi citizens coming to the Czech Republic for medical treatment, recreation and trade has been rising constantly.

Visits by representatives of Saudi Arabia:

- 12-15 April 2004 – visit by Minister of Health Hamad bin Abdullah Al-Mane.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 212 676	986 692	2 060 666	0.0604
	year-on-year index	57.15	81.36	208.85	
exports	CZK thousands	1 099 565	869 807	1 870 517	0.1102
	year-on-year index	52.93	79.10	215.05	
imports	CZK thousands	113 111	116 885	190 149	0.0111
	year-on-year index	253.71	103.34	162.68	
balance	CZK thousands	986 454	752 922	1 680 368	
foreign investments - incoming	direct (CZK thousands)	1 200	-3 600	200	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: iron and steel profiles, digital systems for data processing, boiler parts, road vehicles and spares, hospital furniture, dried milk, fresh cheeses and other dairy products, tyres, naphthalene and mineral tars and oils, glass jewellery.

The Czech Republic's principal import commodities: polyethylene and various ethylene polymers, synthetic fibres, skins, textiles, laminated PVC, endoscopes, fruit.

## **KINGDOM OF SPAIN**

Relations between the Czech Republic and Spain successfully developed at bilateral and multilateral level in the context of European integration and Euro-Atlantic partnership. There was intensive development of dialogue at the level of heads of state, as well as at governmental and parliamentary level.

*Visits by representatives of the Czech Republic:*

- 24 March 2004 – Prime Minister V. Špidla and Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda attended the state funeral for victims of the terrorist attacks in Madrid;

- 28 June 2004 – bilateral meeting of Prime Ministers V. Špidla and J. L. Rodríguez Zapatero on the sidelines of the NATO Summit in Istanbul;
- 27-29 September 2004 – state visit by President V. Klaus and spouse;
- 10-11 November 2004 – members of the Committee for Economics of the Chamber of Deputies of the Parliament of the Czech Republic attended the “VIth European Interparliamentary Space Conference” in Madrid.
- 17-19 November 2004 – First Deputy Prime Minister and Minister of Labour and Social Affairs Z. Škromach attended the “9<sup>th</sup> Euro-Mediterranean Summit of the Economic and Social Councils and Similar Institutions” in Valencia;
- 26 November 2004 – bilateral meetings of Prime Ministers S. Gross and J. L. Rodríguez Zapatero on the sidelines of the meeting of European socialist and social democrat leaders in Madrid.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	50 253 000	55 040 000	70 593 359	2.0680
	year-on-year index	102.9	109.5	128.3	
exports	CZK thousands	25 006 000	28 857 000	37 032 564	2.1830
	year-on-year index	110.0	115.4	128.3	
imports	CZK thousands	25 247 000	26 183 000	33 560 795	1.9540
	year-on-year index	96.8	103.7	128.2	
balance	CZK thousands	-246 184	2 674 000	3 471 769	
foreign investments - incoming	direct (CZK thousands)	357 800	1 416 500	770 700	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	3 400	400	32 400	
	portfolio (CZK thousands)	4 962 600	782 600	2 297 400	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade exchange between the Czech Republic and Spain registered dynamic growth of 28% in 2004 (following accession to the EU). The Czech Republic's balance of trade surplus with Spain grew by 30%. Spain is the Czech Republic's 14<sup>th</sup> biggest trading partner.

The Czech Republic's principal export commodities: automobiles, automobile parts and spares, machine engineering products, office equipment, air-conditioning technology, consumer electronics, rubber and plastics, iron and steel, ceramics.

The Czech Republic's principal import commodities: motor vehicles, automobile parts, machinery and equipment, television sets, rubber and plastics, citrus fruit, vegetables.

### *Cultural Relations*

In keeping with tradition, the presentation of Czech culture in Spain was very varied and of high quality. Events included a performance by the Janáček Quartet at the invitation of the Spanish King and Queen in the Royal Palace in Madrid; a concert by the Prague Chamber Orchestra in Seville, conducted by M. Rostropovich; a concert by D. Pecková on the occasion of the state visit to Spain by President V. Klaus – the concert was attended by the King and Queen and other top-level representatives of the state; a recital by E. Urbanová in the Teatro de Zarzuela in Madrid; and a tour by the Czech Philharmonia, conducted by Z. Mácal. “Czech culture days” in Santiago de Compostela, Marbella and Palma de Mallorca featured a combination of exhibitions, concerts, lectures and film screenings. The “Czech Dreams” music project visited Barcelona, Oviedo, Gijón and Valencia, including performances by the Talich Quartet and cellist J. Bárta. A cycle of five concerts of Czech music performed by the Bennewitz Quartet took place in the Madrid autonomous community. The Spanish public also had the opportunity to hear performances by the Martinů Ensemble and the Vsacan folklore group, which successfully presented traditional regional music at a festival in the Basque town of Portugalete. A “Czech Music” exhibition, as an accompaniment to “Czech Music Year”, a photographic exhibition “Prague through the Eyes of Jan Reich”, an exhibition of contemporary Czech art and an exhibition titled “Buquoy Glass in the Czech Republic” were highly appreciated by all visitors. Regarding Czech cinema, *The Farmstead Custodian* was screened at the International Youth Festival and *Ferda the Ant* at a festival of animated films for children.

The most active promoter of modern Czech literature and culture in Spain, translator and author M. Zgustová, received in June from Minister of Foreign Affairs of the Czech Republic C. Svoboda the Gratias Agit award for promoting the Czech Republic abroad.

## **KINGDOM OF SWEDEN**

Relations between the Czech Republic and Sweden successfully developed at bilateral and multilateral level, especially in the context of European integration. Dialogue at the level of government and parliament also developed intensively. On 1 May 2004, Sweden opened its

labour market to Czech citizens. Sweden is an important partner for the Czech Republic in the economic and trade area (an agreement was signed on the lease of Swedish fighter planes JAS 39 Gripen). Cooperation between regions and municipalities is also developing well.

*Visits by representatives of the Czech Republic:*

- 10-12 March 2004 – working visit by a delegation of the Committee for Social Policy and Health Care of the Chamber of Deputies of Parliament of the Czech Republic;
- 15-19 March 2004 – working visit by a delegation of the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament of the Czech Republic;
- 9-12 May 2004 – working visit by a delegation of the Committee on Constitutional and Legal Affairs of the Senate of Parliament of the Czech Republic;
- 14-15 October 2004 – working visit by Minister of the Interior F. Bublan;
- 20 October 2004 – working visit by President of the Chamber of Deputies of Parliament of the Czech Republic L. Zaorálek.

*Visits by representatives of Sweden:*

- 9 February 2004 – working visit by Minister for Employment H. Karlsson;
- 14 June 2004 – working visit by Minister for Defence L. Björklund.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	40 458 031	42 808 213	38 224 226	1.1962
	year-on-year index	102.7	105.8	89.3	
exports	CZK thousands	19 610 387	19 680 880	19 554 408	1.1524
	year-on-year index	112	100	99.4	
imports	CZK thousands	20 847 644	23 127 333	18 669 818	1.0871
	year-on-year index	95.2	110.9	80.7	
balance	CZK thousands	-1 237 257	-3 446 453	884 590	
foreign investments-incoming	direct ( CZK thousands )	-3 471 200	7 425 300	3 872 600	
	portfolio ( CZK thousands )	no record	5 400 000	no record	
foreign investments-outgoing	direct ( CZK thousands )	-338 000	89 600	3 200	
	portfolio ( CZK thousands )	353 100	430 000	2 687 500	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)



The commodity structure of imports and exports is favourable, as it is dominated by products with high added value. Sweden has traditionally been the Czech Republic's most important economic partner in Nordic countries. In 2004, Sweden was the Czech Republic's 17<sup>th</sup> biggest trading partner. After previous balance of trade deficits, the Czech Republic managed to achieve a surplus in 2004.

The Czech Republic's principal export commodities: machinery and transport vehicles.

The Czech Republic's principal import commodities: electronics, information technology products, telecommunications products.

### *Bilateral agreements signed during 2004:*

- Memorandum of Understanding between the Government of the Czech Republic and the Government of the Kingdom of Sweden concerning the Use of the JAS 39 GRIPEN by the Czech Republic, Prague 14 June 2004.

### *Cultural Relations*

Cultural activities were chiefly linked to the Czech Republic's accession to the EU and "Czech Music Year". The Czech Republic's membership of the EU was celebrated by a piano concert by M. Kasík and a performance by the E. Viklický Jazz Trio, which also took part in a jazz festival in Stockholm. As a part of "Czech Music Year", a festival dedicated to Czech music was held in the town of Junsele and a piano concert was given by P. Jiříkovský in Göteborg. There was also a travelling exhibition called "Personalities of Czech Music"; "Czech Days" were held in Ronneby; and singer M. Kubišová gave a performance in the Stockholm Museum of Music to mark the 15<sup>th</sup> anniversary of the Velvet Revolution.

## **KINGDOM OF THAILAND**

Thailand continued to be an important political and trading partner for the Czech Republic in Southeast Asia in 2004. Among other things, it is a popular destination for Czech tourists. In 2004, the Czech Republic and Thailand celebrated 30 years since the establishment of diplomatic relations. Trade exchange in 2004 was marked by considerable

growth in Czech exports (up 143%), which helped reduce the Czech Republic's pronounced balance of trade deficit with Thailand.

*Visits by representatives of the Czech Republic:*

- 24-26 May 2004 – visit by a delegation of the Committee for Petitions of Parliament of the Czech Republic.

*Visits by representatives of Thailand:*

- 4-8 March 2004 – visit by Minister for Commerce K. Suphamongkhon.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	6 279 553	7 354 861	9 890 303	0.2897
	year-on-year index	104.8	117.1	134.5	
exports	CZK thousands	1 923 587	1 105 339	2 688 845	0.1585
	year-on-year index	114.8	57.5	243.3	
imports	CZK thousands	4 355 966	6 249 522	7 201 458	0.4193
	year-on-year index	101.0	143.5	115.2	
balance	CZK thousands	-2 432 379	-5 144 183	-4 512 613	
foreign investments - incoming	direct (CZK thousands)	0	0	400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	2 400	0	
	portfolio (CZK thousands)	16 500	no record	3 200	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: aircraft components, electrical and foodstuffs processing machinery, laboratory instruments, personal computer parts, valves and pumps, textile machinery, arms and ammunition, dried milk, paper, glass.

The Czech Republic's principal import commodities: electrical engineering products, air conditioning equipment, food products, textiles, clothing and footwear, optics, glass, textiles.

### *Cultural Relations*

Important cultural events during 2004 included a travelling exhibition titled “Siam through the Eyes of Czech Travellers Enrique Stanko and Josef Korensky”; a concert by National Theatre soloist L. Elger and State Opera soloist M. Matoušek in a shelter for abandoned children as a part of a programme of events accompanying an AIDS conference; and e.g. a presentation of the Czech Republic as a new tourist destination for Thai travel agencies.

Every year, the Czech Republic offers Thailand three government scholarships. There are currently seven Thai scholarship beneficiaries studying for doctorates and master’s degrees in the Czech Republic. There is also increasing demand among Thai students for self-funded university study in the Czech Republic.

## **KINGDOM OF THE NETHERLANDS**

Relations between the Czech Republic and the Netherlands successfully developed at bilateral and multilateral level in the context of European integration and Euro-Atlantic partnership. Cooperation is focused on the economic and cultural areas, as well as on security.

### *Visits by representatives of the Czech Republic:*

- 22 June 2004 – working visit by Minister of Defence M. Kostelka;
- 23 November 2004 – working visit by Prime Minister S. Gross.

### *Visits by representatives of the Netherlands:*

- 16-17 February 2004 – working visit by Prime Minister J. Balkenende and Minister for European Affairs A. Nicolaï;
- 24 February 2004 – working visit by Minister of Justice P. H. Donner;
- 30 April 2004 – working visit by Minister of Agriculture, Nature and Food Quality C. Veerman;
- 11 May 2004 – working visit by Minister of Social Affairs and Employment A. J. de Geus;
- 3 June 2004 – working visit by heir to the throne Willem Alexander Prince of Orange;
- 24 June 2004 – working visit by Speaker of the Senate Y. Timmerman-Buck;

- 24 September 2004 – Minister for Development Cooperation A. van Ardenne attends a conference titled “Enlarged Europe – Reinforced Responsibility”;
- 27 November 2004 – working visit by Minister of Foreign Trade K. Peijs, accompanied by a business mission.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	80 252 000	88 292 000	118 628 702	3.4747
	year-on-year index	117.3	110.0	134.4	
exports	CZK thousands	48 986 000	56 708 000	70 859 453	4.1763
	year-on-year index	137.6	115.8	124.9	
imports	CZK thousands	31 266 000	31 584 000	47 769 249	2.7816
	year-on-year index	95.4	101.0	151.4	
balance	CZK thousands	17 453 241	25 124 000	23 090 204	
foreign investments - incoming	direct (CZK thousands)	31 149 300	-44 039 600	27 104 800	
	portfolio (CZK thousands)	no record	44 400 000	8 300	
foreign investments - outgoing	direct (CZK thousands)	42 900	54 500	179 400	
	portfolio (CZK thousands)	33 421 400	36 909 000	44 545 600	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Netherlands is one of the Czech Republic’s most important partners in the economic field. Trade exchange has developed very dynamically in recent years. In 2004, trade turnover rose by 34%; Czech imports displayed particularly fast growth. The Czech Republic’s balance of trade surplus with the Netherlands is a significant indicator of the competitiveness of Czech products. The Netherlands was the Czech Republic’s 8<sup>th</sup> biggest trading partner in the world in 2004 and in the Czech Republic’s trade with EU states.

The Czech Republic’s principal export commodities: machinery and transport equipment (in particular computers, televisions, passenger cars and parts for the car industry, tractors, boats), iron, steel and other metal products, plastics and chemicals, glass, wood products inc. furniture, textile products, paper, dairy products.

The Czech Republic’s principal import commodities: machinery and transport equipment (in particular integrated circuits and other electronic components, lorries and tractors and their parts), plastics, pharmaceutical products, flowers, iron and steel products, paper.

### *Cultural Relations*

The Netherlands remains one of the priority countries for the Czech Republic's cultural policy. That was reflected in the intensity of mutual cultural presentations. In keeping with tradition, the shared legacy of Comenius was the focus of attention. On 1 December 2004, a trilateral agreement on cooperation in the use and financing of the Comenius Museum and Mausoleum was signed at a ceremony in Naarden Town Hall.

As a part of the support for Czech studies in the Netherlands, a lecture on the work of B. Hrabal was given at Amsterdam University by teachers from Charles University and Amsterdam University; the lecture was followed by a discussion and the opening of an exhibition of photographs and Dutch translations of the author's work. There was also a two-day seminar titled "Gate to Languages Unlocked", whose aim was to deepen cooperation between universities in the two countries. A key occasion for the presentation of Czech culture in the Netherlands was the participation by Czech artists (e.g. B. Šípek) at a traditional cultural festival in Terneuzen. A series of classical music concerts was staged as a part of the pan-European "Czech Dreams" festival; the festival aimed to bring Czech culture to venues outside major cities.

## **KYRGYZ REPUBLIC**

Relations between the Czech Republic and the Kyrgyz Republic are focused on economic cooperation, with the Czech Republic seeking to benefit from the good reputation of former Czechoslovak products. Both countries seek to facilitate trade by concluding new treaties; moreover, since the Czech Republic's accession to the EU, its relations with the Kyrgyz Republic have been covered, in addition to bilateral treaties, also by agreements between the EU and Kyrgyzstan.

### *Visits by representatives of the Czech Republic:*

- 9-12 September 2004 – official visit by President V. Klaus.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	159 986	127 929	110 478	0.0032
	year-on-year index	68.0	80.0	86.4	
exports	CZK thousands	42 367	38 211	37 959	0.0022
	year-on-year index	108.8	90.2	99.3	
imports	CZK thousands	117 619	89 718	72 519	0.0042
	year-on-year index	59.8	76.3	80.8	
balance	CZK thousands	-75 252	-51 507	-34 560	
foreign investments - incoming	direct (CZK thousands)	no record	no record	1 100	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005, (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: electrical switchboards and resistors, automatic data processing machines, tungsten and molybdenum and products of such, artificial furs, cigarette paper.

The Czech Republic's principal import commodities: cotton, textile products, filament lamps, fluorescent lamps, discharge lamps.

*Cultural Relations*

Cooperation takes place chiefly in the field of education – every year the Czech Republic provides Kyrgyz students with government scholarships. The Czech embassy in Almaty cooperates with the Kyrgyz National University in Bishkek in the area of Czech language teaching, providing study materials and helping engage Czech teachers.

**MONGOLIA**

Relations between the Czech Republic and Mongolia have traditionally been friendly, with both sides keen to develop trade and economic cooperation. Government resolution No. 302 of 31 March 2004 ranked Mongolia among the priority beneficiaries for foreign development aid for 2006-2010. Under the new procedures for procuring, implementing and assessing bilateral development projects, the first Czech development aid evaluation mission visited Mongolia from 29 May to 5 June 2004.

*Visits by representatives of the Czech Republic:*

- 24-29 October 2004 – visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament of the Czech Republic.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	129 326	154 188	137 176	0.0040
	year-on-year index	49.3	119.2	89.0	
exports	CZK thousands	123 252	151 604	135 783	0.0080
	year-on-year index	47.9	123.0	90.0	
imports	CZK thousands	6 074	2 584	1 393	0.0001
	year-on-year index	135.7	42.5	51.0	
balance	CZK thousands	117 178	149 020	134 390	
foreign investments - incoming	direct (CZK thousands)	500	800	200	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	200	4 300	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic has for long been among the twenty most important trading partners for Mongolian imports. In 2004, trade exchange registered a fall in turnover and in Czech exports and imports.

The Czech Republic's principal export commodities: textile machinery, glass jewellery and products, paper.

The Czech Republic's principal import commodities: leather products, textiles, clothing, sports equipment.

*Cultural Relations*

The long-term cooperation in university education means that a relatively large number of foreign graduates of Czech universities come from Mongolia.

In 2004, the Czech Republic provided Mongolia with six scholarships for undergraduate study and three for doctorate study.

## NEW ZEALAND

New Zealand is a major partner for the Czech Republic in the Asian-Pacific area. The countries have similar standpoints on trade liberalisation and environmental protection. An Agreement on the Working Holiday Scheme was signed in Prague in October 2004.

### *Visits by representatives of the Czech Republic:*

- 6-9 February 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda.

### *Visits by representatives of New Zealand:*

- 10-12 October 2004 – official visit by Governor General S. Cartwright.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	644 803	511 288	612 732	0.0179
	year-on-year index	168.0	79.3	119.8	
exports	CZK thousands	268 322	170 175	343 361	0.0202
	year-on-year index	242.2	63.4	201.8	
imports	CZK thousands	376 481	341 113	269 371	0.0157
	year-on-year index	138.0	90.6	79.0	
balance	CZK thousands	-108 159	-170 938	73 990	
foreign investments - incoming	direct (CZK thousands)	8 100	no record	1 400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	no record	0	no record	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade exchange grew by 12% in 2004. One of the positive aspects is that there was significantly higher growth in Czech exports to New Zealand (up 102%), which turned the Czech Republic's previous balance of trade deficit into surplus.

The Czech Republic's principal export commodities: machine engineering products, electric motors, tyres, television sets, arms and ammunition, chemicals, timber, table and kitchen glassware, musical instruments, furniture, textiles, footwear.



The Czech Republic's principal import commodities: textile machinery, medical instruments, plastics, meat, wool.

*Bilateral agreements concluded in 2004*

- Agreement on a Working Holiday Scheme between the Government of the Czech Republic and the Government of New Zealand, Prague, 11 October 2004.

*Cultural Relations*

Cultural, educational, sporting and scientific contacts strengthened further in 2004, primarily on a commercial basis. An increasing number of Czech students travel to New Zealand to study English. The active Czech expatriate community in New Zealand has traditionally contributed to the development of cultural ties.

## **PALESTINE (PALESTINIAN AUTONOMOUS TERRITORIES)**

Developments in Israeli-Palestinian relations continued to hinder the full development of relations between the Czech Republic and the Palestinian leadership, despite the optimism aroused by the change in the Palestinian political representation following the demise of J. Arafat. The Czech Republic's long-standing foreign policy in respect of the Middle East conflict stresses an impartial approach to both sides of the conflict and emphasises the need to end the violence and resume political dialogue in order to pave the way for the establishment of an independent, democratic and viable Palestinian state that will be able to guarantee the security of the State of Israel.

*Visits by representatives of the Czech Republic:*

- 17 January 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda.

*Visits by representatives of Palestinian National Authority:*

- 20-22 June 2004 – official visit by Minister of Foreign Affairs N. Sha'ath.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 991	2 244	23 010	0.0007
	year-on-year index	5.5	112.7	1025.4	
exports	CZK thousands	1 985	2 219	22 974	0.0014
	year-on-year index	5.5	111.8	1035.3	
imports	CZK thousands	6	25	36	0.0000
	year-on-year index	8.0	416.7	144.0	
balance	CZK thousands	1 979	2 194	22 938	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - odliv z ČR	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Part of trade exchange between the Czech Republic and Palestinian Autonomous Territories also shows up in the statistics for Czech-Israeli trade relations.

The Czech Republic's principal export commodities: boilers, instruments, mechanical devices, plastics, motor vehicles.

*Cultural Relations*

The Czech Republic offered Palestine four university scholarships, all of which were used.

## PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

Algeria is an important partner of the Czech Republic in Maghreb. Bilateral relations, which focus on economic cooperation and trade, were complemented in 2004 by a political dimension in the form of consultations between the two countries' foreign affairs ministries and army general staffs.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 961 183	2 596 682	3 023 723	0.0886
	year-on-year index	65.9	132.4	116.4	
exports	CZK thousands	1 435 490	1 893 780	1 643 927	0.0989
	year-on-year index	133.1	131.9	86.8	
imports	CZK thousands	525 693	702 902	1 379 796	0.0803
	year-on-year index	27.7	133.7	196.3	
balance	CZK thousands	909 797	1 190 878	264 131	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	1 000	0	0	
	portfolio (CZK thousands)	0	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: steel pipes, profiles and sheets, spares for helicopters and aeroplanes, passenger cars, tyres, aluminium packaging, paper, electrical engineering equipment, consumer and construction glass, powdered milk and cream, pharmaceutical products, machine tools.

The Czech Republic's principal import commodities: mineral fuels, lubricants and related materials.

*Cultural Relations*

A unique and broadly conceived event, "Czech Literature Days", took place in Algiers, combining literary discussions, lectures and a book exhibition. As a part of the joint presentation of Central European countries in Algiers and Oran, soprano L. Nováková and baritone J. Moravec gave a performance of opera and operetta arias. The private view of an exhibition of Czech artist K. Demel was held in Algiers and Bou Said. Algerian children again took part in the international children's art competition "Lidice".

The Czech Republic provided Algeria with one university scholarship.

**PEOPLE'S REPUBLIC OF CHINA**

Relations between the Czech Republic and China have traditionally been friendly and focused on trade and economic cooperation. China is one of the Czech Republic's most important trading partners in Asia. Current ties are developing in the context of differences in

political systems and a significant difference in the size and international position of the two countries.

There was further development in China's relations with the EU in 2004, with the first EU-China Summit after the EU enlargement taking place in The Hague on 8 December 2004. The Czech Republic's accession to the EU positively influenced and added a new dimension to the development of Czech-Chinese bilateral relations.

*Visits by representatives of the Czech Republic:*

- 14-26 April 2004 – official visit by President V. Klaus;
- 5-11 June 2004 – visit by Deputy President of the Chamber of Deputies of Parliament of the Czech Republic V. Filip and a delegation of the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament of the Czech Republic.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	66 188 047	82 127 558	94 512 014	2.4056
	year-on-year index	151.6	124.1	115.1	
exports	CZK thousands	4 831 733	6 831 919	6 853 804	0.4039
	year-on-year index	157.7	141.4	100.3	
imports	CZK thousands	61 356 314	75 295 639	87 658 210	4.3845
	year-on-year index	151.1	122.7	116.4	
balance	CZK thousands	-56 524 581	-68 463 720	-80 804 406	
foreign investments - incoming	direct (CZK thousands)	1 300	233 100	4 000	
	portfolio (CZK thousands)	no record	1 000	no record	
foreign investments - outgoing	direct (CZK thousands)	7 800	11 000	-39 000	
	portfolio (CZK thousands)	100	no record	71 300	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

The Czech Republic's balance of trade deficit with China continued to grow sharply in 2004, reaching CZK 80.8 billion (an increase of 18%). China is the Czech Republic's 10<sup>th</sup> biggest trading partner in terms of trade exchange turnover; it is 4<sup>th</sup> biggest in terms of imports to the Czech Republic and 23<sup>rd</sup> biggest in terms of Czech exports.

An important impulse for the further development of bilateral relations was the visit to China by President V. Klaus in April 2004. On this occasion, an Agreement on Economic

Cooperation was signed between the two countries' governments. Most notably, the Agreement establishes the Mixed Committee on Economic and Trade Affairs, which will deal with specific economic and trade issues related to China.

The Czech Republic's principal export commodities: steam turbines, passenger cars and spares, motors and generators and their parts, electrical devices, textile machinery, steel pipes and profiles, transmission shafts, machine tools, pumps, rubber and plastics processing machinery, glass, organic chemicals, dyes and pigments, plastics, pulp, ferrous and non-ferrous scrap metal.

The Czech Republic's principal import commodities: automated data processing machines and components of such, telecommunications equipment, television and radio accessories, integrated circuits, electrical appliances, electronic devices, transformers, organic and inorganic chemicals, clothing, footwear, luggage, toys and sports equipment, bicycles, fruit and vegetable preserves.

### *Bilateral agreements concluded in 2004*

- Agreement on Economic Cooperation between the Government of the Czech Republic and the Government of the People's Republic of China, Beijing, 22 April 2004;
- Protocol on Cultural Cooperation between the Ministry of Culture of the Czech Republic and the Ministry of Culture of the People's Republic of China for 2004-2006, Beijing, 22 April 2004.

### *Cultural Relations*

Contacts in education, culture and science were based on agreements concluded by the Ministry of Education, Youth and Sports, the Ministry of Culture and the Academy of Sciences of the Czech Republic; to a lesser extent, individual activities and contacts at the level of non-governmental institutions also took place.

During the visit to China by President V. Klaus, a new Protocol on Cultural Cooperation between the Ministry of Culture of the Czech Republic and the Ministry of Culture of the People's Republic of China for 2004-2006 was signed. In 2004, there was an exhibition of Czech film posters and an exhibition of translations of Czech literature into

Chinese. To mark the Czech Republic's accession to the EU, the František Kop Quartet performed in Beijing.

## HONG KONG SPECIAL ADMINISTRATIVE REGION

The Czech Republic develops its relations with Hong Kong in accordance with the "One Country, Two Systems" principle and with the emphasis on trade and economic cooperation. A visit to the Czech Republic by the second most senior representative of Hong Kong, D. Tsang, in October 2004 focused on possible ways to further develop cooperation between Hong Kong and the Czech Republic.

### *Visits by representatives of the Czech Republic:*

- 14 June 2004 – official visit by President V. Klaus.

### *Visits by representatives of Hong Kong:*

- 28-31 October 2004 – working visit by the Chief Secretary of the Executive D. Tsang.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators
turnover	CZK thousands	5 840 233	6 717 698	8 711 793	0.1968
	year-on-year index	102.1	115.0	129.7	
exports	CZK thousands	3 739 967	3 712 160	4 628 658	0.2728
	year-on-year index	112.1	99.3	124.7	
imports	CZK thousands	2 100 266	3 005 538	4 083 135	0.2378
	year-on-year index	88.1	143.1	135.9	
balance	CZK thousands	1 639 701	706 622	545 523	
foreign investments - incoming	direct (CZK thousands)	-35 800	-2 800	39 600	
	portfolio (CZK thousands)	no record	1 600	no record	
foreign investments - outgoing	direct (CZK thousands)	0	3 400	no record	
	portfolio (CZK thousands)	2 000	0	6 100	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: equipment for the glassmaking and printing industries, colour television screens, electric condensers, sewing machines, glass beads, glass jewellery, functional glassware, chandeliers, textile yarns.

The Czech Republic's principal import commodities: information technologies, integrated circuits, communications equipment, electrical and mechanical devices, optical instruments, transformers, memory units, clocks, footwear.

## MACAU SPECIAL ADMINISTRATIVE REGION

The Czech Republic develops its relations with Macau in accordance with the "One Country, Two Systems" policy and with the emphasis on trade and economic cooperation.

### *Visits by representatives of the Czech Republic:*

- 14-26 April 2004 – official visit by President V. Klaus.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	185 558	77 448	249 678	0.0073
	year-on-year index	95.7	41.7	322.4	
exports	CZK thousands	126 518	6 182	3 697	0.0002
	year-on-year index	171.5	4.9	59.8	
imports	CZK thousands	59 040	71 266	245 981	0.0171
	year-on-year index	87.6	120.7	345.2	
balance	CZK thousands	67 478	-65 084	-242 284	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: glass beads, food essences, fabrics, paints, pigments, lacquers, putties.

The Czech Republic's principal import commodities: footwear, clothing and clothing accessories.

## TAIWAN

In accordance with the “One China” policy, the Czech Republic has diplomatic relations with the People’s Republic of China; in respect of Taiwan, the Czech Republic’s activities focus entirely on economy and trade, culture, science, education, tourism and consular issues.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	17 932 929	17 550 285	17 162 442	0.5027
	year-on-year index	138.3	97.9	97.8	
exports	CZK thousands	1 008 442	1 047 418	920 281	0.0542
	year-on-year index	116.1	103.9	87.9	
imports	CZK thousands	16 924 487	16 502 867	16 242 161	1.1259
	year-on-year index	123.6	97.5	98.4	
balance	CZK thousands	-15 916 045	-15 455 449	-15 321 880	
foreign investments - incoming	direct (CZK thousands)	0	-39 400	12 500	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	400	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic’s principal export commodities: automated data processing machines, audiovisual technologies, machine engineering products, iron and steel products, organic chemicals products.

The Czech Republic’s principal import commodities: automated data processing machines, metalworking machines, integrated circuits, iron and steel products, machine engineering products, audiovisual technologies, typewriter parts, plastic products.

## PORTUGUESE REPUBLIC

Relations between the Czech Republic and Portugal successfully developed at bilateral and multilateral level in the context of the European Union and Euro-Atlantic partnership; governmental and parliamentary dialogue developed intensively. The two countries are connected by historical experience of totalitarianism, an interest in good relations with their



neighbours, similar attitudes to the transatlantic link and opinions on the future face of the EU. Czech-Portuguese ties were strengthened by visits at the highest level.

*Visits by representatives of the Czech Republic:*

- 26-28 January 2004 – official visit by Prime Minister V. Špidla accompanied by Minister of Industry and Trade M. Urban;
- 23-25 March 2004 – official visit by President V. Klaus.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	7 830 648	7 614 502	9 322 959	0.2731
	year-on-year index	102.8	97.0	122.4	
exports	CZK thousands	4 812 696	3 997 281	5 144 300	0.3032
	year-on-year index	100.5	82.6	128.7	
imports	CZK thousands	3 017 952	3 617 221	4 178 659	0.2433
	year-on-year index	106.7	120.2	115.5	
balance	CZK thousands	1 794 744	380 060	965 641	
foreign investments - incoming	direct (CZK thousands)	455 700	36 600	1 242 600	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	5 777 600	458 000	
	portfolio (CZK thousands)	1 018 500	3 344 100	3 790 300	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Portugal has for long had intensive economic relations with the Czech Republic; these were enhanced by the Czech Republic's accession to the EU. Sharp growth in Czech exports in 2004 (up 29%) increased the Czech Republic's balance of trade surplus. Portugal is the Czech Republic's 33<sup>rd</sup> biggest trading partner.

The Czech Republic's principal export commodities: transport equipment, metallurgical products, instruments and mechanical devices, electronics, glass, plastics, rubber and rubber products, cotton.

The Czech Republic's principal import commodities: components for televisions and car radios, motor vehicles, metallurgical products, rubber, cork and cork products, clothing products and footwear, pharmaceutical products, textile fibres, metalworking machines.

### *Cultural Relations*

The most important cultural event of the year was the celebrations of EU enlargement. On 30 April 2004, the first Czech Republic national day was held in Lisbon, featuring a performance by the Dixieland Orchestra of the 1<sup>st</sup> Medical Faculty of Charles University, a fashion show by Taiza design team, a screening of *Dark Blue World* and an exhibition of children's books. The celebrations included a seminar for Portuguese entrepreneurs on 29 April 2004. The second key event in the celebrations was the "EXPOALARGAMENTO" exhibition in Porto on 1-5 May 2004.

On 15-6 July 2004, Prague theatre company Divadlo Na zábradlí gave two performances as a part of the 21<sup>st</sup> Almada International Theatre Festival. The festival included an exposition of the Prague Theatre Institute devoted to stage designer J. Svoboda.

On 3-10 September 2004, Lisbon hosted the "International Jewellery Symposium", which the Czech Republic participated in. In a joint workshop the participants created items of jewellery that were then exhibited on 11-30 September 2004.

## **PRINCIPALITY OF LIECHTENSTEIN**

Diplomatic relations are not established between the Czech Republic and the Principality of Liechtenstein. Liechtenstein makes its recognition of the Czech Republic as an independent state since 1993 conditional on the commencement of talks on property issues.

However, the Czech Republic and Liechtenstein do cooperate, and accept each other's presence in European and other international organisations both countries are members of, most notably the UN, the Council of Europe, the OSCE and the EEA.

## **REPUBLIC OF ALBANIA**

Bilateral relations between the Czech Republic and Albania are good. Albania is strongly interested in Czech experience of social, political and economic reforms and the process of successful integration into European and Euro-Atlantic structures. The frequency of visits by Albanian representatives during 2004 testifies to that interest.

*Visits by representatives of Albania:*

- 11 March 2004 – visit by Speaker of Parliament S. Pellumbi;
- 17 March 2004 – meeting of the foreign affairs ministers C. Svoboda and K. Islami at a session of the UN Human Rights Commission in Geneva;
- 6 April 2004 – visit by Minister of Transport and Telecommunications S. Poci;
- 15-17 June 2004 – visit by Minister of Foreign Affairs K. Islami.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	316 559	413 999	518 214	0.0176
	year-on-year index	71.3	130.8	125.2	
exports	CZK thousands	293 814	388 222	466 429	0.0079
	year-on-year index	70.3	132.1	120.2	
imports	CZK thousands	22 745	25 777	51 785	0.0008
	year-on-year index	87.8	113.3	201.0	
balance	CZK thousands	271 069	362 445	414 644	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	0	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade exchange between the Czech Republic and Albania has been on the increase for several years now. Economic and trade relations focused on deepening the cooperation between small and medium-sized enterprises and between institutions in the two countries. The support for longer-term cooperation between Czech and Albanian firms was reflected in 2004 by the Czech Republic's increased exports to Albania.

The Czech Republic's principal export commodities: cigarettes, cigarette paper, tobacco products, beverages, chemicals, paper and cardboard, knitwear and crocheted clothing, detergents, malt, long-life foodstuffs, construction, transport and agricultural mechanisms and machinery, spares for mechanisms.

The Czech Republic's principal import commodities: ferrochrome, wood for smoking pipe manufacture, textile finished goods, various finished products, leather, spices, plants for manufacture of scents and medicaments, apples, dried fruit and nuts, industrial products and spare parts.

### *Cultural Relations*

Education, in particular the provision of government scholarships for study in the Czech Republic, continues to be at the core of cultural cooperation at government level. Five university scholarships were provided for the 2004/2005 academic year. Several dozens of Albanians study in Prague at their own expense.

Some of the major cultural events organised in 2004 in Albania included a concert tour by the Czech piano duo Radomír and Helena Melmuka and soprano M. Hanfová; a musical soiree for members of the Albanian society of “Friends of the Czech Republic”; and a “Symposium on Translations of Czech Literature into Albanian”, combined with an exhibition of lithographs by Czech artist J. Kulda and artistic photography by V. Strnadová.

## **REPUBLIC OF ANGOLA**

Czech-Angolan relations grew in intensity in 2004. Czech government resolution No. 302 of 31 March 2004 included Angola among the Czech Republic’s eight foreign development cooperation priority countries for 2006-2010. In February 2004, implementation of a three-year project for “Establishment of a Centre of Agricultural Education in Bie Province” was launched – this project is a concrete example of the Czech Republic’s official development aid. The Czech non-governmental organisation People In Need offered Angola further development aid.

The reciprocal reopening of the Angolan embassy in Prague is expected.

### Economic Relations

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	7 329	8 643	61 851	0.0018
	year-on-year index	14.7	118.0	715.6	
exports	CZK thousands	7 326	8 522	61 806	0.0036
	year-on-year index	14.7	116.3	725.3	
imports	CZK thousands	3	121	45	0.0000
	year-on-year index	-	-	37.2	
balance	CZK thousands	7 323	8 401	61 761	
foreign investments - incoming	direct (CZK thousands)	0	300	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

After a subdued period in mutual relations, in 2004 the Czech Republic officially participated in the International Fair of Luanda (FILDA), which without doubt contributed to the more than sevenfold growth in Czech exports year-on-year.

The Czech Republic's principal export commodities: parts for gas turbines, used clothing and textiles, dried milk.

The Czech Republic's principal import commodities: coffee.

### Cultural Relations

A screening of *Dark Blue World* during "European Film Week" was accompanied by a presentation of gastronomic specialities of Czech national cuisine.

As a part of development cooperation, the Czech Republic provided Angola with six university scholarships for the 2004/2005 academic year.

## REPUBLIC OF ARMENIA

No major progress was made in relations between the Czech Republic and Armenia in 2004: the full potential of the two countries, in trade and economic relations for example, was not exploited. The Czech priority is to develop so far inadequate legal basis with Armenia, in order to strengthen mutual relations. An argument supporting the activation of mutual

relations is Armenia's inclusion in the concept of the EU's European Neighbourhood Policy in 2004.

As in previous years, the Czech Republic hosted a session of the OSCE Minsk Group, which seeks a solution to the regional conflict in Nagorno Karabakh.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	150 104	126 170	223 965	0.0007
	year-on-year index	77.0	84.1	177.5	
exports	CZK thousands	143 912	120 530	183 684	0.0011
	year-on-year index	73.9	83.8	153.2	
imports	CZK thousands	6 192	5 640	40 281	0.0002
	year-on-year index	14 072.7	91.1	714.2	
balance	CZK thousands	137 720	114 890	143 403	
foreign investments - incoming	direct (CZK thousands)	0	900	400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	0	0	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

After the decline in trade turnover in 2003, strong growth was registered in 2004. Expansion of mutual trade is hindered by a lack of effective demand on the Armenia's market, limited possibilities for transporting goods to the country (the only route leads through Georgia and Iran), and insufficient activity by Czech businesses in the territory. The Armenian diaspora in the Czech Republic plays a major role in the development of mutual trade.

The Czech Republic's principal export commodities: machinery and equipment, cardboard and paperboard, ceramic products, pharmaceutical products, glass.

The Czech Republic's principal import commodities: aluminium and aluminium products, electrical devices.

### *Cultural Relations*

The contacts take place in educational cooperation. As a part of government development aid, Armenia made use of one scholarship for doctorate study and one scholarship for bachelor's or master's study in the Czech Republic in 2004. There are also

other Armenian citizens also at Czech universities. Exchanges of students of Czech and Armenian continue to take place.

## REPUBLIC OF AUSTRIA

Relations with neighbouring Austria are one of the priorities of Czech foreign policy. The two countries are linked by a shared history, similar political interests, close economic ties and numerous cultural and personal contacts. The intensity of relations is borne out both by the frequency of visits by political representatives and, most importantly, by the level of cooperation between the countries.

The partnership between the Czech Republic and Austria in the enlarged European Union has brought an added quality and dimension to these relations – the two countries are equal partners facing new perspectives.

Mutual confidence was successfully raised in the area of nuclear energy; the goals set out in the Brussels Agreement have successfully been accomplished. Open political dialogue also took place, which helped converge opinions on certain historical issues.

### *Visits by representatives of the Czech Republic:*

- 13-14 April 2004 – official visit by President of the Chamber of Deputies of Parliament of the Czech Republic L. Zaorálek;
- 21 May 2004 – President V. Klaus attended a meeting of presidents of Central European countries in Mariazell;
- 4 June 2004 – meeting between President of the Senate of Parliament of the Czech Republic P. Pithart and President of the Federal Council J. Weiss in Schlägl;
- 1-2 July 2004 – official visit by Minister of Foreign Affairs C. Svoboda;
- 10 July 2004 – President V. Klaus and Prime Minister V. Špidla attended the state funeral of Federal President T. Klestil in Vienna;
- 23-25 July 2004 – meeting between President of the Senate of Parliament of the Czech Republic P. Pithart and Federal President H. Fischer and President of the Federal Council A. E. Haselbach at the Salzburg Festival;
- 28-29 August 2004 – President V. Klaus attended European Forum Alpbach;
- 24 September 2004 – working visit by Prime Minister S. Gross.

*Visits by representatives of Austria:*

- 12-13 February 2004 – official visit by President of the National Council A. Kohl;
- 24-25 June 2004 – meeting of the presidents of the parliaments of Regional Partnership countries in Prague;
- 25 August 2004 – working visit by Federal President H. Fischer;
- 31 October – 1 November 2004 – Federal President H. Fischer attended a festival of German theatre in Prague, combined with a meeting with Prime Minister S. Gross and Minister of Foreign Affairs C. Svoboda;
- 25 November 2004 – working visit by Federal Minister of Foreign Affairs U. Plassnik.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators ( % )
turnover	CZK thousands	127 005 048	147 374 428	171 510 824	5.0237
	year-on-year index	92.4	116	116.4	
exports	CZK thousands	69 453 851	85 617 087	101 476 488	5.9808
	year-on-year index	95.1	123.3	118.5	
imports	CZK thousands	57 551 197	61 754 341	70 034 336	4.0781
	year-on-year index	89.3	107.3	113.4	
balance	CZK thousands	11 883 371	23 841 019	31 442 151	
foreign investments- incoming	direct ( CZK thousands )	26 596 800	17 246 500	11 503 300	
	portfolio ( CZK thousands )	no record	14 700 000	25 200 000	
foreign investments- outgoing	direct ( CZK thousands )	14 000	800	-26 500	
	portfolio ( CZK thousands )	12 876 500	26 075 800	30 324 100	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The conditions for Czech exports to Austria in 2004 were better than in 2003, as Austria experienced an economic upturn in the first half of 2004. The CZK exchange rate's initially favourable influence on exports weakened in the second half of the year. Moreover, an increase in fuel prices started to negatively influence the Austrian economic upturn, causing a slowdown in the pace of Czech exports at the end of the year.

Foreign trade between the Czech Republic and Austria continued to develop rapidly in 2004. Austria was again the Czech Republic's 3<sup>rd</sup> biggest trading partner. The increased interest among a broad spectrum of Czech firms in exporting to Austria continued, and it was a good year for major exporters like Škoda Auto. The rate of growth of Czech exports



exceeded the rate of growth of imports from Austria, so the Czech Republic's balance of trade surplus also grew.

The Czech Republic's principal export commodities: machinery and transport equipment made up 43.8% of Czech exports. Almost two-thirds of exports were accounted for by products with high added value, such as passenger cars, including parts and accessories, electrical machines and devices, chemical products and plastics, clothing and textiles, steel products *et al.*

The Czech Republic's principal import commodities: imports from Austria were also dominated by machinery and transport equipment, with a share of 32.7%. Besides transport vehicles and their parts and accessories, other imports were electrical machines and devices, automatic data processing machines, paper, cardboard and products of such, plastics, medicaments, leather products *et al.*

### *Bilateral agreements concluded in 2004:*

- Agreement between the Ministry of Agriculture of the Czech Republic and the Federal Ministry of Agriculture, Forestry, Environment and Water Management of the Republic of Austria on Cooperation in Agriculture and Forestry, Berlin, 16 January 2004;
- Agreement between the Government of the Czech Republic and the Austrian Federal Government on Readmission at the State Borders, Prague, 12 November 2004;
- Protocol on Implementation of the Agreement between the Government of the Czech Republic and the Austrian Federal Government on Readmission at the State Borders, Prague, 12 November 2004.

### *Cultural Relations*

Rich cultural contacts most frequently take place on a non-governmental basis. A planned cultural agreement should lay new foundations for these relations. The developing cooperation on the Regional Partnership's culture platform helped broaden and deepen cultural relations.

Key events of 2004 included an exhibition titled "Prague – Vienna, Two European Cities Over the Centuries" and the 9<sup>th</sup> year of the German-language theatre festival, which

featured a performance by the Vienna Burgtheater. In addition to the diverse programme of activities carried out by the Czech Centre in Vienna, the Slavonic Studies Institute at the University of Vienna is also involved in promoting Czech culture. The Austrian Cultural Forum promotes Austrian culture in Prague.

## REPUBLIC OF AZERBAIJAN

Relations between the Czech Republic and Azerbaijan concentrated on the economic area, while there was little progress in political relations. Azerbaijan continues to be an important partner for imports of mineral fuels. The Czech Republic sought to negotiate new agreements with Azerbaijan to help boost Czech exports. Progress was achieved in the preparation of a Agreement between the Government of the Czech Republic and the Government of the Republic of Azerbaijan on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and a Protocol to this Agreement. The Agreement was negotiated in 2004 and is due to be signed in 2005. It will pave the way for further development in economic relations, and in particular investments.

As in previous years, the Czech Republic hosted a session of the OSCE Minsk Group, which seeks a solution to the regional conflict in Nagorno Karabakh. Like Armenia and Georgia, Azerbaijan was included in the EU's European Neighbourhood Policy in 2004.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	6 179 978	7 333 355	7 831 070	0.2294
	year-on-year index	130.9	118.7	106.7	
exports	CZK thousands	563 663	698 920	654 111	0.0385
	year-on-year index	118.6	123.9	93.6	
imports	CZK thousands	5 616 315	6 634 435	7 176 959	0.4179
	year-on-year index	135.0	118.1	108.2	
balance	CZK thousands	-5 052 652	-5 935 515	-6 522 848	
foreign investments - incoming	direct (CZK thousands)	-1 900	4 400	-700	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	200	0	0	
	portfolio (CZK thousands)	0	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

Azerbaijan is becoming an important economic partner for the Czech Republic. Before the year 2000, trade between the two countries was negligible. Since then, however, imports to the Czech Republic rose from USD 5.4 million to USD 275 million in 2004, i.e. fiftyfold. Oil imports to the Czech Republic form the core of trade between the two countries.

The Czech Republic's principal export commodities: glass and porcelain products, light fittings, machinery and transport equipment, various industrial products.

The Czech Republic's principal import commodities: mineral fuels, lubricants and related materials.

### *Cultural Relations*

Education continued to be the main focus of cultural ties in 2004. The Czech Republic offered Azerbaijan two university scholarships; Azerbaijan sent one scholarship beneficiary to the Czech Republic for doctorate study. Direct cooperation between academic institutions went ahead.

## **REPUBLIC OF BELARUS**

The Czech Republic has for long been actively involved in the EU's policy on Belarus. It wishes to help include Belarus in integration processes and establish constructive and mutually beneficial cooperation in areas of common interest. For that to happen, however, the Belarusian political leadership has to adopt democratic principles.

That is why the Czech Republic supported the preservation of the EU's consistent position and approach to Belarus and developed projects to support civil society and cultural and educational programmes. Starting on 1 October 2004, the Czech government extended its pilot project "Active Selection of Qualified Foreign Workers" to Belarus.

With regard to a decision taken by the EU Council of Ministers in 1997 and to the standard of mutual relations, visits at bilateral level do not take place.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	2 847 606	3 263 443	3 713 308	0.1087
	year-on-year index	85.8	114.6	113.8	
exports	CZK thousands	1 550 465	1 767 415	2 191 777	0.1292
	year-on-year index	78.5	113.6	124.1	
imports	CZK thousands	1 297 141	1 496 028	1 521 531	0.0886
	year-on-year index	96.4	115.3	101.7	
balance	CZK thousands	253 324	271 387	670 246	
foreign investments - incoming	direct (CZK thousands)	7 600	8 100	4 800	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	1 800	6 200	1 400	
	portfolio (CZK thousands)	0	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Czech exports and the Czech Republic's positive balance of trade continued to grow in 2004. Most exports were products with high added value, such as reactors and boilers. Czech enterprises often encountered administrative obstructions on the part of the state authorities.

The Czech Republic's principal export commodities: reactors, boilers, instruments, mechanical devices, plastics and plastic products, electronic recording instruments, iron and steel products, optical instruments, paper, cardboard, paperboard and products of such, furniture, bedding, light fittings.

The Czech Republic's principal import commodities: artificial silk, steel products, fertilisers, motor vehicles, tractors, bicycles and other vehicles, timber and wood products, iron and steel, clothing, non-knitted clothing accessories, plant textile fibres.

*Cultural Relations*

As a part of the "Czech Music 2004" project and the celebrations of the Czech Republic's accession to the EU, the Czech embassy in Minsk put on a gala concert of Czech classical music.

In education, the Czech Republic concentrates on supporting Czech language teaching particularly in universities – there is considerable interest in studying Czech in Belarus. For the 2004/2005 academic year, the Czech Republic provided eleven scholarships for Belarus students who were prevented for political reasons from studying in their own country or whose study opportunities there were considerably limited, and, as an exception, eight

scholarships for students of the Jakub Kolas Lyceum, which provided classes in the Belarusian language and was closed down by the Belarusian regime.

## REPUBLIC OF BOLIVIA

Bilateral relations between the Czech Republic and Bolivia are problem-free, but their intensity falls short of the existing potential.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	25 108	21 107	45 124	0.0013
	year-on-year index	45.2	84.1	213.8	
exports	CZK thousands	20 651	16 168	34 389	0.0020
	year-on-year index	44.0	78.3	212.7	
imports	CZK thousands	4 457	4 939	10 735	0.0062
	year-on-year index	51.7	110.8	217.3	
balance	CZK thousands	16 194	11 229	23 654	
foreign investments - incoming	direct (CZK thousands)	200	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: aviation technology, pencils and crayons, floor tiles, tanning machinery, glass jewellery.

The Czech Republic's principal import commodities: nuts.

### *Cultural Relations*

A multiyear foreign development aid project, worth a total of CZK 6 million and consisting in assistance from the Institute of Technology and Production Management of J. E. Purkyně University in Ústí nad Labem in the launch of a bachelor's degree course on production management (including fittings for teaching workshops and laboratories and teacher training) at El Alto Public University, was suspended in 2004 in response to the unstable situation in the country and changes in the management of the UPEA.

The Czech Republic offered Bolivia three scholarships for master's degree study and three for postgraduate study in the Czech Republic for the 2004/2005 academic year.

## REPUBLIC OF BULGARIA

Bulgaria is one of the Czech Republic's allies and traditional partners in the South East Europe region. Trade exchange has been increasing rapidly for several years now and Czech investors are starting to develop a strong presence in Bulgaria. The purchase of part of a Bulgarian energy distribution network by ČEZ is the Czech Republic's biggest single foreign investment.

### *Visits by representatives of the Czech Republic:*

- 23-24 February 2004 – visit by Minister of Defence M. Kostelka;
- 9-12 March 2004 – visit by the Committee for European Integration of the Chamber of Deputies of Parliament of the Czech Republic;
- 22-23 March 2004 – visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic;
- 26-28 September 2004 – visit by Minister of Industry and Trade M. Urban and Minister of Agriculture J. Palas;
- 23-25 November 2004 – state visit by President V. Klaus.

### *Visits by representatives of Bulgaria:*

- 15-17 February 2004 – visit by Minister of Regional Development and Public Works V. Cerovski;
- 8-10 November 2004 – visit by First Deputy Prime Minister and Minister of Economy L. Shuleva;
- 2-4 December 2004 – visit by Minister of Energy and Energy Resources M. Kovachev.

### Economic Relations

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	5 075 426	5 742 912	8 159 548	0.2390
	year-on-year index	105.6	113.2	142.1	
exports	CZK thousands	3 828 515	4 053 024	5 906 137	0.3481
	year-on-year index	100.8	105.9	145.7	
imports	CZK thousands	1 246 911	1 689 888	2 253 411	0.1312
	year-on-year index	123.7	135.5	133.3	
balance	CZK thousands	2 581 604	2 363 136	3 652 726	
foreign investments - incoming	direct (CZK thousands)	6 300	2 500	1 500	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	-6 200	300	9 415 700	
	portfolio (CZK thousands)	no record	no record	72 800	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Economic relations between the two countries started to develop intensively in the new conditions at the end of the 1990s. This trend continues and offers the prospect of further growth. In the economic area, Bulgaria's improving macroeconomic situation and stable development have made the country a favourable territory for Czech investments. The Czech Republic is perceived in Bulgaria as an example of successful transition to market economy, which has a positive impact on mutual economic relations. Bulgaria's is the Czech Republic's 37<sup>th</sup> biggest trading partner.

The Czech Republic's principal export commodities: passenger cars, detergents, consumer electronics, tyres for passenger cars and lorries, plastics, steel products, glass, fabrics, paper, foodstuffs, aluminium and aluminium products, chemicals, spares and parts for passenger cars, lorries and track vehicles, sporting and hunting arms, fittings, textile products, *et al.*

The Czech Republic's principal import commodities: sanitary ceramics, devices and instruments, textile products, wafers and biscuits, rubber products, iron and steel products, fresh and refrigerated vegetables and fruit, wine, plywood and veneers, footwear, lead, *et al.*

### Cultural Relations

Cultural relations remained diverse and intensive; events included an exhibition of drawings by K. Saudek, a concert by cellist M. Škampa and pianist P. Volný, an exhibition of paintings by K. Ženatá and sculptures by B. Moldenhauerová, an exhibition of artistic

photographs by J. Všecká and R. Jung, a performance by the folklore group Muzikanti z Chodska, an exhibition titled “Czech Film Poster of the 20<sup>th</sup> Century”, a poetry evening featuring works by J. Suchý, an exhibition of photographs of the most important Czech Baroque monuments, a concert by the Prima Visione mandolin orchestra, a Smetana evening featuring a concert performance of *The Bartered Bride*, concerts by the Liberec-based choir Severáček, *et al.*

The Czech Republic offered Bulgaria two scholarships for university study and eight places on Czech language summer courses. The Czech embassy organised a meeting of Bulgarian graduates of Czech universities. The Ministry of Foreign Affairs of the Czech Republic contributed financially to the partial renovation of T. G. Masaryk House, the seat of a Czech expatriate association in Bulgaria. Bohemia Klub helps promote Czech culture, and especially literature, in Bulgaria.

## **REPUBLIC OF CHILE**

Czech-Chilean relations are focused on trade and economic cooperation. In 2004, Chile continued to be one of the Czech Republic’s important partners in Latin America. The Czech Republic’s full membership of the EU and the related adoption of an Additional Protocol extending the Agreement on the Political and Economic Association of Chile with the EU to the ten new member states from the moment of accession raised the standard of the Czech Republic’s relations with Chile to a higher level.

### *Visits by representatives of the Czech Republic:*

- 29 May – 6 June 2004 – visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament of the Czech Republic.



*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	422 696	517 722	755 979	0.0022
	year-on-year index	99.8	122.5	146.0	
exports	CZK thousands	187 245	130 078	246 557	0.0015
	year-on-year index	76.4	69.5	189.5	
imports	CZK thousands	235 451	387 644	509 421	0.0030
	year-on-year index	132.1	164.6	131.4	
balance	CZK thousands	-48 206	-257 566	-262 864	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: iron and steel pipes and profiles, electric motors, chemicals, woodworking machinery, digital processing units, tools and implements.

The Czech Republic's principal import commodities: wine from fresh grapes, dried fruit, vegetable juices and extracts, natural polymers.

*Cultural Relations*

In 2004, an exhibition of graphic art by leading Czech artists titled "Labyrinth" was held in Santiago de Chile and other Chilean cities; a play titled *One and Only* was performed by the Academy of Performing Arts (AMU) theatre faculty as a part of an international theatre festival; there was a presentation of Czech feature films produced by Jakubisko Film; a theatre adaptation of works by Kafka; and a concert by the Prague-based Trio Guarneri.

As a part of foreign development aid, the Czech Republic provided Chile with one master's degree scholarship for the 2004/2005 academic year. The Diplomatic Academy attached to the Ministry of Foreign Affairs of Chile offered a one-year study placement for young Czech diplomats.

## REPUBLIC OF COLOMBIA

Colombia is a traditional partner of the Czech Republic in Latin America, mutual relations are focused on economic cooperation and trade. Colombia is the Czech Republic's most important economic and trade partner among the countries of the Andes Community.

### *Visits by representatives of Columbia:*

- 29 November 2004 – working visit by Minister of Foreign Affairs C. Barco.

### *Economic Relations*

		2002	2 003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 401 912	1 211 191	1 601 444	0.0469
	year-on-year index	91.0	86.4	132.2	
exports	CZK thousands	447 376	218 646	380 571	0.0224
	year-on-year index	84.3	48.9	174.1	
imports	CZK thousands	954 536	992 545	1 220 873	0.0711
	year-on-year index	94.6	104.0	123.0	
balance	CZK thousands	-507 160	-773 899	-840 302	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	4 500	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

A negative aspect of economic cooperation is the Czech Republic's profound and worsening balance of trade deficit with Colombia.

The Czech Republic's principal export commodities: automobiles, arms and ammunition, powdered milk derivatives, cosmetics, iron and steel pipes, profiles and set squares, paper, jet engines, tractor parts, glass products, textiles, textile machinery, pressurised containers, ball-bearings.

The Czech Republic's principal import commodities: bananas, coffee, coffee concentrates, cut flowers, reinforced safety glass, confectionery.

### *Cultural Relations*

The Czech Republic took part in the EUROKINE film festival, at which two Czech films were screened. The exhibition “The Life and Work of Franz Kafka” was very well received.

The Czech Republic provided Colombia with three scholarships for master’s degree study and three for postgraduate study.

## **REPUBLIC OF COSTA RICA**

Costa Rica is a traditional partner of the Czech Republic in Latin America. Mutual relations are focused on trade and economic cooperation.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	7 371 199	4 969 207	3 605 464	0.1056
	year-on-year index	582.3	67.4	72.6	
exports	CZK thousands	65 590	58 427	64 052	0.0038
	year-on-year index	106.9	89.1	109.6	
imports	CZK thousands	7 305 609	4 910 780	3 541 412	0.2062
	year-on-year index	606.5	67.2	72.1	
balance	CZK thousands	-7 240 019	-4 852 353	-3 477 360	
foreign investments - incoming	direct (CZK thousands)	71 000	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	-18 500	0	4 400	
	portfolio (CZK thousands)	no record	no record	no record	

Sources : 1) Czech Statistical Office, February 2005 (foreign trade data),

2) Czech National Bank, March 2005 (investments data)

The Czech Republic’s principal export commodities: iron and steel profiles, recorded media, razors, shavers and razorblades, microsystems, optical instruments, matches, passenger cars, glass, textiles, pencils and crayons, generators, arms, automobile spares.

The Czech Republic’s principal import commodities: integrated electronic circuits, bananas, glass, tropical fruit, flowers and plants.

### *Cultural Relations*

In May, an exhibition of Czech graphic art was staged in Dr Rafael Angel Calderón Guardia Museum in the capital, San José.

The Czech Republic provided Costa Rica with three university scholarships in 2004.

## **REPUBLIC OF CROATIA**

Czech-Croatian relations have traditionally been friendly. In 2004, the process of deepening relations continued in all areas. The Czech Republic supported Croatia on its journey towards integration into the EU and was active in sharing its own experience of the integration process.

Trade exchange is marked by a high trade surplus for the Czech Republic. Croatia is a traditional and important partner for the Czech Republic not only in economic relations (mutual investment), but also in culture and tourism.

### *Visits by representatives of the Czech Republic:*

- 17-20 October 2004 – working visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament of the Czech Republic, led by its chairman P. Svoboda.

### *Visits by representatives of Croatia:*

- 31 May 2004 – visit by State Secretary for Political Affairs of the Ministry of Foreign Affairs H. Biscevic;
- 24 November 2004 – visit by State Secretary for Organisation, Development and Management of the Ministry of Foreign Affairs G. Bakota.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	9 200 000	9 481 000	11 166 896	0.3237
	year-on-year index	106.38	103.05	117.78	
exports	CZK thousands	7 713 000	8 109 000	9 637 269	0.2820
	year-on-year index	107.37	105.13	118.84	
imports	CZK thousands	1 487 000	1 372 000	1 529 627	0.0447
	year-on-year index	101.53	92.26	104.76	
balance	CZK thousands	6 227 000	6 738 000	8 107 000	
foreign investments - incoming	direct (CZK thousands)	8 300	25 900	2 500	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	4 000	96 400	2 000	
	portfolio (CZK thousands)	no record	no record	375 300	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

There was slight growth in trade exchange between the Czech Republic and Croatia in 2004. The Czech Republic's balance of trade surplus also increased.

The Czech Republic's principal export commodities: passenger cars, metallurgical material, tyres, machinery and plant equipment, detergents, milk and dairy products, paper, cardboard and paper products, glass products, aluminium.

The Czech Republic's principal import commodities: electrical machinery (transformers), foodstuffs products, medicaments and pharmaceutical products, light heating oils, paper, chemicals and salts, fish, preserved fish etc.

*Cultural Relations*

The most successful form of cultural cooperation in recent years has been presentations of the Czech cinema: in 2004, the jubilee 10<sup>th</sup> year of "Czech Film Week" showcased the latest films (*Zelary, One Hand Can't Clap, Girlie*, etc.). There was an exhibition of photographs by K. Cudlín titled "Passages" and an exhibition of glass art by Czech glass school graduate J. Tisljar and his Czech colleague J. Frydrych. The Czech Republic took part in the 11<sup>th</sup> book fair in Pula. Popular music groups Už jsme doma, Jablkoň, VRRM and MCH band performed in Zagreb as a part of the "Czech Music on The Road" tour of the Balkans.

Exchanges and work placements took place between universities and research institutes; attention was paid to language teaching – among other things, the two countries'

ministries of education offer each other places on summer language courses, and a Czech language instructor teaches in Zagreb.

## REPUBLIC OF CUBA

The level of Czech-Cuban relations is currently low. Czech Republic has traditionally called for Cuba to embark on the process of transformation into a pluralist society with an open market economy. Particular attention is paid to human rights violations. The Czech Republic expresses its position both in international forums and in bilateral talks. In April 2004, the Czech Republic co-sponsored a resolution in the United Nations Human Rights Commission in Geneva criticising Cuba for failure to respect human rights. In September, a meeting of the International Committee for Democracy in Cuba was held in Prague. Economic cooperation thus continued to form the core of bilateral relations between the Czech Republic and Cuba.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	141 135	277 632	348 294	0.0010
	year-on-year index	58.7	196.7	125.5	
exports	CZK thousands	106 852	228 237	285 784	0.0017
	year-on-year index	51.8	213.6	125.2	
imports	CZK thousands	34 283	49 395	62 510	0.0364
	year-on-year index	100.0	144.1	126.6	
balance	CZK thousands	72 569	178 842	223 274	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	204 100	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: malt, dried milk, motorcycles and motorcycle parts, hops and hops extract, electrical hand tools, iron and steel profiles, tyres.

The Czech Republic's principal import commodities: nickel ore, cigars, rum, fruit juices.

### *Cultural Relations*

Cuba makes cultural relations conditional on politics, which limits the opportunities for presenting Czech culture. The Czech embassy in Havana publishes an information bulletin in Spanish.

## **REPUBLIC OF CYPRUS**

Relations between the Czech Republic and Cyprus developed in the context of the two countries' joint accession to the EU. The Czech Republic intensified bilateral contacts at the highest level, but trade exchange registered tangible decline.

### *Visits by representatives of the Czech Republic:*

- 25-29 January 2004 – visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament of the Czech Republic;
- 5-7 May 2004 – official visit by President V. Klaus;
- 15-18 September 2004 – visit by Minister of Industry and Trade M. Urban;
- 21-24 November 2004 – visit by President of the Senate of Parliament of the Czech Republic P. Pithart;
- 7-10 December 2004 – visit by the Permanent Commission for Oversight of the Military Intelligence Activities and the Permanent Commission for Oversight of the Employment of Operational Technique of the Chamber of Deputies of Parliament of the Czech Republic.

### *Visits by representatives of Cyprus:*

- 30 June – 2 July 2004 – visit by a delegation of the European Affairs Committee of the House of Representatives;
- 30 November – 2 December 2004 – visit by a delegation of the Foreign Committee of the House of Representatives.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 101 152	1 148 173	939 539	0.0275
	year-on-year index	177.4	104.2	81.8	
exports	CZK thousands	738 720	665 551	544 664	0.0321
	year-on-year index	185.2	90.0	81.8	
imports	CZK thousands	362 432	482 622	394 875	0.0230
	year-on-year index	163.4	133.2	81.8	
balance	CZK thousands	376 288	182 929	149 789	
foreign investments - incoming	direct (CZK thousands)	5 216 600	890 000	-222 100	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	100	29 200	-22 200	
	portfolio (CZK thousands)	443 000	715 300	100 900	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's foreign trade turnover with Cyprus registered slight decline despite the fact that joint accession to the EU has brought the two countries closer together. The Czech Republic's positive balance of trade surplus with Cyprus is also falling.

The Czech Republic's principal export commodities: polymer-based paints, porcelain and glass products, construction steel, passenger automobiles.

The Czech Republic's principal import commodities: fruit, primarily citrus fruits, antibiotics and other pharmaceutical products.

*Cultural Relations*

The Czech embassy to Cyprus organised a "Czech Cuisine Week in Cyprus", which ran from 24-29 May 2005. On 20 October 2004, the embassy organised a screening of Czech film *Boredom in Brno*, which drew a very large audience. On 26-28 November 2004, the embassy co-organised "Euro Adventure Exhibition" for children and young people.

Educational cooperation was almost entirely confined to direct arrangements and contacts between universities, chiefly focused on economics. The cooperation between education ministries is not strong enough due to a lack of Cypriot interest in this area.



The Pan-Cypriot Union of Expatriates and Friends of the Czech Republic carried on its cultural and social activities in 2004.

## REPUBLIC OF ECUADOR

Relations between the Czech Republic and Ecuador have for long been good and focused on trade and economic ties.

### *Economic Relations*

		2002	2 003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	791 363	646 231	758 598	0.0222
	year-on-year index	75.5	81.7	117.4	
exports	CZK thousands	361 379	123 499	199 987	0.0118
	year-on-year index	89.3	34.2	161.9	
imports	CZK thousands	429 984	522 732	558 611	0.0325
	year-on-year index	66.9	121.6	106.9	
balance	CZK thousands	-68 605	-399 233	-358 624	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005, (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: cars, various iron and steel products, motor vehicle parts, glass products, pressurised containers, tyres, pencils, knitting and spinning machines, arms and ammunition, chemicals, leatherworking machines, paper, glass jewellery.

The Czech Republic's principal import commodities: bananas, concentrates.

### *Cultural Relations*

In 2004, the Czech Republic provided Ecuador with two scholarships for master's degree study and one scholarship for post-graduate study.

## REPUBLIC OF ESTONIA

Estonia is an important partner and ally of the Czech Republic. Bilateral relations developed in a wide range of areas; there was particularly intensive communication and cooperation in connection with the two countries' accession to the EU and Estonia's accession to NATO.

### *Visits by representatives of the Czech Republic:*

- 16 January 2004 – working visit by Minister of Defence M. Kostelka;
- 14-16 September 2004 – official visit by President of the Chamber of Deputies of Parliament of the Czech Republic L. Zaorálek;
- 3-5 October 2004 – visit by a delegation of the Committee on EU Affairs of the Senate of Parliament of the Czech Republic.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators ( % )
turnover	CZK thousands	1 764 039	2 436 071	2 840 444	0.0831
	year-on-year index	107.9	138.1	116.6	
exports	CZK thousands	1 210 766	1 568 354	2 102 073	0.1238
	year-on-year index	108.4	129.5	134	
imports	CZK thousands	553 273	867 717	738 370	0.0429
	year-on-year index	106.7	156.8	85.1	
balance	CZK thousands	657 493	700 638	1 363 703	
foreign investments- incoming	direct (CZK thousands )	0	200	500	
	portfolio (CZK thousands )	no record	no record	no record	
foreign investments- outgoing	direct (CZK thousands )	0	0	0	
	portfolio (CZK thousands )	no record	200	230 800	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Economic relations with Estonia are developing favourably, aided by the Czech Republic's and Estonia's accession to the EU and the start of direct flights between Prague and Tallinn by Czech Airlines.

The Czech Republic's principal export commodities: machinery and plant equipment, passenger cars, chemicals.

The Czech Republic's principal import commodities: mobile telephones, furniture and material for furniture manufacture, electrical engineering products.

### *Bilateral agreements concluded in 2004*

- Agreement between the Ministry of Education, Youth and Sports of the Czech Republic and the Ministry of Education and Research of the Republic of Estonia on Cooperation in the Fields of Education, Science and Youth for the period 2004-2006, Tartu, 11 June 2004;
- Protocol between the Ministry of Defence of the Czech Republic and the Ministry of Defence of the Republic of Estonia on Cooperation in the Field of Military Geography, Tallinn, 15 November 2004.

### *Cultural Relations*

Cultural relations between the Czech Republic and Estonia are very intensive. In cooperation with Estonian partners, the Czech Embassy put on a number of events – e.g. a concert performance by pianist M. Kasík at the “Chamber Music Days” festival; a performance by the Chorea Historica and Kvinterna ensembles at an event combining culture with a promotion of Budweiser beer; a performance by a group called Neočekávaný dýchánek at the Folk Music Festival in Tallinn; and an exhibition of works by sculptor J. Šibora, combined with master classes at the Estonian Academy. Czech films continue to be popular; the key presentation of Czech cinema was the Dark Nights Film Festival in Tallinn. In 2004, director J. Hřebejk attended in person with his film *Up and Down*. There were several Estonian scholarship beneficiaries studying in the Czech Republic; Estonians are mostly interested in Czech studies.

## **REPUBLIC OF FINLAND**

Czech-Finnish relations successfully developed at bilateral and multilateral level in the context of European integration; dialogue at governmental and parliamentary level developed intensively. The two countries share the status of medium-sized countries and similar opinions on certain EU issues. The Czech Republic paid particular attention to technical and political cooperation and making use of the Finnish experience gained in the first years of EU membership.

*Visits by representatives of the Czech Republic:*

- 29-30 March 2004 – official visit by Prime Minister V. Špidla accompanied by Minister of Industry and Trade M. Urban and a business mission;
- 31 May – 2 June 2004 – visit by a delegation of the Committee on Health and Social Policy of the Senate, led by its chairman T. Julínek;
- 29 November – 2 December 2004 – visit by a delegation of the Permanent Commission for the Media of the Chamber of Deputies of Parliament of the Czech Republic, led by its chairman J. Talíř.

*Visits by representatives of Finland:*

- 13 January 2004 – visit by Minister of the Environment J.-E. Enestam;
- 26-27 April 2004 – visit by Minister of Defence S. Kääriäinen;
- 7-11 September 2004 – visit by a delegation of the Foreign Affairs Committee of Parliament, led by its chairwoman L. Jaakonsaari;
- 21 December 2004 – visit by Minister of Trade and Industry M. Pekkarinen.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	12 595 448	13 672 348	15 350 477	0.4496
	year-on-year index	81.9	108.5	112.3	
exports	CZK thousands	4 739 984	5 757 028	6 797 269	0.4006
	year-on-year index	87.8	121.5	118.1	
imports	CZK thousands	7 855 464	7 915 320	8 553 208	0.4981
	year-on-year index	78.7	100.8	108.1	
balance	CZK thousands	-3 115 480	-2 158 292	-1 755 939	
foreign investments incoming	Direct CZK (thousands)	682 400	279 200	153 800	
	portfolio (CZK thousands)	no record	no record	17 000	
foreign investments outgoing	direct (CZK thousands)	91 700	350	-4 400	
	portfolio (CZK thousands)	190 100	56 300	162 500	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Finland is one of the Czech Republic's important trading partners. It is currently the 27<sup>th</sup> biggest trading partner in terms of total foreign trade turnover in 2004.

The Czech Republic's principal export commodities: motor vehicles, electrical devices, automated data processing machines, television sets, machine engineering components and transport vehicle spares (shafts, transmission cranks, ball-bearings, clutches), rubber industry products (rubber tyres and inner tubes), machine tools, metallurgical and steel industry products (sheet metal, rails, construction material), coke, clothing products, footwear, tobacco products, alcoholic beverages.

The Czech Republic's principal import commodities: paper and pulp industry products, metallurgical and steel industry products, telecommunications technologies, copper, pulp and scrap paper, medicaments, electrical machines and parts for such, plastics and plastic products, diagnostic instruments, chemicals, measuring and control instruments, timber industry products (veneers, plywood, boards), musical instruments, data media.

### *Cultural Relations*

As a part of "Czech Music Year" and the celebrations of the Czech Republic's accession to the EU, a concert of Czech chamber music was performed in Helsinki in May 2004. In September, there were successful performances by the Janáček Quartet in three concert halls, including the prestigious Tempeliahaukio Kirkko (Church in the Rock) in Helsinki. In October, Helsinki hosted an untraditional touchable exhibition of historical glass for visually impaired visitors.

## **REPUBLIC OF GHANA**

Relations between the Czech Republic and Ghana continued to be very good, both at the political and economic levels. The Czech Republic was actively involved in EU activities in Ghana, and took part in the EU's political dialogue with Ghanaian representatives and in meetings with representatives of the Economic Community of West African States.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	136 092	155 228	176 030	0.0047
	year-on-year index	70.6	113.9	113.4	
exports	CZK thousands	101 074	102 842	119 472	0.0064
	year-on-year index	64.9	101.6	116.2	
imports	CZK thousands	35 018	52 386	56 558	0.0029
	year-on-year index	94.5	149.4	108.0	
balance	CZK thousands	66 056	50 456	62 914	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

In 2004, trade exchange continued to grow and the Czech Republic's balance of trade developed positively.

The Czech Republic's principal export commodities: passenger cars, dried milk, computer technology, tyres, wheel-based tractors, glass jewellery, paper industry products, iron and steel.

The Czech Republic's principal import commodities: timber, tropical fruit, coffee, rubber, cocoa.

*Cultural Relations*

As a part of foreign development cooperation, the Czech Republic provided Ghana with four university scholarships for the 2004/2005 academic year.

**REPUBLIC OF HUNGARY**

Relations between the Czech Republic and Hungary continued to be very good and intensive. They were based on the two countries' close partnership and their high level was consistent with their position as neighbouring countries. Good relations were substantially aided by the two countries' active involvement in regional cooperation formats in Central Europe and by their shared membership of NATO and, since 1 May 2004, the EU. The frequency of bilateral visits and contacts at the highest level was, however, influenced by changes of government in both countries.

*Visits by representatives of the Czech Republic:*

- 24-27 May 2004 – visit by a delegation of the Agricultural Committee of the Chamber of Deputies of Parliament of the Czech Republic;
- 6-8 October 2004 – visit by President of the Constitutional Court of the Czech Republic P. Rychetský.

*Visits by representatives of Hungary:*

- 22-25 June 2004 – visit by a delegation of the Committee on Constitutional and Judicial Affairs of the National Assembly;
- 15-17 September 2004 – visit by a delegation of the Petitions Committee of the National Assembly.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	57 175 169	60 553 615	82 739 145	2.4235
	year-on-year index	118.43	105.90	136.63	
exports	CZK thousands	31 148 909	31 256 022	47 236 140	2.7839
	year-on-year index	129.74	100.34	151.12	
imports	CZK thousands	26 026 260	29 297 593	35 503 005	2.0673
	year-on-year index	107.23	112.56	121.18	
balance	CZK thousands	5 122 649	1 958 429	11 733 135	
foreign investments - incoming	direct ( CZK thousands )	771 000	-452 800	193 800	
	portfolio ( CZK thousands )	no record	no record	no record	
foreign investments - outgoing	direct ( CZK thousands )	24 600	55 600	121 300	
	portfolio ( CZK thousands )	5 586 300	6 938 500	5 694 200	

Sources: 1/ Czech Statistical Office, February 2005 (foreign trade data)  
2/ Czech National Bank, March 2005 (investments data)

Hungary is the Czech Republic's 12<sup>th</sup> biggest trading partner in terms of trade turnover; 9<sup>th</sup> in terms of volume of exports and 6<sup>th</sup> in terms of balance of trade surplus. In 2004, Czech exports in particular displayed dynamic growth (up 51%).

The Czech Republic's principal export commodities: passenger cars and spares, television screens, electrical engineering products, steel profiles, glass, paper and cardboard, chemicals, detergents and laundry agents, coal, lubricants, electronic components and parts, plastics, foodstuffs.

The Czech Republic's principal import commodities: compression ignition and spark ignition engines for passenger cars, brakes, ignition harnesses for the automobile industry, rolled steel, pharmaceutical products, mobile telephones, consumer electronics parts and components, computer peripherals, televisions, refrigerators, electric motors and parts thereof, light bulbs, paper and cardboard, composite leather, semi-finished aluminium products, meat, smoked meats and meat products.

### *Bilateral agreements concluded in 2004*

- Agreement between the Government of the Czech Republic and the Government of the Republic of Hungary on Mutual Recognition of Equivalency of Documents on the Completion of Studies and Documents on the Granting of Scientific Degrees and Titles Issued in the Czech Republic and Republic of Hungary, Budapest, 6 May 2004.

### *Cultural Relations*

Czech culture is greeted with exceptional interest by the Hungarian public. Cooperation in culture, education and science reflected the Central European countries' preparations for accession to the EU and subsequent membership, as well as joint activities within the Visegrad Group and other projects. The Bratislava-based International Visegrad Fund also contributed to the development of cooperation. Cultural contacts and exchanges took place between Czech and Hungarian cultural organisations (theatres, cooperation in music, art, photography etc.) at bilateral level and in the Visegrad format.

Key Czech cultural events in Hungary in 2004 included the regular "Bohemia Festival", held as a part of the "Budapest Autumn Festival"; "Bohemian Ball" in Budapest; the "International Book Festival", featuring presentations of Hungarian translations of Czech literature and attended by Czech guests; and the very popular festivals of Czech cinema. The regional "Czech Days" event, held each year in Hungarian towns and regions, was also successful. The Czech Centre in Budapest played a very active role in presenting Czech culture in Hungary.



## REPUBLIC OF ICELAND

The Czech Republic and Iceland are linked by partnership in NATO and, since 1 May 2004, membership of the European Economic Area. Cooperation also continued in economic relations and tourism.

### *Visits by representatives of the Czech Republic:*

- 26-30 September 2004 – working visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament of the Czech Republic.

### *Visits by representatives of Iceland:*

- 19 March 2004 – working visit by Minister of Social Affairs Á. Magnússon.
- 22-23 November 2004 – Minister of Industry and Commerce and Minister for Nordic Cooperation V. Sverisdottir attends a seminar on Nordic cooperation titled “The Nordic Region – a Frontrunner in Europe”.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators ( % )
turnover	CZK thousands	456 611	379 835	462 796	0.01355
	Year-on-year index	153	83.2	121.8	
exports	CZK thousands	338 074	293 166	423 255	0.02495
	year-on-year index	133.3	86.7	144.4	
imports	CZK thousands	1 180 537	86 669	39 541	0.0023
	year-on-year index	264.3	73.1	45.6	
balance	CZK thousands	219 537	206 497	383 714	
foreign investments incoming	direct (CZK thousands)	200	0	24 300	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands )	0	0	0	
	portfolio (CZK thousands)	1 031 500	1 574 900	3 521 400	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The volume of total trade and Czech exports to Iceland grew in 2004. The Czech Republic's balance of trade surplus also increased.

The Czech Republic's principal export commodities: machinery and transport equipment (passenger cars accounted for 37% of Czech exports), office machinery and computer technology.

The Czech Republic's principal import commodities: pharmaceutical products, market products.

### *Cultural Relations*

Cultural relations between the Czech Republic and Iceland developed chiefly in the context of the cultural agreement signed in 1979; the honorary consulate in Reykjavik assisted direct cooperation. In November 2004 in Reykjavik, the Czech embassy organised a meeting with Czech expatriates living in Iceland.

## REPUBLIC OF INDIA

Political relations between the Czech Republic and India are friendly and display a high degree of cooperation. Mutual relations are focused on economic cooperation. India was the Czech Republic's biggest export destination in Asia in 2004.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	8 371 994	6 793 875	9 585 566	0.2808
	year-on-year index	143.3	81.2	141.1	
exports	CZK thousands	5 086 226	3 394 137	5 056 323	0.2980
	year-on-year index	196.3	66.7	149.0	
imports	CZK thousands	3 285 768	3 399 738	4 529 243	0.2637
	year-on-year index	101.0	103.5	133.2	
balance	CZK thousands	1 800 458	-5 601	527 080	
foreign investments - incoming	direct (CZK thousands)	3 600	7 200	23 600	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	-11 600	79 500	
	Portfolio (CZK thousands)	no record	0	18 600	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Indian market offers considerable potential for increased exports from the Czech Republic. In order to expand trade exchange, an office of CzechTrade attached to the Consulate General in Mumbai was opened at the end of 2003 – in 2004 it supported dynamic growth in mutual trade (up 41%) and Czech exports to the territory (up 49%). In 2004, the Czech Republic regained a balance of trade surplus with India.

The Czech Republic's principal export commodities: passenger cars (Škoda Octavia), textile machinery and textile machinery attachments, ball-bearings, machine tools, chemicals, tyre manufacturing materials, glass and glass jewellery.

The Czech Republic's principal import commodities: cotton, cotton yarn, chemicals, audio recording media, sewing machines and parts, textile products, artificial silk, leather products, clothing, pharmaceutical products, foodstuffs (coffee, tea, spices).

### *Cultural Relations*

India presented its cinema in the Czech Republic in November with a selection of the most famous films from Bollywood studios at a several-day film festival in Prague. In December, the Friends of India Association staged a gala evening to mark the 70<sup>th</sup> anniversary of its establishment.

The Czech Embassy in Delhi and the Consulate General in Mumbai made a substantial contribution to the promotion of Czech culture in India, organising events such as the "The Beauty of Czech Baroque Architecture" exhibition, a performance titled "India through the Eyes and Ears of Czech Musicians", a children's art competition "Lidice 2004", a photography exhibition called "The Velvet Revolution" and an exhibition of "The Magical World of Czech Illustrators for Children". In keeping with tradition, successful Czech films were screened in Delhi and Mumbai.

At the end of 2004, the Ministry of Education, Youth and Sports of the Czech Republic signed a cooperation agreement with its Indian counterpart, the Ministry of Youth Affairs and Sports. As a part of cultural exchange with the Czech Republic, India provides two to three scholarships for Czech students each year. The Czech Republic offers the same number of scholarships for Indian students.

## REPUBLIC OF INDONESIA

Czech-Indonesian relations have a long tradition. Nevertheless, the full potential of relations, particularly in the economic area, has still not been fully exploited in 2004.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	4 279 252	3 918 647	4 616 662	0.1352
	year-on-year index	115.7	91.6	117.8	
exports	CZK thousands	529 571	517 350	818 318	0.0482
	year-on-year index	103.7	97.7	158.2	
imports	CZK thousands	3 749 681	3 401 297	3 798 344	0.2212
	year-on-year index	117.6	90.7	111.7	
balance	CZK thousands	-3 220 110	-2 883 947	-2 980 026	
foreign investments - incoming	direct (CZK thousands)	0	700	8 700	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	0	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: textile machinery, telecommunications equipment, electricity distribution systems, electric rotating machines, arms and ammunition, locomotive parts, amino compounds, paper and cardboard, glass products, dried milk.

The Czech Republic's principal import commodities: telecommunications equipment, automatic data processing machines, audio recording and reproduction devices, natural rubber, timber, palm-heart oil and palm oil, footwear.

### *Cultural Relations*

In 2004, two travelling exhibitions, "Zdeněk Burian and His World" and "Czech Film Poster", took place in Jakarta. In October, the Czech embassy in Jakarta organised "Czech Days".

## REPUBLIC OF IRAQ

The Czech Republic was actively involved in the stabilisation and reconstruction of Iraq – for 2003-2005 the Czech government earmarked a total of CZK 1.73 billion to support the country's renewal. The Czech Republic provided humanitarian aid in the form of healthcare for sick Iraqi children in the Czech Republic. A unit of approximately 100 military police operated in the Basra vicinity, safeguarding the deployed troops and international humanitarian organisations and helping to train the Iraqi police force. A field surgical team of the Czech army has operated at the British hospital in Iraq since 30 June 2004.

The Czech Republic also took part in the training of Iraqi police personnel in Jordan. Up to June 2004, a team of Czech experts operated at the Coalition Provisional Authority of Iraq, one of whom subsequently continued to serve as advisor to the Ministry of the Interior in the second half of the year.

### *Visits by representatives of the Czech Republic:*

- 15 January 2004 – visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 4 December 2004 – visit by Minister of Defence K. Kühnl.

### *Visits by representatives of Iraq:*

- 10-14 August 2004 – visit by Minister of Water Resources L. Rashid;
- 7-9 September 2004 – visit by Minister of Culture M. Al-Jazairi.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	14 905	129 784	532 272	0.0156
	year-on-year index	1 078.5	870.7	410.1	
exports	CZK thousands	14 682	129 694	532 189	0.0313
	year-on-year index	1 078.8	883.4	410.3	
imports	CZK thousands	223	90	83	0.0000
	year-on-year index	1 061.9	40.4	92.2	
balance	CZK thousands	14 459	129 604	532 106	
foreign investments incoming	-direct (CZK thousands)	0	200	500	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	-direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Economic relations between the countries in 2004 were affected by the persisting unstable political and security situation in Iraq. The Ministry of Foreign Affairs of the Czech Republic played a key role in establishing economic relations by organising business missions and seminars for Czech entrepreneurs.

The Czech Republic's principal export commodities: plastics and plastic products, rubber products, motor vehicles, clothing and clothing accessories, machinery and plant equipment, special goods.

The Czech Republic's principal import commodities: vegetable products, iron, steel.

*Cultural Relations*

The Czech Republic provided Iraq with transformation aid in the form of educational projects and was actively involved in safeguarding Iraq's cultural heritage. The Czech Republic provided Iraq with two university scholarships.

**REPUBLIC OF ITALY**

Relations between the Czech Republic and Italy successfully developed at bilateral and multilateral level in the context of European integration and Euro-Atlantic partnership; governmental and parliamentary dialogue developed intensively. Operative consultations between senior-level ministry staff continued. At regional level, partnership agreements were

signed between the Central Bohemian Region and the Venezia Region and between the cities of Zlín and Torino.

*Visits by representatives of the Czech Republic:*

- 6 February 2004 – visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament of the Czech Republic;
- 26-29 April 2004 – visit by a delegation of the Committee for Economics of the Chamber of Deputies of Parliament of the Czech Republic;
- 13-19 June 2004 – visit by a delegation of the Permanent Commission for Oversight of the Security Information Service Activities;
- 5 September 2004 – President V. Klaus attended an economic seminar in Cernobbio;
- 29 October 2004 – Prime Minister S. Gross and Minister of Foreign Affairs C. Svoboda attended the signing of the Treaty Establishing a Constitution for Europe.

*Visits by representatives of Italy:*

- 27 February 2004 – working visit by Minister for Parliamentary Relations C. Giovanardi;
- 6-8 March 2004 – working visit by Minister for Regional Affairs E. La Loggia;
- 23-25 June 2004 – visit by a delegation of the Committee for the Environment of the Senate;
- 29 June – 2 July 2004 – visit by a delegation of the Committee for Finance and Treasury of the Senate.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	122 378 000	137 368 000	164 179 174	4.8000
	year-on-year index	98.4	112.2	119.5	
exports	CZK thousands	50 774 000	60 826 000	73 310 079	4.3200
	year-on-year index	98.6	119.8	120.5	
imports	CZK thousands	71 604 000	76 542 000	90 869 095	5.2910
	year-on-year index	98.3	106.9	118.7	
balance	CZK thousands	-20 830 000	-15 716 000	-17 559 016	
foreign investments incoming	-direct (CZK thousands)	3 021 300	1 979 700	2 229 100	
	-portfolio (CZK thousands)	no record	no record	8 100	
foreign investments outgoing	-direct (CZK thousands)	500	870	1 000	
	-portfolio (CZK thousands)	5 361 400	14 828 300	16 295 400	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Investments in the manufacture of machine engineering and automobile parts formed the largest category of Italian investments in the Czech Republic.

The Czech Republic's accession to the EU was positively reflected in more intensive trade exchange with Italy. Trade exchange between small and medium-sized enterprises in the two countries based on supplies of finished products and manufacturing subcontracts strengthened. This type of cooperation is highly significant for Czech-Italian trade, because small and medium-sized enterprises account for a larger proportion of business as a whole in Italy than in any other EU country. Czech enterprises are developing a presence on the Italian market, as well as in the export of finished machine engineering products, including precision engineering. After a number of Czech firms very successfully established themselves on the German and Austrian markets, Italy is becoming the target of increased attention. In 2004, there was a rise in the number of Czech firms not just intending to export to Italy, but also considering setting up their own branches in Italian territory.

Italy is the 3<sup>rd</sup> biggest exporter to the Czech Republic and the 7<sup>th</sup> biggest destination for Czech exports. Overall, Italy is the Czech Republic's 5<sup>th</sup> biggest trading partner.

The Czech Republic's principal export commodities: machinery and transport equipment, industrial products, chemicals and related products, passenger cars, buses, textile yarns, fabrics, iron, steel, metalworking machines, paper, cardboard, agricultural products (live beef for fattening, zootechnical non-foodstuffs by-products and hard cheeses).

The Czech Republic's principal import commodities: machinery and transport equipment, industrial products, chemicals and related products, household electrical and mechanical devices, machinery and plant equipment, road vehicles, textile yarns and fabrics, plastic items, footwear, furniture, foodstuffs.

### *Cultural Relations*

"Czech Music Week" helped present Czech culture in Italy. This series of concerts, including a seminar marking "Czech Music Year" and an exhibition titled "Three Personalities of Czech Music – Smetana, Dvořák, Janáček", staged in Florence, Rome and Palermo, was the most extensive presentation of Czech culture in Italy since the establishment of the independent Czech Republic.



Udine and Treviso hosted a presentation of an anthology of the works of Bohumil Hrabal, accompanied by an exhibition about the author titled “Hrabal: Images of a Tender Barbarian”. As a part of “Czech Music Year”, various cultural events were staged in Naples and Florence, including the exhibition of “Three Personalities of Czech Music – Smetana, Dvořák, Janáček”. The general consulate in Milan, in collaboration with the Milan-based Club of Expatriates and Friends of the Czech Republic, organised an exhibition titled “Great Personalities of Czech Music”. Palermo hosted a cycle of cultural events designed to present the Czech Republic in Sicily at the time of its accession to the EU: an exhibition of “Drawings by Czech Architects, based on Travels in Italy, 1820-1908”, a reading from works by the most prominent Czech poets (V. Holan, V. Nezval, J. Seifert), an exhibition of photographs of “Well-known and Unknown Places in the Czech Republic”, an exhibition of “The Beauties and Mysteries of the Czech Republic”, a screening of Czech films (*Kolya*, *Bouquet*, *Otesánek*) and a concert of works by Z. Fibich.

“Czech Republic Week” took place in the Tuscan spa centre of Chianciano Terme. This event featured presentations of typical Czech products, classical music concerts, the exhibitions “The Beauties and Mysteries of the Czech Republic”, “Well-known and Unknown Places in the Czech Republic”, “Drawings by Czech Architects, based on Travels in Italy, 1820-1908”, and films by directors J. Svěrák and J. Švankmajer.

## REPUBLIC OF IVORY COAST

Czech-Ivorian relations are focused on economic and trade cooperation. Due to the armed conflict in the country, however, there was no progress in talks on possible projects and implementation has been postponed. The Czech embassy in Abidjan was temporarily closed at the end of 2004 in response to the security situation in the country.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	353 978	484 795	680 454	0.0199
	year-on-year index	70.9	136.9	141.0	
exports	CZK thousands	102 503	48 308	70 138	0.0041
	year-on-year index	189.4	47.1	148.0	
imports	CZK thousands	251 475	436 487	610 316	0.0355
	year-on-year index	56.4	173.6	140.3	
balance	CZK thousands	-148 972	-390 179	-540 178	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	600	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Ivory Coast is the biggest supplier of cocoa to the Czech Republic. That makes Ivory Coast one of the Czech Republic's biggest trading partners in sub-Saharan Africa, with a pronounced balance of trade deficit for the Czech Republic. This trend continued in 2004.

The Czech Republic's principal export commodities: iron and steel, paper, bicycle parts, glass jewellery.

The Czech Republic's principal import commodities: cocoa, pineapples, coconuts, rubber.

*Cultural Relations*

In 2004, the Czech embassy in Abidjan organised two exhibitions: "Ex Libris: Prague – Heart of Europe" and "The Beauty of Czech Baroque Architecture".

## REPUBLIC OF KAZAKHSTAN

Czech-Kazakh ties revolve around economic exchange. Czech enterprises are involved in a number of projects aimed at modernising industry and transport in the country. Kazakhstan regards the Czech Republic as an important partner in both the economic and the political area. That is borne out by the visits by top-level representatives of the Czech Republic and by the mutual appointment of resident ambassadors, which occurred for the first

time in the two states' history. For a long time, relations have been impaired by the unresolved issue of Kazakhstan's debt to the Czech Republic, a legacy of treaties concluded between the former Soviet Union and the Czechoslovak Socialist Republic; negotiations on the debt issue are ongoing.

*Visits by representatives of the Czech Republic:*

- 29-31 January 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 8-9 September 2004 – official visit by President V. Klaus.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	2 517 814	2 460 092	4 523 373	0.1325
	year-on-year index	62.3	97.7	183.9	
exports	CZK thousands	1 313 312	772 195	1 262 331	0.0744
	year-on-year index	101.5	58.8	163.5	
imports	CZK thousands	1 204 502	1 687 897	3 261 042	0.2261
	year-on-year index	29.8	140.1	193.2	
balance	CZK thousands	108 810	-915 702	-1 998 711	
foreign investments - incoming	direct (CZK thousands)	279 200	279 200	-41 700	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	-21 400	no record	-68 800	
	portfolio (CZK thousands)	1 686 900	0	26 500	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: machinery and transport equipment, pharmaceutical products, soap, detergents, timber, paper and paper products, plastics, glass, furniture.

The Czech Republic's principal import commodities: iron and steel, non-ferrous metals, chemicals, mineral fuels, lubricants and related materials, cotton.

*Cultural Relations*

Mutual cooperation is focused on education – every year the Czech Republic provides Kazakhstan with four university scholarships. There are currently 17 Kazakhs studying at Czech universities. Kazakh universities are interested in introducing Czech language courses;

a draft agreement on cultural cooperation is being prepared, which would enable exchanges of language teachers.

## REPUBLIC OF KENYA

The political dialogue that revived after Kenya's political changes at the start of 2003 went ahead in 2004. Cooperation between defence ministries also developed in 2004 – the Czech Republic was visited by students and teachers of the National Defence College of Kenya. Kenya's importance for the Czech Republic is enhanced by the fact that Nairobi is a key regional centre and the only headquarters of UN programmes in the developing world.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	94 323	137 582	145 794	0.0043
	year-on-year index	69.9	145.8	106.0	
exports	CZK thousands	70 868	108 779	117 978	0.0070
	year-on-year index	69.1	153.5	108.5	
imports	CZK thousands	23 455	28 803	27 816	0.0016
	year-on-year index	72.1	122.8	96.6	
balance	CZK thousands	47 413	79 976	90 162	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Kenya is one of the Czech Republic's more important trading partners in sub-Saharan Africa. Trade exchange and the Czech Republic's balance of trade surplus with Kenya continued to grow in 2004.

The Czech Republic's principal export commodities: automatic data processing machinery, aircraft and turboprop motors, firearms, glass jewellery.

The Czech Republic's principal import commodities: cut flowers, coffee, tea, fruit, tobacco.

### *Cultural Relations*

The Kenyan public took a keen interest in an exhibition titled “Joy Adamson – an inspirational childhood”, which was put on in the Kenyan cities of Kisumu and Mombassa. More than 10,000 people came to see the exhibition about this woman of Czech origin who waged a tireless campaign for environmental protection in Kenya. In July, the Czech embassy and the Goethe Institute in Nairobi co-organised a film festival called “Once Upon a Time...”, featuring screenings of Czech fairytales filmed in co-production with Germany. In October, the Czech Republic presented Czech films *Cosy Dens* and *Loners* at the “European Film Festival”. In the same month, the public had the opportunity to see an exhibition of cartoons by M. Barták.

The Czech Republic provided Kenya with three governmental university scholarships for the 2004/2005 academic year, all of which were used.

## **REPUBLIC OF KOREA**

The Republic of Korea has traditionally been one of the Czech Republic’s leading partners in East Asia. Economic relations form the core of mutual cooperation. The two countries have for long worked well together in both bilateral and multilateral foreign policy areas.

### *Visits by representatives of the Czech Republic:*

- 7-11 December 2004 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament of the Czech Republic.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	11 211 967	11 678 892	14 889 424	0.4361
	year-on-year index	144.7	104.2	127.5	
exports	CZK thousands	1 104 110	1 073 134	1 413 824	0.0833
	year-on-year index	61.7	97.2	131.7	
imports	CZK thousands	10 107 857	10 605 758	13 475 600	0.7847
	year-on-year index	169.7	104.9	127.1	
balance	CZK thousands	-9 003 747	-9 532 624	-12 061 776	
foreign investments - incoming	direct (CZK thousands)	0	171 700	-1 400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	600	0	
	portfolio (CZK thousands)	600	no record	9 900	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Republic of Korea is one of the Czech Republic's most important trading partners in Southeast Asia. It is the 21<sup>st</sup> biggest importer to the Czech Republic; the 28<sup>th</sup> biggest trading partner in terms of trade volume; and the 51<sup>st</sup> biggest destination for Czech exports. Consequently, the Czech Republic has a pronounced balance of trade deficit with the Republic of Korea.

The start of direct flights between Seoul and Prague in May 2004 was a significant event in relations between the Czech Republic and the Republic of Korea.

The Czech Republic's principal export commodities: distribution systems, transmission shafts, pipe fittings, automobile and machine components, glass.

The Czech Republic's principal import commodities: automobiles, telecommunications devices, computer technology, consumer electronics, optical instruments.

*Cultural Relations*

Besides Czech classical music, which has traditionally had a good reputation, Czech cinema and design were also presented to the Korean cultural public. The Republic of Korea's culture was represented in the Czech Republic chiefly in cinema and traditional arts.

The Czech Republic works closely with the Republic of Korea in education. The reciprocal exchange of language teachers working at the Korean studies and Czech studies departments of universities in Seoul and Prague continued in 2004.

## REPUBLIC OF LATVIA

Latvia is an important ally and political and economic partner for the Czech Republic. Political dialogue between the two countries intensified in connection with their joint accession to the EU and Latvia's accession to NATO. Cooperation in security and culture developed particularly successfully.

### *Visits by representatives of the Czech Republic:*

- 14-15 January 2004 – working visit by Minister of Defence M. Kostelka;
- 20-23 April 2004 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament of the Czech Republic;
- 13-16 September 2004 – visit by a delegation of the Agricultural Committee of the Chamber of Deputies of Parliament of the Czech Republic.

### *Visits by representatives of Latvia:*

- 19 August 2004 – working visit by Minister of Welfare D. Stake.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	2 394 412	2 630 386	3 039 639	0.0890
	year-on-year index	91.1	109.9	115.6	
exports	CZK thousands	1 955 628	2 255 739	2 573 547	0.1516
	year-on-year index	93.3	115.4	114.1	
imports	CZK thousands	438 784	374 646	466 092	0.0271
	year-on-year index	82.4	85.4	124.4	
balance	CZK thousands	1 516 843	1 881 093	2 107 456	
foreign investments - incoming	direct (CZK thousands)	0	0	2000	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	300	900	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1/ Czech Statistical Office, February 2005 (foreign trade data)  
2/ Czech National Bank, March 2005 (investments data)

Developments in trade exchange in 2004 did not deviate from the positive trend of previous years: there were increases in trade turnover, in the volume of Czech exports and in the Czech Republic's balance of trade surplus with Latvia. Trade was boosted by the Czech Republic's and Latvia's accession to the EU.

The Czech Republic's principal export commodities: work clothing and gear, polishing agents and detergents, medicaments, plastics, passenger cars, electrical devices, instruments and appliances.

The Czech Republic's principal import commodities: wood products (excepting furniture), textile yarns and fibres, non-ferrous metals, machinery and plant equipment, fish.

### *Cultural Relations*

The standard of cultural cooperation was high. The key events included an exhibition titled "The Culture of Charles IV in the Centre and Periphery", "Czech Puppet Theatre – history and present day", and "Czech Comics", accompanied by screenings of Czech films. "Czech Day", a presentation of the Czech Republic in food and music in the cities of Liepaja and Ventspils, attracted great attention. The event was concluded by a concert by the Liepaja Symphony Orchestra as a part of "Czech Music Year". During "Europe Week", a series of events celebrating Latvia's accession to the EU, the Czech Embassy co-organised a number of presentations, including tastings of traditional specialities, an exhibition titled "Turns of a Czech Century" and a concert of the Riga Professional Brass Band, conducted by Czech conductor V. Mareš.

## REPUBLIC OF LEBANON

Relations between the Czech Republic and Lebanon have traditionally been friendly and balanced. In 2004, both countries displayed an interest in intensifying bilateral relations, in both the political and the economic area.

### *Visits by representatives of the Czech Republic:*

- 28 February 2004 – visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 3-5 May 2004 – visit by President V. Klaus.



*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	1 019 317	919 477	970 130	0.0284
	year-on-year index	79.8	90.2	105.5	
exports	CZK thousands	1 004 608	895 448	943 584	0.0556
	year-on-year index	79.2	89.1	105.4	
imports	CZK thousands	14 709	24 029	26 546	0.0015
	year-on-year index	160.6	163.4	110.5	
balance	CZK thousands	989 899	871 419	917 038	
foreign investments - incoming	direct (CZK thousands)	600	0	200	
	portfolio (CZK thousands.)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	-200	
	portfolio (CZK thousands.)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: dried milk and other dairy products, functional glassware, crystal, paper and other paper industry products, iron and steel products.

The Czech Republic's principal import commodities: tobacco, printing industry products and paper products, vegetable and fruit products.

*Bilateral agreements concluded in 2004*

- Agreement between the Government of the Czech Republic and the Government of the Lebanese Republic on Cooperation in the Fields of Culture, Education and Science, Beirut, 3 May 2004.

*Cultural Relations*

As a part of the celebrations of the EU enlargement, the Delegation of the European Commission in Lebanon organised "Europe Week" on 8-15 May 2004. At this cultural event, the Czech Republic was represented by music group KRLESS. The 11<sup>th</sup> EU Film Festival took place from 25 November to 5 December 2004 in Beirut, for the first time featuring films from the new member countries. The Czech film screened at the festival was *Loners* by director D. Ondříček. The Czech Republic provided Lebanon with three university scholarships.

## REPUBLIC OF LITHUANIA

Lithuania is an important partner and ally of the Czech Republic. Cooperation in all areas – political, economic, military and cultural – continued to develop in 2004. Political dialogue took place at all levels. The intensity of bilateral relations increased in connection with the two countries' accession to the EU and Lithuania's accession to NATO.

### *Visits by representatives of the Czech Republic:*

- 17-20 April 2004 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament of the Czech Republic;
- 28-29 April 2004 – official visit by Minister of Defence M. Kostelka;
- 30 May – 2 June 2004 – visit by a delegation of the Committee on European Affairs of the Senate of Parliament of the Czech Republic.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	5 814 306	6 907 056	7 214 415	0.2113
	year-on-year index	104.1	118.8	104.5	
exports	CZK thousands	4 902 929	5 980 072	5 972 032	0.3520
	year-on-year index	101.7	122	99.9	
imports	CZK thousands	911 377	926 984	1 242 383	0.2754
	year-on-year index	118.7	101.7	134	
balance	CZK thousands	3 991 552	5 053 087	4 729 649	
foreign investments incoming	direct (CZK thousands)	400	3 200	4800	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	0	-700	600	
	portfolio (CZK thousands)	no record	500	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

After the growth in trade exchange in 2003, this indicator increased slightly again in 2004, aided by the Czech Republic's and Lithuania's accession to the EU. Lithuania continued to be the Czech Republic's most important Baltic partner in terms of Czech exports and trade turnover.

The Czech Republic's principal export commodities: passenger cars, sanitary fittings, household chemicals, electrical household appliances, kitchen furniture, glass and ceramics,

heating boilers and radiators, tools and implements, small hydro-electric plants, clothing, crockery and kitchen utensils, large-capacity oil tanks.

The Czech Republic's principal import commodities: refrigerators, chemical raw materials, textile fibres and yarn, furniture and other wooden products, aluminium.

### *Cultural Relations*

The quality of cultural cooperation was high and continued to improve. There were an increased number of exhibitions and concerts. Key events included a presentation of Czech films at the "Vilnius Spring 2004" festival, a concert of organ music to honour the 75<sup>th</sup> anniversary of the birth of composer P. Eben, a performance by the Youth children's choir in Vilnius, a tour by the Military Performing Ensemble Ondráš and an exhibition titled "The Beauties and Mysteries of the Czech Republic". Events staged as a part of the celebrations of Lithuania's accession to the EU also helped to raise awareness of the Czech Republic – in particular the Czech Embassy's participation in an event called "The European Market", featuring presentations of Czech culinary products and promotional items, an exhibition of photographs by I. Soudková and an exhibition of touchable historical glass.

## **REPUBLIC OF MALTA**

Czech-Maltese relations developed successfully at bilateral and multilateral level in the context of European integration; governmental and parliamentary dialogue developed intensively. The two countries are united by their new membership of the EU, similar views on the future face of Europe, small geographical size and a history of co-existence of several cultures. In the area of defence, the Czech Republic and Malta are both engaged in the fight against international terrorism.

### *Visits by representatives of the Czech Republic:*

- 2-6 February 2004 – visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament of the Czech Republic;
- 11-14 November 2004 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament of the Czech Republic;

- 24-26 November 2004 – visit by a delegation of the Senate of Parliament of the Czech Republic, led by President of the Senate P. Pithart.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	593 085	282 275	498 834	0.0300
	year-on-year index	124.8	47.6	176.7	
exports	CZK thousands	181 061	136 551	321 485	0.0200
	year-on-year index	114.2	75.4	235.4	
imports	CZK thousands	412 024	145 724	177 349	0.0101
	year-on-year index	130.1	35.4	121.7	
balance	CZK thousands	-230 963	-9 173	144 136	
foreign investments incoming	-direct (CZK thousands)	115 700	94 200	118 600	
	-portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	-direct (CZK thousands)	0	0	0	
	-portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade between the Czech Republic and Malta is growing. In contrast to previous years, in 2004 the Czech Republic ended the year with a large balance of trade surplus with Malta. Tourism plays a central role in economic relations between the two countries.

The Czech Republic's principal export commodities: machinery and transport equipment, raw materials, chemicals, foodstuffs.

The Czech Republic's principal import commodities: electrical equipment and machinery, artificial fibres, knitted goods, medicaments. Electronic integrated circuits account for a full half of Czech imports from Malta. Most of these components are supplied by Maltese firms to the Czech car industry.

### *Cultural Relations*

A significant cultural event was the gala concert of the Moravian Academic Singing Association, which took place as a part of "Czech Music Week".

## REPUBLIC OF MOLDOVA

Bilateral relations between the Czech Republic and Moldova are good and focused on economic and trade cooperation. Government resolution No. 302 of 31 March 2004 included Moldova among eight foreign development cooperation priority countries for 2006-2010. The Czech Republic is also involved in the efforts to resolve the Transnistrian issue within the OSCE framework.

### *Visits by representatives of Moldova:*

- 9-11 September 2004 – visit by President of Parliament E. Ostapciuc;
- 14 October 2004 – visit by Minister of Foreign Affairs A. Stratan.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	401 114	450 407	1 122 651	0.0329
	year-on-year index	63.9	112.3	249.3	
exports	CZK thousands	362 225	393 619	614 929	0.0180
	year-on-year index	61.4	108.7	156.2	
imports	CZK thousands	38 889	56 788	507 422	0.0149
	year-on-year index	102.9	146.0	893.5	
balance	CZK thousands	323 336	336 831	107 507	
foreign investments incoming	-direct (CZK thousands)	1 100	7 100	2 400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	-direct (CZK thousands)	no record	500	no record	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1/ Czech Statistical Office, February 2005 (foreign trade data)  
2/ Czech National Bank, March 2005 (investments data)

The volume of trade exchange between the Czech Republic and Moldova in 2004 was more than double the level in 2003.

The Czech Republic's principal export commodities: electronic audio and video recording and reproduction devices, motor vehicles, tractors and other vehicles, reactors, boilers, mechanical devices and instruments, consumer goods (glass, chandeliers), *et al.*

The Czech Republic's principal import commodities: iron and steel rods and bars, footwear, wine, must, preserves, jelly, textiles, *et al.*

*Bilateral agreements concluded in 2004*

- Air Transport Agreement between the Government of the Czech Republic and the Government of the Republic of Moldova, Kishinev, 24 February 2004;
- Protocol to the Agreement between the Czech Republic and the Republic of Moldova for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Property, Prague 14 October 2004.

*Cultural Relations*

The Czech Centre in Bucharest co-organised with the Czech Embassy in Bucharest several cultural events in Kishinev, which met with considerable interest (Czech musicians taking part in international festivals, exhibitions, Czech experts taking part in symposia and seminars).

The Czech Republic provided Moldova with four university scholarships. There is considerable interest in studying in the Czech Republic among Moldovan students – the number of applicants far exceeds the available quota.

## **REPUBLIC OF NAMIBIA**

Namibia is one of the biggest beneficiaries of Czech development aid in Africa. In 2004, five development projects were implemented by various guarantors. An implementation agreement was signed for the project to build a leather footwear manufacturing plant and supplies of machinery and equipment were started. At present, trade exchange falls short of the two countries' potential. Several projects were ongoing: a People in Need project to stabilise families affected by HIV/AIDS; a project of the Institute of Tropics and Subtropics to support the development of agricultural studies at secondary school and university level; a project of J. E. Purkyně University to develop technical and economics study programmes; and a project of the Czech Geological Service aimed at assessing the environmental impact of ore extraction and processing.

*Visits by representatives of Namibia:*

- 10-13 October 2004 – working visit by Minister of Education N. Angula;
- 6-9 December 2004 – working visit by Minister of Environment and Tourism P. Malima.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	15 394	10 999	16 029	0.0005
	year-on-year index	135.4	71.4	145.7	
Exports	CZK thousands	2 129	4 520	12 279	0.0007
	year-on-year index	20.2	212.3	271.7	
imports	CZK thousands	13 265	6 479	3 750	0.0002
	year-on-year index	1 588.6	48.8	57.9	
balance	CZK thousands	-11 136	-1 959	8 529	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: footwear manufacturing machines, firearms and ammunition.

The Czech Republic's principal import commodities: fruit and vegetables, copper products, fish.

*Cultural Relations*

As a part of the presentation of Czech culture, an exhibition of works of graphic art from the gallery of M. Kumbárová was staged in Walvis Bay. Direct cooperation between educational and research institutes in the two countries continued.

As a part of development cooperation, the Czech Republic provided Namibia with two university scholarships for the 2004/2005 academic year.

## REPUBLIC OF NICARAGUA

Relations between the Czech Republic and Nicaragua have traditionally been friendly. Emphasis is placed on trade and economic cooperation, but their potential has not yet been fully exploited.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	18 007	5 924	15 497	0.0045
	year-on-year index	58.6	32.9	261.6	
exports	CZK thousands	6 313	3 529	10 423	0.0006
	year-on-year index	84.4	55.9	295.4	
imports	CZK thousands	11 694	2 395	5 074	0.0003
	year-on-year index	50.3	20.5	211.9	
balance	CZK thousands	-5 381	1 134	5 349	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources : 1) Czech Statistical Office, February 2005 (foreign trade data),

2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: rolling machines, tyres, pencils and crayons, packaging materials, sewing equipment, mirrors, ball-bearings, leatherworking machinery, fertilisers, light fittings, pumps.

The Czech Republic's principal import commodities: dishwashers, tomatoes, tropical fruit, nuts, refrigerated vegetables, cigars, coffee, textiles, tropical flowers and plants.

### *Cultural Relations*

The Czech Republic offered Nicaragua three university scholarships in 2004.

## REPUBLIC OF PARAGUAY

Relations between the Czech Republic and Paraguay are good and focused on economic cooperation. Paraguay's membership of MERCOSUR provides an opportunity for further development of economic and trade cooperation with the Czech Republic.



*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	42 571	18 538	15 115	0.0004
	year-on-year index	101.0	43.5	81.5	
exports	CZK thousands	21 154	14 044	11 839	0.0007
	year-on-year index	57.8	66.4	84.3	
imports	CZK thousands	21 417	4 494	3 276	0.0002
	year-on-year index	386.9	21.0	72.9	
balance	CZK thousands	-263	-9 550	8 563	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: arms, vulcanisation accelerators and plasticisers, paper, razors and razorblades, pens and pencils.

The Czech Republic's principal import commodities: seeds and oleaginous fruits, molasses, coffee and tea concentrates, horsehair, tanned leather.

*Cultural Relations*

The Czech Republic provided Paraguay with six university scholarships in 2004.

## REPUBLIC OF PERU

The favourable development of relations between the Czech Republic and Peru continued in 2004, with emphasis on expanding cooperation in the economic and trade area, which is displaying steady growth.

In June, the Czech government approved a development cooperation project titled "Development of Thermal and Mineral Waters in Peru", worth a total value of CZK 10 million, which is scheduled for implementation in 2005-2007.

*Visits by representatives of the Czech Republic:*

- 9-13 October 2004 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament of the Czech Republic.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	402 755	325 376	510 710	0.0150
	year-on-year index	66.0	80.8	157.0	
exports	CZK thousands	172 001	96 456	242 070	0.0143
	year-on-year index	78.6	56.1	251.0	
imports	CZK thousands	230 754	228 920	268 640	0.0156
	year-on-year index	125.4	99.2	117.4	
balance	CZK thousands	58 753	-132 464	-26 570	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	600 000	-5 200	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)

2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: foodstuffs processing machinery, pipes, pencils and leads, textile machinery, floor tiles, iron profiles.

The Czech Republic's principal import commodities: fish products, coffee, sheets and foils, chemicals, dyes, citrus fruits.

*Cultural Relations*

In 2004, Czech experts from Masaryk University in Brno continued to take part in Antarctic research at the Peruvian Macchu Picchu Antarctic base, which was institutionalised for a further five-year period by agreement in June 2004.

In education, cooperation focused on scholarships for graduate and postgraduate study which the Czech Republic provides as a part of foreign development aid. The Czech Republic provided Peru with six scholarships for the 2004/2005 academic year. Peru offered the Ministry of Foreign Affairs of the Czech Republic one scholarship for study at the Diplomatic Academy of the Peruvian Ministry of Foreign Affairs in Lima.

**REPUBLIC OF POLAND**

Relations between the Czech Republic and Poland are of a strategic nature. The two countries are very close and work together intensively in many areas. Accession to the EU raised the traditionally very good relations to a higher level and made possible even closer

cooperation at EU and Euro-Atlantic level and in the context of the Central European region. In 2004, this included frequent bilateral consultations, as well as cooperation in V4 and other multilateral forums. Contacts developed intensively between regions, towns and municipalities, cultural and educational institutions, non-governmental organisations and individuals. Cross-border cooperation has proved to be highly promising in connection with the preparations to join the Schengen area.

### *Visits by representatives of the Czech Republic:*

- 24-25 May 2004 – President of the Senate of Parliament of the Czech Republic P. Pithart attended a meeting of the Association of European Senates;
- 31 May – 3 June 2004 – visit by a delegation of the Committee for Social Policy and Health Care of the Chamber of Deputies of Parliament of the Czech Republic;
- 22 September 2004 – working visit by Prime Minister S. Gross.

### *Visits by representatives of Poland:*

- 4-5 May 2004 – official visit by Speaker of the Senate L. H. Pastusiak;
- 14-17 November 2004 – visit by a delegation of the Commission for the Special Services of the Sejm;
- 15 November 2004 – working visit by Minister of Defence J. Szmajdzinski;
- 7-8 December 2004 – official visit by President A. Kwasniewski, accompanied by Minister of Interior and Administration R. Kalisz and Minister of Culture W. Dabrowski.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	112 431 588	125 482 247	167 952 542	4.9195
	year-on-year index	94.9	111.6	133.9	
exports	CZK thousands	59 245 382	65 673 015	87 775 755	5.1733
	year-on-year index	90.1	110.9	133.7	
imports	CZK thousands	53 186 207	59 809 231	80 176 787	4.6687
	year-on-year index	101	112.5	134.1	
balance	CZK thousands	6 059 175	5 863 784	7 598 969	
foreign investments incoming	direct (CZK thousands)	81 100	-105 900	11 400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	-10 200	-33 500	639 500	
	portfolio (CZK thousands)	5 917 900	11 938 500	10 196 700	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

In the area of foreign investments, the key development in 2004 was the increased interest in the Czech market among Polish investors (PKN Orlen – Unipetrol, a.s., Prokom S.A - PVT a.s., Maspex S.A - Walmark). A major investment from the Czech Republic is the construction of a plant by Kofola a.s. to produce non-carbonated non-alcoholic fruit drinks near the city of Lodz.

Trade exchange between the Czech Republic and Poland continued to grow in 2004; for the first time since 2000, there was a year-on-year increase in the Czech Republic's balance of trade surplus with Poland (up CZK 1.7 billion). In 2004, Poland was the Czech Republic's 6<sup>th</sup> biggest trading partner in terms of total trade turnover. The increase in trade was aided by the two countries' accession to the EU.

The Czech Republic's principal export commodities: machinery and transport equipment (passenger cars, tractors, machine tools), metallurgical products, tyres, television sets and screens, chemicals, hygiene products, animal and vegetable fats, malt, *et al.*

The Czech Republic's principal import commodities: machinery and transport equipment, mineral oils and lubricants, foodstuffs and live animals, petrochemical products, electrical engineering products, metallurgical semi-finished products, coal, coke, scrap iron, furniture. Imports of foodstuffs and live animals, beverages, tobacco, mineral fuels and lubricants increased.

*Bilateral agreements concluded in 2004*

- Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Mutual Protection of Classified Information, Prague, 7 December 2004;
- Programme of Cooperation between the Ministry of Culture of the Czech Republic and Minister of Culture of the Republic of Poland for the Years 2004-2006, Prague, 7 December 2004;
- Protocol between the Government of the Czech Republic and the Government of the Republic of Poland on the transfer of manuscripts and incunabula coming from the collection of the Jewish Theological Seminary in Wroclaw and deposited during the Second World War in the Provincial and University Library in Prague, legal predecessor of the National Library of the Czech Republic, Prague, 7 December 2004.

*Cultural Relations*

Cultural relations between the Czech Republic and Poland took place at many levels, from governmental to private activities. The signing of the Programme of Cooperation between the Ministry of Culture of the Czech Republic and Minister of Culture of the Republic of Poland for the Years 2004-2006 was an impulse for the further development of cultural contacts.

In 2004, the most successful event in cultural cooperation was again the “On the Border” theatre festival, which is held every year in Český Těšín and Polish Cieszyn. True to tradition, the event was a showcase of the most interesting works from the repertoires of Czech, Polish and Slovak theatres, accompanied by creative seminars, meetings and discussions between theatre professionals from the participating countries. Other regular events included “Czech-Polish Days” and “Czech Scholars Days” in Opole. “Czech Days”, a travelling exhibition titled “The Czech Bible Over the Centuries”, a festival of 1960s Czechoslovak cinema titled “Closely Watched Trains” and a concert by virtuoso violinist A. Hudeček were rated very positively in the Polish mass media. In connection with the two countries’ accession to the EU, the Czech embassy registered increased demand for information about the Czech Republic and Czech language studies.

## REPUBLIC OF SENEGAL

Relations between the Czech Republic and Senegal have long been problem-free. Bilateral relations are gradually being revived, especially in the economic area.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	41 812	47 587	114 606	0.0033
	year-on-year index	129.8	113.8	240.8	
exports	CZK thousands	40 385	37 043	96 715	0.0056
	year-on-year index	156.6	91.7	261.1	
imports	CZK thousands	1 427	10 544	17 891	0.0010
	year-on-year index	22.3	738.9	169.7	
balance	CZK thousands	38 958	26 499	78 823	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Senegal is one of the Czech Republic's more important trading partners in sub-Saharan Africa; moreover, trade exchange is clearly set to grow further. The trade figures achieved in 2004 confirm this.

The Czech Republic's principal export commodities: iron and steel, paper, glass and glass jewellery, caps and fezzes, dried milk.

The Czech Republic's principal import commodities: cotton, telephones, vegetables.

### *Cultural Relations*

The "DAK'ART 2004" biennale in Dakar featured an exhibition by Czech artist R. Pešek. As a part of the celebrations of the Czech Republic's accession to the EU, the film *Bouquet* was shown in Dakar. In October 2004, an exhibition titled "Czech Press Photo 2000" was opened to mark the occasion of the Czech Republic's National Day. The Czech embassy was involved in the publication of a textbook for elementary schools in Senegal.

During Francophonie Days, Senegalese all-girl rap group Alif toured the Czech Republic. Tangana Yoff, a musical project by Czech, Austrian and Senegalese musicians,

gave a concert as a part of the “Prague-Vienna-Dakar” project and appeared on Czech Television and Czech Radio.

A project of the Institute of Tropics and Subtropics of the Czech Agricultural University, focusing on the agricultural use and conservation of antelopes, went ahead in 2004.

## REPUBLIC OF SINGAPORE

Relations between the Czech Republic and Singapore have traditionally been very good. Singapore has for long been one of the Czech Republic’s biggest trading partners in Southeast Asia.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	10 187 622	10 903 095	9 176 417	0.2688
	year-on-year index	116.9	107.0	84.2	
exports	CZK thousands	2 774 291	3 327 622	3 613 064	0.2129
	year-on-year index	86.6	119.9	108.6	
imports	CZK thousands	7 413 331	7 575 473	5 563 353	0.3240
	year-on-year index	134.5	102.2	73.4	
balance	CZK thousands	-4 639 040	-4 247 851	-1 950 289	
foreign investments - incoming	direct (CZK thousands)	101 600	0	27 000	
	portfolio (CZK thousands)	no record	2 100	no record	
foreign investments - outgoing	direct (CZK thousands)	0	-300	82 600	
	portfolio (CZK thousands)	1 800	no record	13 100	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic’s principal export commodities: motor vehicle parts and accessories, integrated circuits, condensers, transistors, electric devices – batteries and light bulbs, electric switches and resistors, telecommunications equipment, razorblades, dried milk, paper products, glass products.

The Czech Republic’s principal import commodities: memory units and other computer components, integrated circuits and other semiconductors, switching equipment, telecommunications equipment, bicycle and motorcycle parts and accessories, musical instruments, natural rubber.

### *Cultural Relations*

In 2004, there was an exhibition of Czech illustrations of children's books, Czech gastronomy days and a gala evening to mark the launch of the Škoda Superb on the Singaporean market.

In February, representatives of the Singaporean Agency for Science, Technology and Research met with representatives of the Czech Technical University, Charles University, the Academy of Sciences of the Czech Republic and state administration to discuss cooperation in science and research. Regarding contacts in the field of education, Nanyang Technological University signed a cooperation agreement with the Czech Technical University, and Singapore Management University a cooperation agreement with the University of Economics, Prague.

## **REPUBLIC OF SLOVENIA**

Bilateral relations between the Czech Republic and Slovenia retained their very good level and intensity, partly in view of the two countries' very close positions on regional cooperation, the EU, NATO and other current foreign policy issues. Top-level state representatives met mainly in multilateral forums – the lower frequency of bilateral visits was influenced by the parliamentary elections in Slovenia.

### *Visits by representatives of the Czech Republic:*

- 2-4 June 2004 – visit by a delegation of the Committee for Petitions of the Chamber of Deputies of Parliament of the Czech Republic.

### *Visits by representatives of Slovenia:*

- 15 January 2004 – working visit by President of the National Assembly B. Pahor;
- 11-12 March 2004 – visit by a delegation of the Committee on Foreign Policy of the National Assembly.



### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	15 957 770	17 487 613	19 568 637	0.5731
	year-on-year index	97.6	109.6	111.9	
exports	CZK thousands	8 024 531	9 020 384	10 020 356	0.5905
	year-on-year index	95.8	112.4	111.1	
imports	CZK thousands	7 933 238	8 467 229	9 548 280	0.5562
	year-on-year index	99.4	106.7	112.8	
balance	CZK thousands	91 293	553 155	472 076	
foreign investments- incoming	direct (CZK thousands)	816 300	-31300	32 000	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments- outgoing	direct (CZK thousands)	2 142 700	-7 600	-128 100	
	portfolio (CZK thousands)	no record	no record	959 700	

Sources: 1/ Czech Statistical Office, February 2005 (foreign trade data)  
2/ Czech National Bank, March 2005 (investments data)

Economic relations continued to develop very well in 2004. Their dynamism increased after both countries joined the EU, which is confirmed by the record turnover achieved in trade exchange. However, the Czech Republic's balance of trade surplus fell year-on-year. Slovenia is the Czech Republic's 22<sup>nd</sup> biggest trading partner.

The Czech Republic's principal export commodities: steel industry products, tyres, glass products, passenger cars, paper and cellulose, timber, chemicals, detergents, coke, livestock.

The Czech Republic's principal import commodities: medicines and healthcare equipment, leather, household technology, furniture, car and motors, paper and cardboard, steel rods and aluminium profiles, generators.

### *Cultural Relations*

Czech-Slovene cultural relations continued to develop steadily. Music was the aspect of Czech culture with the strongest presence in Slovenia in 2004. The most significant events included performances by VRRM, MCH Band, Už jsme doma and Jablkoň, a performance by a bagpipe band from Strakonice as a part of the EU enlargement celebrations, a performance by Czech puppeteers at the Mini Summer festival and a concert by pianist T. Víšek, organised on the occasion of the Czech Republic's National Day.

Other Czech cultural events worth mentioning were two exhibitions, "Jewish Architects from Brno", "Pilgrimage Sites in the Czech Republic", and an exposition of the

Moravian Regional Museum in Brno as a part of an exhibition of ethnography museums in Ljubljana. The Brno National Theatre performed Goldoni's *Women's Gossip* in the Slovenian National Theatre in Ljubljana. In cinema, *The Elementary School*, *Black Barons*, *Cabriolet* and *Boredom in Brno* were shown on Slovenian television as a part of "Czech Film Month". *Czech Dream* and *Faithless Games* were screened at the 15<sup>th</sup> Ljubljana International Film Festival.

The principal event in educational cooperation was the start of Czech language courses at the Arts Faculty of Ljubljana University.

## REPUBLIC OF SOUTH AFRICA

In 2004, the Republic of South Africa consolidated its position as the Czech Republic's most important political and economic partner in sub-Saharan Africa. The most pronounced progress was registered in trade, education, culture and tourism. The inauguration of the re-elected president T. Mbeki was attended by a delegation of representatives of the Czech Republic, led by President of the Senate of Parliament of the Czech Republic P. Pithart.

### *Visits by representatives of the Czech Republic:*

- 26-28 April 2004 – official visit by President of the Senate of Parliament of the Czech Republic P. Pithart with a delegation.

### *Visits by representatives of South Africa:*

- 27-29 September 2004 – working visit by Minister of Environmental Affairs and Tourism M. van Schalkwyk.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	2 752 606	2 967 340	5 157 707	0.1511
	year-on-year index	143.6	107.8	173.8	
exports	CZK thousands	1 226 839	1 195 158	1 839 815	0.1084
	year-on-year index	176.8	97.4	153.9	
imports	CZK thousands	1 525 767	1 772 182	3 317 892	0.1932
	year-on-year index	124.7	116.1	187.2	
balance	CZK thousands	-298 928	-577 024	-1 478 077	
foreign investments - incoming	direct (CZK thousands)	0	0	400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	1.800	500	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

In 2004, South Africa continued to be the Czech Republic's most important trading partner in sub-Saharan Africa and in Africa as a whole. Trade exchange registered further growth to exceed USD 200 million in value.

The Czech Republic's principal export commodities: automatic data processing equipment, motor vehicle spares and parts, electrical instruments and devices, machinery and plant equipment, paper.

The Czech Republic's principal import commodities: wool and synthetic fibres, filters and cleaning machines, inorganic chemicals, fruit, iron and steel, leather and leather products, chrome ores, medicaments.

*Cultural Relations*

Czech culture was again presented in many forms in South Africa in 2004 (a piano concert by L. Nováček, an exhibition of graphic art by M. Kumbárová, a Czech concert by the Johannesburg Philharmonic Orchestra, an exhibition of children's drawings from Terezín, participation in an EU film festival, an exhibition of "Emil Holub – Life and Work", an exhibition of children's art from three elementary schools in Prague, a lecture on Czech opera and a concert tour by organist J. Tůma). Direct cooperation between educational and research institutions in the two countries also continued.

## REPUBLIC OF THE SUDAN

The Czech Republic supported the efforts by the international community to achieve a peaceful solution to the conflict in Sudan. It actively supported EU policy on Sudan during a visit to the country by Minister of Foreign Affairs C. Svoboda. The Czech Republic also provided financial assistance of CZK 10 million towards resolving the humanitarian crisis in the Darfur region.

### *Visits by representatives of the Czech Republic:*

- 3-5 December 2004 –working visit by Minister of Foreign Affairs C. Svoboda.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	108 708	85 246	158 982	0.0047
	year-on-year index	44.0	78.4	186.5	
exports	CZK thousands	87 435	46 146	131 491	0.0077
	year-on-year index	47.0	52.8	292.9	
imports	CZK thousands	21 273	39 100	27 491	0.0023
	year-on-year index	34.9	183.8	70.5	
balance	CZK thousands	66 162	7 046	104 000	
foreign investments incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: motor vehicles, machinery and plant equipment, chemical products, glass.

The Czech Republic's principal import commodities: cotton, plant seeds and fruits, gum arabic.

### *Cultural Relations*

In 2004, the Czech Republic provided Sudan with two university scholarships.

## REPUBLIC OF THE PHILIPPINES

The Philippines is an important Southeast Asian partner of the Czech Republic. Relations between the two countries are friendly, with the emphasis on trade and economic cooperation.

### *Visits by representatives of the Czech Republic:*

- 31 January – 3 February 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	6 856 091	9 593 830	7 940 722	0.2326
	year-on-year index	338.6	139.9	82.77	
exports	CZK thousands	261 161	570 791	668 794	0.0394
	year-on-year index	66.8	218.6	117.17	
imports	CZK thousands	6 594 930	9 023 039	7 271 929	0.4235
	year-on-year index	403.6	136.8	80.59	
balance	CZK thousands	-6 333 769	-8 452 248	-6 603 135	
foreign investments - incoming	direct (CZK thousands)	no record	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	no record	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Since the year 2000, trade exchange has been in imbalance as a result of re-exports of large volumes of electronic circuits and components that Taiwanese firms assemble in the Philippines and export to the Czech Republic as Philippine products. In the Czech Republic, these products are completed and exported to countries in Central and Eastern Europe.

The Czech Republic's principal export commodities: metalworking machinery, motors, foodstuffs processing machines, textile machines, spare parts for railway carriages, parts for data processing machines, electronic parts, electronic devices, telecommunications equipment and parts, paper, plastic pipes and hoses.

The Czech Republic's principal import commodities: accumulators, transmitter and receiver parts, vehicle parts, diodes, electronic circuits, transmission devices for television and radio, transformers, optical fibres, electronics and computer components.

### *Cultural Relations*

Manila hosted an international film festival titled “CineEuropa”, at which Czech film *Divided We Fall* was screened. In collaboration with the Czech embassy, the Brno State Philharmonic gave a concert in Manila in November as a part of the “Toyota Classics 2004” tour.

In 2004, two Philippine scholarship beneficiaries started language training in the Czech Republic in preparation for university study.

## REPUBLIC OF TAJIKISTAN

Relations between the Czech Republic and Tajikistan are focused on economic cooperation, but political contacts were strengthened in 2004. The Czech Republic is perceived in Tajikistan as a potentially important partner that can follow up contacts from previous periods. The Czech Republic’s significance underwent a qualitative change after it joined the EU.

### *Visits by representatives of Tajikistan:*

- 7-11 October 2004 – visit by President E. Rakhmonov.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	673 572	474 534	563 190	0.0165
	year-on-year index		70.5	118.7	
exports	CZK thousands	28 462	33 472	68 799	0.0041
	year-on-year index		117.6	205.5	
imports	CZK thousands	645 110	441 062	494 391	0.0288
	year-on-year index		68.4	112.1	
balance	CZK thousands	-616 648	-407 590	-425 592	
foreign investments-incoming	direct (CZK thousands)	0		0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments-outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Representatives of the Republic of Tajikistan are very interested in participation of the Czech firms in the rebuilding of the war-torn country and there is a real possibility for more extensive involvement of Czech capital in the Tajik economy.

The Czech Republic's principal export commodities: machinery and transport vehicles, chemicals, consumer goods.

The Czech Republic's principal import commodities: raw materials (cotton and aluminium), consumer goods.

### *Cultural Relations*

Cultural relations are underdeveloped. Nevertheless, the Czech Republic provides government scholarships for students from Tajikistan – there is considerable interest in these scholarships.

## REPUBLIC OF TUNISIA

For a number of years, the Czech Republic's bilateral relations with Tunisia have been its most intensive in the Southern Mediterranean. The core of cooperation lies in economic and trade exchange, with tourism playing an increasingly important role.

### *Visits by representatives of the Czech Republic:*

- 6-9 December 2004 – working visit by Minister of Industry and Trade M. Urban.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	975 345	1 204 318	1 184 327	0.0347
	year-on-year index	144.9	123.5	98.3	
exports	CZK thousands	349 954	585 722	602 194	0.0355
	year-on-year index	106	167.4	102.8	
imports	CZK thousands	625 391	618 596	582 133	0.0339
	year-on-year index	182.5	98.9	83.7	
balance	CZK thousands	-275 437	-32 874	20 061	
foreign investments- incoming	direct ( CZK thousands )	0	0	0	
	portfolio ( CZK thousands )	no record	no record	no record	
foreign investments- outgoing	direct ( CZK thousands )	0	0	0	
	portfolio ( CZK thousands )	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: aircraft and their parts, iron and steel products, profiles, pipes, sheet, rods, digital data processing systems, paraffin, parts for filtering and purifying machines and devices, craft paper, tyres, glass products and chandeliers, unwoven textiles and fabrics.

The Czech Republic's principal import commodities: ignition systems and installations for vehicles, spark ignition equipment, men's, women's and children's clothing products.

### *Cultural Relations*

The musical duo (piano and oboe) of D. Wiesner and D. Prosek took part in an international music festival in Carthage. A. Nellis's film *Some Secrets* was screened during European cinema week. Tunisian children took part in another year of the "Lidice" international art competition.

## REPUBLIC OF TURKEY

Relations between the Czech Republic and Turkey developed in the context of Euro-Atlantic partnership and Turkey's key role in the region. The culmination of political dialogue was a visit by Deputy Prime Minister and Minister of Foreign Affairs A. Gul in October 2004.

Economic cooperation developed successfully. At the beginning of April, there was a meeting of the Turkish-Czech Working Committee on Energy in Prague.

The relaxation of the visa regime for holders of Turkey tourist passports and the introduction of a visa-free regime for the same category of Czech passports by Turkey as of 1 January 2005 should have a positive impact on trade and cooperation in culture and science. This move was agreed on during talks held between Minister of Foreign Affairs of the Republic of Turkey A. Gul and Minister of Foreign Affairs of the Czech Republic C. Svoboda.



*Visits by representatives of the Czech Republic:*

- 23-27 May 2004 – visit by a delegation of the Committee on Foreign Affairs, Defence and Security of the Senate of Parliament of the Czech Republic;
- 28-29 June 2004 – visit by President V. Klaus, Prime Minister V. Špidla and Minister of Defence M. Kostelka on the occasion of the NATO summit in Istanbul;
- 26-30 September 2004 – visit by a delegation of the Committee on Constitution and Legal Affairs of the Chamber of Deputies of Parliament of the Czech Republic.

*Visits by representatives of Turkey:*

- 6-8 April 2004 – working visit by Deputy Prime Minister A. Sener (session of the Joint Economic Commission);
- 13-15 April 2004 – working visit by Minister of Energy H. Guler;
- 15-17 April 2004 – working visit by Minister of Health R. Akdag;
- 25-26 October 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs A. Gül.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	16 556 754	18 480 946	23 713 793	0.6946
	year-on-year index	145.3	111.6	128.4	
exports	CZK thousands	8 901 069	9 248 664	13 469 873	0.7939
	year-on-year index	183.1	103.9	145.6	
imports	CZK thousands	7 645 999	9 232 282	10 243 920	0.5965
	year-on-year index	117.1	120.7	111.0	
balance	CZK thousands	1 267 178	16 382	3 225 953	
foreign investments - incoming	direct (CZK thousands)	200		3 300	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	no record	1 100	
	portfolio (CZK thousands)	164 900	4 400	22 400	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Turkey is one of the Czech Republic's most important trading partners. Turkey is the Czech Republic's 19<sup>th</sup> biggest trading partner in terms of total trade turnover and is the 17<sup>th</sup> biggest destination for Czech exports.

The establishment of a joint Czech-Turkish Working Committee for Energy in Prague in April 2004 was one important step in the development of relations in 2004.

The Czech Republic's principal export commodities: television screens, automobile industry products, including parts and car radios, peripheral units for data processing, wool and animal fibres, PVC, *et al.*

The Czech Republic's principal import commodities: textile and clothing, car industry products, including parts, television sets, *et al.*

### *Bilateral agreements concluded in 2004*

- Agreement between the Government of the Czech Republic and the Government of the Republic of Turkey on Cooperation in the Fields of Culture, Education, Science, Youth and Sports, which entered into force on 10 June 2004;
- Agreement between the Czech Republic and the Republic of Turkey on Social Security of 26 October 2004; a protocol on exchange of instruments of ratification was signed.

### *Cultural Relations*

An exhibition titled "Discover the Czech Republic – a new EU member" was staged in Kars. There was also a whole series of cultural events involving artists from the Czech Republic in 2004: *Laterna Magica* and violinist V. Hudeček, accompanied by pianist P. Adamec, performed in Ankara. V. Hudeček returned to Ankara in October 2004, when he performed with the Bilkent Universitesi orchestra. A number of Czech animated films and the feature film *Zelary* were screened at the "European Film Festival" in October. Cooperation at academic level and university student exchanges continue. The Czech Republic and Turkey each provided the other with one university scholarship. Direct cooperation also continues between certain universities (the Kafkas University Forestry Faculty in Artvin with the Forestry Faculty of the Czech University of Agriculture; the Middle East Technical University in Ankara cooperates with the Czech Technical University in Prague and the Brno Technical University).

## REPUBLIC OF UZBEKISTAN

Uzbekistan is an important Central Asian partner for the Czech Republic. Mutual cooperation is focused on economic ties, and new treaties are being signed to facilitate trade exchange. A significant factor in mutual relations was the visit to Uzbekistan by President V. Klaus in September 2004. The Czech Republic has for several years provided humanitarian aid in the form of bottled drinking water and water pumps for the far west region of the country, Karakalpakstan, which has found itself on the verge of an environmental catastrophe owing to the drying up of the Aral Sea.

### *Visits by representatives of the Czech Republic:*

- 12-15 September 2004 – official visit by President V. Klaus.

### *Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators
turnover	CZK thousands	2 125 415	806 830	862 241	0.0253
	year-on-year index	114.7	38.0	106.9	
exports	CZK thousands	1 158 171	245 489	367 013	0.0216
	year-on-year index	154.3	21.2	149.5	
imports	CZK thousands	967 244	561 341	495 228	0.0288
	year-on-year index	87.8	58.0	88.2	
balance	CZK thousands	190 927	-315 852	-128 215	
foreign investments incoming	direct (CZK thousands)	0	3 200	1 200	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	0	17 200	5 600	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: machinery and transport vehicles, chemicals, foodstuffs, pharmaceutical products.

The Czech Republic's principal import commodities: raw materials (cotton), consumer goods, chemicals.

### *Cultural Relations*

Cooperation takes place chiefly in education – the Czech Republic provided Uzbekistan with five university scholarships for the 2004/2005 academic year. There are

more than a hundred Uzbeks studying at Czech universities, both on scholarships and self-financed.

## REPUBLIC OF YEMEN

Czech-Yemeni relations have for long been stable and continued to develop in 2004, centring on economic cooperation. In June, consultations took place between the general staffs of the two countries' armies.

Czech government resolution No. 302 of 31 March 2004 included Yemen among the Czech Republic's eight foreign development cooperation priority countries for 2006-2010. In December, after a duration of five years, a development project designed to protect biodiversity and to treat waste water on the island of Sokotra was successfully completed.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	394 053	65 739	149 000	0.0043
	year-on-year index	196.0	16.7	226.4	
exports	CZK thousands	388 160	65 488	148 693	0.0088
	year-on-year index	203.9	16.9	226.8	
imports	CZK thousands	5 893	251	307	0.0000
	year-on-year index	55.1	4.3	122.3	
balance	CZK thousands	382 267	65 237	148 386	
foreign investments incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: spares for track- and wheel-based vehicles, tyres, medicines and medicaments, fertilisers, paper, timber, construction steel, medical apparatus and instruments, healthcare material, textile goods, shoes, agricultural machinery, spare parts for the car industry.

The Czech Republic's principal import commodities: sheepskin.

### *Cultural Relations*

In 2004, the Czech Republic took part in the 8<sup>th</sup> European Film Festival. The Czech Republic provided Yemen with five university scholarships for the 2004/2005 academic year.

## REPUBLIC OF ZAMBIA

The long-standing and traditionally friendly relations between the Czech Republic and Zambia continued to develop in 2004; trade contacts are gradually being revived.

Government resolution No. 302 of 31 March 2004 included Zambia among eight priority countries that will receive Czech development aid in 2006-2010. Following this decision, Zambia was visited by several expert delegations from the Czech Republic that are preparing the overall plan and structure of Czech development aid. Projects are currently ongoing in Zambia in the area of geology, healthcare and agriculture.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	21 644	8 198	24 238	0.0007
	year-on-year index	104.1	37.9	295.7	
exports	CZK thousands	19 255	6 960	22 193	0.0013
	year-on-year index	200.4	36.1	318.9	
imports	CZK thousands	2 389	1 238	2 045	0.0001
	year-on-year index	21.4	51.8	165.3	
balance	CZK thousands	16 866	5 722	20 147	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

After the fall in trade exchange in 2003, the trade volumes of previous years were again achieved in 2004.

The Czech Republic's principal export commodities: telecommunications and electrical equipment, firearms.

The Czech Republic's principal import commodities: clothing and underwear, cobalt.

### *Cultural Relations*

The Czech embassy in Harare staged an exhibition in Zambia devoted to the Czech explorer E. Holub, who is known for his writings on ethnic groups in today's Zambia. The first installation of the exhibition took place in the Royal Nayuma Museum in the seat of the Lozi king at Limulunga; the second in the National Museum of Zambia in the capital Lusaka (co-organised by the Austrian embassy).

As a part of development cooperation, the Czech Republic provided Zambia with three university scholarships for the 2004/2005 academic year.

## REPUBLIC OF ZIMBABWE

The economic crisis brought about by the ongoing land reform put a brake on bilateral relations with a number of European countries, including the Czech Republic. Additionally, the partial EU sanctions caused relations between the Czech Republic and Zimbabwe to stagnate in 2004.

A non-governmental organisation called Rozkoš bez rizika (Pleasure Without Risk), in coordination with GWAPA, started to implement a small-scale project to help women in the vicinity of Gweru and the Midlands province by providing a mobile gynaecological outpatient unit made in the Czech Republic.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	198 605	83 538	46 496	0.0014
	year-on-year index	92.1	42.1	55.8	
exports	CZK thousands	36 300	17 344	10 537	0.0006
	year-on-year index	1 475.0	47.8	60.8	
imports	CZK thousands	162 305	66 194	35 959	0.0021
	year-on-year index	76.1	40.8	54.5	
balance	CZK thousands	-126 005	-48 850	-25 423	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

In 2004, there was a marked decline in trade exchange between the Czech Republic and Zimbabwe for the second consecutive year in consequence of the restrictive economic policy that Zimbabwe has recently applied.

The Czech Republic's principal export commodities: special vehicles, tractors, road rolling machines, parchment paper, sewing machines, tools and implements.

The Czech Republic's principal import commodities: tobacco, ferro-chrome, fruit and vegetables, clothing and underwear, cut flowers, mineral raw materials.

### *Cultural Relations*

In 2004, an exhibition titled "Africa through the Eyes of Czech Travellers" was staged in the National Gallery of Zimbabwe in Harare. In keeping with tradition, the Czech Republic took part in the Harare international festival of films about women and, for the fourth consecutive time, took out a national stand at the biggest African book fair, the Zimbabwe International Book Fair in Harare. The Czech embassy in Harare also initiated and financed the Zimbabwean first night of V. Havel's play *Unveiling*.

On the occasion of a series of exhibitions about Czech explorer E. Holub, Books of Zimbabwe, a specialised Bulawayo-based publisher, issued a reprint of a rare English text by Holub from 1879, the first book on the Victoria Falls, with a new epilogue.

## **ROMANIA**

Romania is an ally and traditional partner of the Czech Republic in South East Europe. In the political area, mutual contacts focused mainly on questions associated with European integration. Romania is the Czech Republic's 2<sup>nd</sup> largest trading partner in South East Europe (after Turkey).

### *Visits by representatives of the Czech Republic:*

- 15-16 March 2004 – official visit by Prime Minister V. Špidla;
- 27-28 May 2004 – President V. Klaus attended a meeting of presidents of Central European Countries in Mamai;

- 19-22 September 2004 – visit by President of the Senate of Parliament of the Czech Republic P. Pithart;
- 29 September – 1 October 2004 – visit by a delegation of the Committee on European Integration of the Senate of Parliament of the Czech Republic.

*Visits by representatives of Romania:*

- 6-8 April 2004 – working visit by President I. Iliescu.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	11 803 639	13 604 945	19 560 124	0.5729
	year-on-year index	106.9	115.3	143.8	
exports	CZK thousands	9 289 021	9 726 260	13 897 114	0.4071
	year-on-year index	104.5	104.7	142.9	
imports	CZK thousands	2 511 841	3 878 685	5 663 010	0.1659
	year-on-year index	116.5	154.4	146.0	
balance	CZK thousands	6 783 481	5 847 575	8 234 104	
foreign investments - incoming	direct (CZK thousands)	2900	200	no record	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	-900	21 100	95 200	
	portfolio (CZK thousands)	no record	no record	118 000	

Sources: 1/ Czech Statistical Office, February 2005 (foreign trade data)  
2/ Czech National Bank, March 2005 (investments data)

The considerable upsurge in trade exchange that started in the year 2000 continued in 2004 – the year-on-year increase was around 44%. The balance of trade is also developing positively: the Czech Republic has a positive balance of trade with Romania. The volume of trade achieved with Romania makes it an important trading partner for the Czech Republic.

The Czech Republic's principal export commodities: motor vehicles, tractors and other vehicles, electrical audio and video recording and reproduction devices, reactors, boilers, mechanical instruments and devices, iron and steel, soap, detergents, lubricants *et al.*

The Czech Republic's principal import commodities: electrical audio and video recording and reproduction devices, iron and steel, reactors, boilers, mechanical devices and instruments, rubber and rubber products, non-woven clothing and clothing accessories, furniture, bedding, light fittings, footwear, motor vehicles, tractors and other vehicles.



### *Cultural Relations*

Czech culture was presented in Romania at over a hundred music, film, theatre events etc. Director J. Menzel received a Romanian Film Association award for his life's work at the Bifes international film festival. As a part of the "Czech Music 2004" project, several Romanian premieres of Czech classics were staged (e.g. Dvořák's *Rusalka* and Janáček's *Glagol Mass*).

In Prague, Romanian President I. Iliescu inaugurated the Romanian Cultural Institute (April 2004). Czech language instructors worked at universities in Romania and vice versa; there were reciprocal offers of places on Romanian and Czech language summer courses. Three Czech language teachers work in Czech-populated villages in Romania.

## **RUSSIAN FEDERATION**

Events in 2004 confirmed the depth and quality of high-level political dialogue, reflected in favourable developments in all areas of bilateral relations. As in the previous period, increased emphasis was placed on economic cooperation. The conclusion of an Addendum to the agreement between the Czech Republic and the Russian Federation concerning the settlement of the outstanding Russian debt marked a major step forward in the negotiations on this issue.

The Czech Republic's membership of the EU also resulted in an increased intensity of talks with the Russian Federation at multilateral level. Within the EU, the Czech Republic's and other acceding states' demand for the conditions of the Partnership and Cooperation Agreement between the EU and the Russian Federation (a provision on most-favoured trading nation status) to be extended automatically to the acceding states from the moment of accession was successfully asserted. In the second half of the year, the Czech Republic participated intensively in preparing the redefinition of relations between the EU and the Russian Federation, based on four "common spaces" of cooperation (common economic space, common space of freedom, security and justice, common space of external security, and a common space on research, education and culture).

The Czech Republic successfully minimised the possible negative impacts of its accession to the EU on economic and trade relations with the Russian Federation, e.g. in the form of official exhibitions by Czech firms or business missions from the Czech Republic.

The broadening and deepening of cooperation made it necessary to draw up new bilateral treaties or to modify or replace certain existing agreements. The preparation of a new intergovernmental agreement on economic, industrial and scientific research cooperation between the Czech Republic and the Russian Federation was completed – this agreement will preserve the existing principles of mutually beneficial cooperation between the two countries after the Czech Republic's accession to the EU and will create a framework for continuing economic cooperation as a part of the Czech-Russian Intergovernmental Commission for Trade and Economic Cooperation.

### *Visits by representatives of the Czech Republic:*

- 17-21 February 2004 – visit by President of the Senate of Parliament of the Czech Republic P. Pithart;
- 2-3 April 2004 – visit by Mayor of Prague P. Bém;
- 14-15 May 2004 – visit by Minister of Culture P. Dostál;
- 30 May – 2 June 2004 – visit by a delegation of the Committee for Constitution and Legal Affairs of the Chamber of Deputies of Parliament of the Czech Republic;
- 14-18 June 2004 – President of the Senate of Parliament of the Czech Republic P. Pithart and Minister of Industry and Trade M. Urban attended the Economic Forum in St. Petersburg;
- 7-9 October 2004 – visit by Minister of Agriculture J. Palas;
- 29 November 2004 – visit by Deputy Prime Minister M. Jahn;
- 6-9 December 2004 – visit by Minister of Health M. Emmerová and a delegation of the Committee for Social Policy and Health Care of the Chamber of Deputies of Parliament of the Czech Republic.

### *Visits by representatives of the Russian Federation:*

- 19-20 October 2004 – visit by Minister of Foreign Affairs S. Lavrov.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	76 793 494	82 274 512	95 371 112	2.9308
	year-on-year index	81.5	107.1	115.9	
exports	CZK thousands	16 805 171	16 440 045	24 358 671	1.4357
	year-on-year index	90.5	97.8	148.2	
imports	CZK thousands	59 988 323	65 834 467	71 012 441	4.1667
	year-on-year index	78.9	109.7	107.9	
balance	CZK thousands	-43 183 152	-49 394 422	-46 653 770	
foreign investments - incoming	direct (CZK thousands)	67 200	94 200	2 769 800	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	15 900	134 200	118 400	
	portfolio (CZK thousands)	18 000	570 100	584 100	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Czech exports to Russia increased by 48.2% over 2003 levels, causing a partial reduction of the Czech Republic's balance of trade deficit. Nevertheless, the high price of energy raw materials, which traditionally account for approximately 80% of total Czech imports from the Russian Federation, make the Czech Republic's balance of trade deficit one of its worst with any individual country. The Czech Republic's accession to the EU and subsequent participation in the EU's common trade policy towards the Russian Federation was an important development in the Czech Republic's economic relations with the Russian Federation in 2004. A Protocol to the Partnership and Cooperation Agreement, signed on 27 April 2004, extended the scope of the Agreement to include the acceding states with effect from the date of accession. The basis of this agreement is formed by a provision on most favoured trading nation status.

In addition to the preparations for the new conditions following accession to the EU, one pronounced feature of Czech economic diplomacy regarding Russia was the focus on relations with economically strong regions of the Russian Federation. Throughout the year, there was a distinct increase in interest in the Russian market among Czech enterprises, with regard to both exports and investments.

The Russian Federation is an important trading partner of the Czech Republic. In terms of the volume of trade, the Russian Federation was the 13<sup>th</sup> biggest export destination and the 7<sup>th</sup> largest importer to the Czech Republic. With a 2.9% share of the Czech Republic's total foreign trade, the Russian Federation is the Czech Republic's 9<sup>th</sup> biggest trading partner.

The Czech Republic's principal export commodities: machinery and transport vehicles, other finished products, chemicals, various industrial products.

The Czech Republic's principal import commodities: mineral fuels, chemical products, non-foodstuffs raw materials, fuels, chemicals, machinery and transport equipment.

### *Bilateral agreements concluded in 2004*

- Addendum to the Agreement between the Government of the Czech Republic and the Government of the Russian Federation on the Settlement of the Debt of the Former USSR and Russian Federation to the Czech Republic, Prague, 4 March 2004.

### *Cultural Relations*

A large number of cultural events took place in the Russian Federation in 2004, but, unlike in the previous year, these were not part of any extensive project. The key cultural events were an exhibition of photographs by F. Drtikol, an exhibition of works by A. Mucha, a performance by the Prague Chamber Orchestra, a presentation of Czech cinema and non-stop readings of Czech and Slovak literature.

The event that met with the greatest interest of the Russian public was the Czech-Russian Concert of Stars 2004 in the State Kremlin Palace, which took place under the aegis of the Ministry of Foreign Affairs and the Ministry of Culture of the Czech Republic. Besides Moscow, the concert travelled to St Petersburg, Nizhniy Novgorod, Archangelsk, Samara, Sochi and Petrozavodsk.

Minister of Foreign Affairs of the Czech Republic conferred the Gratias Agit award on two eminent Russian experts on Czech studies, I. Porochkina and I. Ivanov.

One of the factors impeding cultural cooperation is the difference in the way culture is managed in the two states – in the Czech Republic culture is largely separated from the state; in the Russian Federation it remains predominantly state-run. While Minister of Culture of the Russian Federation can itself implement cultural activities, the Ministry of Culture of the Czech Republic primarily supports direct cooperation between cultural institutions and organisations.

The Cultural and Educational Section of the Czech embassy in Moscow, the Czech Centre in Moscow and consulates general in the regions were involved in promoting Czech culture in the Russian Federation. These organisations help implement a large number of cultural events – photography exhibitions, art exhibitions, presentations of Czech cinema, promotion of Czech literature, performances of music etc.

Translation grants awarded by the Ministry of Culture of the Czech Republic have recently helped revive the publication of Czech literature by Russian publishers and initiate publicity in the Russian media about personalities of Czech cultural life.

## SERBIA AND MONTENEGRO

The Czech Republic supported Serbia and Montenegro's efforts to move closer to European and Euro-Atlantic structures at both bilateral and multilateral level. Under the EU's Common Foreign and Security Policy the Czech Republic promoted an increased political role for the European Union in Kosovo and increased responsibility for its overall development. The joint Czech and Slovak KFOR battalion continues to represent the biggest Czech foreign military mission.

The Czech Republic worked hard to deepen traditional bilateral political, cultural and trade contacts in 2004.

Government resolution No. 302 of 31 March 2004 included Serbia and Montenegro among the Czech Republic's eight foreign development cooperation priority countries for 2006-2010.

### *Visits by representatives of the Czech Republic:*

- 14-18 April 2004 – visit to Belgrade and Podgorica by Minister of the Environment L. Ambrozek;
- 10-11 July 2004 – visit by Minister of Defence M. Kostelka on the occasion of the inauguration of Serbian president B. Tadic;
- 15 July 2004 – visit to the Czech-Slovak KFOR battalion by Prime Minister V. Špidla and Minister of Defence M. Kostelka;

- 20 November 2004 – visit to the Czech-Slovak KFOR battalion by Minister of Defence K. Kühnl.

*Visits by representatives of Serbia and Montenegro:*

- 25 August 2004 – visit by Minister of Justice of Montenegro Z. Sturanović;
- 17-18 November 2004 – visit by Minister of Foreign Affairs V. Drašković.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	4 947 422	4 412 060	6 485 968	0.1899
	year-on-year index	127.2	89.2	147.0	
exports	CZK thousands	4 084 214	3 591 739	5 340 749	0.1700
	year-on-year index	126.8	87.9	148.7	
imports	CZK thousands	863 208	820 321	1 145 219	0.0335
	year-on-year index	129.1	95.0	139.6	
balance	CZK thousands	3 224 952	2 771 418	4 195 530	
foreign investments - incoming	direct (CZK thousands)	22 400	15 900	28 300	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	23 600	no record	
	portfolio (CZK thousands)	0	no record	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's foreign trade with Serbia and Montenegro grew dynamically in 2004, so did the Czech Republic's balance of trade surplus.

The foreign development aid the Czech Republic has provided to Serbia and Montenegro in recent years is a welcome contribution to the development of bilateral economic relations between the countries.

The Czech Republic's principal export commodities: passenger cars, detergents, industrial furnaces, polymers, plasterboard, tyres, cord textiles, dairy products, flat glass, rubber.

The Czech Republic's principal import commodities: iron, steel, tyres, alcohols for industrial use, rubber, rubber inner tyres, electric cables and wires.

### *Cultural Relations*

Development of cultural relations reflected many years of tradition. An exhibition of children's drawings "Lidice" and a screening of films by J. Krejčík as a part of the third year of "Czech Film Days" met with success.

To mark the Czech Republic's accession to the EU, an exhibition on personalities of Czech music (Dvořák, Janáček, Smetana) was opened. In May, there were concerts by renowned Czech harpist J. Boušková, one of the jurors at the Belgrade "Harp Festival", and Melmuka piano duo, repeated in December at the Belgrade Town Hall as a Christmas gift to the city.

There were eighteen government scholarship beneficiaries from Serbia and Montenegro studying in the Czech Republic in 2004: four of these were studying bachelor's degree courses, nine were on master's degree courses and five were postgraduate students. Cooperation with the Czech expatriate community in Banat remained intensive in 2004. Expatriates received contributions out of development aid towards the renovation of buildings (Česká beseda, churches in Češko Selo, Kruštica, Bela Crkva). A new Czech teacher has worked with the expatriate community since the 2003/2004 school year.

## **SLOVAK REPUBLIC**

The Czech Republic's and Slovak Republic's accession to the EU added a new dimension to the existing above-standard relations between the two countries. Membership of the EU and Slovakia's accession to NATO opened room not just for the further deepening of existing cooperation in economic, military, regional and internal security policy, but also for new areas of cooperation. A specific expression of the two countries' interest in the further development of mutually beneficial cooperation was the signing of a political memorandum of understanding between the Czech and Slovak governments on 20 May 2004. In this document, the prime ministers of the two countries expressed their determination to preserve the high standard of Czech-Slovak relations for the future.

*Visits by representatives of the Czech Republic:*

- 14-16 January 2004 – working visit by President V. Klaus;
- 22-23 April 2004 – working visit by Deputy Prime Minister P. Mareš;
- 29 August 2004 – working visit by Prime Minister S. Gross, combined with participation in the celebrations of the 60<sup>th</sup> anniversary of the Slovak National Uprising in Banská Bystrica;
- 7 October 2004 – working visit by President V. Klaus on the occasion of his receipt of an honorary doctorate awarded by the University of Economics in Bratislava;
- 13 December 2004 – working visit by President of the Senate of Parliament of the Czech Republic P. Píthart.

*Visits by representatives of Slovakia:*

- 13 February 2004 – working visit by President R. Schuster on the occasion of a presentation of his literary works during Slovak Culture Days in České Budějovice;
- 22-24 April 2004 – official visit by President of the National Council P. Hrušovský;
- 20-21 May 2004 – official visit by Prime Minister M. Dzurinda;
- 25-26 May 2004 – working visit by President R. Schuster on the occasion of the end of his term in office as President of the Slovak Republic;
- 12 July 2004 – official visit by President I. Gašparovič;
- 12 October 2004 – official visit by Minister of Foreign Affairs E. Kukan.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators ( % )
turnover	CZK thousands	165 975 451	183 866 660	236 529 000	6.9281
	year-on-year index	94	110.8	128.6	
exports	CZK thousands	96 650 982	109 154 581	144 003 000	8.4872
	year-on-year index	94.8	112.9	131.9	
imports	CZK thousands	69 324 469	74 712 079	92 526 000	5.3878
	year-on-year index	93	107.8	123.8	
balance	CZK thousands	27 326 513	34 442 502	51 477 000	
foreign investments - incoming	direct (CZK thousands )	5 136 600	4 577 900	10 020 300	
	portfolio (CZK thousands )	no record	14 482 800	no record	
foreign investments - outgoing	direct (CZK thousands )	3 102 500	-835 700	2 411 300	
	portfolio CZK thousands )	13 602 600	no record	14 168 400	



Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

2004 was a specific year for both the Czech Republic and Slovakia in that upon the two countries' accession to the EU on 1 May 2004 the Treaty on the Establishment of a Customs Union between the Czech Republic and Slovak Republic ceased to apply. An impulse for the further development of economic cooperation was the signing of an inter-ministerial cooperation agreement between the Ministry of Industry and Trade of the Czech Republic and the Ministry of Economy of the Slovak Republic, which took place as a part of the ceremonial termination of the customs union on 16 April 2004 in Prague – Koloděje.

In 2004, the Slovak Republic continued to be the Czech Republic's second most important trading partner. Exports to Slovakia, which accounted for 8.5% of total Czech exports, rose by 31.9%. Imports from Slovakia made up 5.4% of total Czech imports and rose year-on-year by 23.8%.

Total trade exchange rose by 28.6% to account for 6.9% of Czech foreign trade turnover. The growth in turnover was mainly influenced by the increased exports, whose rate of growth outstripped imports by one-third. The Czech Republic's balance of trade surplus with Slovakia was its second biggest after Germany and rose to CZK 51.5 billion. The increased dynamics of trade exchange between the Czech Republic and Slovakia was attributable to the two countries' accession to the EU and the overall improvement in the conditions for the movement of goods.

The Czech Republic's principal export commodities: road vehicles, metal products, electrical devices, instruments and appliances, iron and steel, coal, coke and briquettes, paper, cardboard and products of such, non-metal mineral products.

The Czech Republic's principal import commodities: crude oil, petroleum products and related materials, iron and steel, road vehicles, non-metal mineral products, metal products, electrical devices, instruments and appliances, paper, cardboard and products of such, medicaments and pharmaceutical products.

### *Bilateral agreements concluded in 2004*

- Treaty between the Czech Republic and the Slovak Republic on Cooperation in the Fight against Crime, in the Protection of Public Order and in the Protection of State Frontiers, Bratislava, 27 January 2004;

- Treaty between the Czech Republic and the Slovak Republic amending the Treaty between the Czech Republic and the Slovak Republic on the Regulation of the Regime and Cooperation on Common Frontiers of 29 October 1992, as amended by the Treaty of 18 August 1997, Bratislava, 27 January 2004;
- Agreement between the Ministry of Health of the Czech Republic and the Ministry of Health Care of the Slovak Republic on a Uniform Administrative Procedure in the Assessment, Recognition and Evaluation of Occupational Illnesses, Prague, 12 February 2004;
- Protocol between the Ministry of Defence of the Czech Republic and the Ministry of Defence of the Slovak Republic on Cooperation in the Field of Education and Training of Professional Soldiers and Civilian Employees of the Defence Ministries, Brno, 2 April 2004;
- Agreement on Cooperation between the Ministry of Industry and Trade of the Czech Republic and the Ministry of Economy of the Slovak Republic, Prague, 16 April 2004;
- Agreement between the Government of the Czech Republic and the Government of the Slovak Republic on the Interconnection of Czech High-speed Road R 49 and Slovak High-speed Road R 6 on the Czech-Slovak State Frontiers, Zlín, 20 September 2004;
- Protocol between the Ministry of Foreign Affairs of the Czech Republic and the Ministry of Foreign Affairs of the Slovak Republic on Cooperation and Mutual Assistance in the Event of Emergencies and Crisis Situations Abroad, Prague, 12 October 2004.

### *Cultural Relations*

In 2004, Czech-Slovak cultural relations continued to be very rich. Support for their further development was extended both officially on the part of the state and through direct cooperation between cultural institutions and spontaneous interest among the populations of the two countries. There were again a large number of cultural events. True to tradition, the most popular events included the “Slovak Theatre in Prague” and “Czech Theatre in Bratislava” festivals, the international festival of Czech and Slovak theatre performances called “Meeting” in Zlín, and the “Czech Days” cultural presentation in East Slovakia. The biggest concentration of Czech-Slovak cultural activities came during “Czech and Slovak

Cultural Cooperation Month". The Czech Centre in Bratislava organised numerous presentations of Czech culture in Slovakia.

The numerous engagements of Czech theatre directors in Slovakia and vice versa were further evidence of cultural cooperation. The work and long-term engagements of Slovak artists in the Czech Republic was reflected in ever-increasing representation of Slovak actors in Czech films and the rising number of Czech-Slovak film co-productions. Mutual interest in literary events remained high, but continued to be greater in Slovakia than in the Czech Republic. True to tradition, there was wide-ranging, spontaneous and culturally diverse exchange and cooperation between folklore organisations and associations in the two countries.

## **SOCIALIST REPUBLIC OF VIETNAM**

Vietnam continued to be a traditional partner for the Czech Republic in Southeast Asia. Economic and trade cooperation has for long formed the core of relations. The intensity of Czech-Vietnamese relations in 2004 grew further, when Czech government resolution No. 302 of 31 March 2004 included Vietnam among the Czech Republic's eight foreign development cooperation priority countries for 2006-2010.

### *Visits by representatives of the Czech Republic:*

- 27-30 May 2004 – visit by a delegation of the Committee for Petitions of the Chamber of Deputies of Parliament of the Czech Republic;
- 7-9 October 2004 – Minister of Foreign Affairs C. Svoboda attended the ASEM 5 summit in Hanoi;
- 25 October – 3 November 2004 – visit by a delegation of the Committee on Economy, Agriculture and Transport of the Senate of Parliament of the Czech Republic;
- 13-20 November 2004 – visit by a delegation of the Committee for Economics of the Chamber of Deputies of Parliament of the Czech Republic.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	2 168 111	2 104 319	2 766 825	0.0810
	year-on-year index	87.5	97.1	131.5	
exports	CZK thousands	495 541	555 413	541 011	0.0319
	year-on-year index	86.6	112.1	97.4	
imports	CZK thousands	1 672 570	1 548 906	2 225 814	0.1296
	year-on-year index	87.8	92.6	143.7	
balance	CZK thousands	-1 177 029	-993 493	-1 684 803	
foreign investments - incoming	direct (CZK thousands)	4 700	29 200	1 500	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	0	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: machine engineering products (spinning machines, centrifuges, air conditioning units), short firearms, malt, glass products, milk.

The Czech Republic's principal import commodities: electronics, textile and footwear industry products, coffee, foodstuffs, rice.

*Cultural Relations*

In 2004, the Czech embassy in Hanoi organised exhibitions on Czech art and literature and screenings of Czech films. The Hanoi National Symphony Orchestra performed a number of works by well-known Czech composers, e.g. a selection of music by A. Dvořák in May to mark the Czech Republic's accession to the EU. In keeping with tradition, the Czech Republic participated in an international jazz festival and Vietnamese children took part in the international art competition "Lidice".

The Czech Republic continued to provide scholarships for Vietnamese university students in 2004; Vietnamese studies are taught at the Charles University. The Academy of Sciences of the Czech Republic renewed its contacts with Vietnamese partners. The Czech Republic provided Vietnam with a total of nine university scholarships in 2004 (four doctorate and five master's degree).

The work of non-governmental organisations – friendship societies – is also significant. The Czech Republic has a specific position in Vietnam and the large community

of Vietnamese citizens who have spent some time in the Czech Republic provides for a constantly considerable interest in Czech culture in Vietnam.

## STATE OF ISRAEL

Relations between the Czech Republic and Israel have traditionally been very good. The two countries continue to cooperate closely in the economic and the political spheres. Israel remains one of the Czech Republic's most important trading partners in the Middle East.

In respect of the Middle East conflict, the Czech Republic's has for long stressed an impartial approach to both sides of the conflict and emphasizes the need to end the violence and resume a political dialogue in order to pave the way for the establishment of an independent, democratic and viable Palestinian state that will be able to guarantee the security of the State of Israel.

### *Visits by representatives of the Czech Republic:*

- 22-26 February 2004 – working visit by Minister for Regional Development P. Němec;
- 5-11 March 2004 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament of the Czech Republic;
- 11-16 March 2004 – working visit by Minister of Informatics V. Mlynář;
- 16-18 March 2004 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament of the Czech Republic;
- 14-21 November 2004 – working visit by a delegation of the Committee on Health Care and Social Policy of the Senate of Parliament of the Czech Republic;
- 19-21 December 2004 – official visit by Minister of Foreign Affairs C. Svoboda.

### *Visits by representatives of Israel:*

- 15-17 June 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs S. Shalom.

### Economic Relations

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	4 323 912	3 761 757	5 414 828	0.1586
	year-on-year index	90.4	87.0	143.9	
exports	CZK thousands	2 403 098	1 767 411	2 919 995	0.1721
	year-on-year index	85.7	73.5	165.2	
imports	CZK thousands	1 920 814	1 994 346	2 494 833	0.1453
	year-on-year index	97.1	103.8	125.0	
balance	CZK thousands	482 284	-226 935	425 162	
foreign investments incoming	direct (CZK thousands)	7 800	105 100	27 200	
	portfolio (CZK thousands)	no record	1 700	7 600	
foreign investments outgoing	direct (CZK thousands)	0	400	0	
	portfolio (CZK thousands)	200	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: passenger cars, iron and steel products, machinery and plant equipment, office machines, electrical machines, instruments and accessories, chemicals industry products.

The Czech Republic's principal import commodities: electrical engineering industry products, telecommunications technology, computer and office technology, instruments, parts and components for electrical products, agricultural chemicals, medicaments, plastics.

### Cultural Relations

An intensive cultural exchange continued in 2004. The participation of leading Czech jazz musicians (E. Viklický, J. Koubková, R. Balzar, J. Honzák) at the "JazzEuropa" festival held in Tel Aviv in May was an outstanding success. Concerts by I. Kellarová were also very successful and Czech films screened either at film festivals or separately (*Sekal Must Die*, *Zelary*, *Indian Summer et al.*) were traditionally well received by audiences.

In July, the Prague Philharmonic Choir, conducted by choirmaster J. Brych, gave concerts in Tel Aviv, Jerusalem and Haifa. On 30 October, a gala evening was held in Tel Aviv in honour of Sir N. Winton, who in 1939 organised transports to safety in England for 669 children from occupied Czechoslovakia. On 14 October – 6 November, Tel Aviv hosted the 6<sup>th</sup> year of "Dance Europa" festival, including a Czech ensemble led by young choreographer K. Celbová. The 3<sup>rd</sup> annual "Chanukah Festival for Children" took place in December in the Givatayim Theatre, featuring *Let's Go for the Salt or How to Cook*

*a Fairytale*, a performance by Czech puppet theatre Theater Ludem Ostrava, and an exhibition of “Czech Comics”.

## STATE OF KUWAIT

Relations between the Czech Republic and Kuwait have traditionally been friendly. In 2004, Minister of Foreign Affairs C. Svoboda visited Kuwait; there was also a visit by a delegation of the Economic Chamber of the Czech Republic. The number of Kuwaitis visiting the Czech Republic as tourists or for spa treatment has been rising.

### *Visits by representatives of the Czech Republic:*

- 30 November – 1 December 2004 – visit by Minister of Foreign Affairs C. Svoboda.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	332 429	371 457	499 733	0.0146
	year-on-year index	122.6	111.7	134.5	
exports	CZK thousands	331 836	362 010	490 961	0.0289
	year-on-year index	123.9	109.1	135.6	
imports	CZK thousands	593	9 447	8 772	0.0005
	year-on-year index	17.0	1 593.1	92.8	
balance	CZK thousands	331 243	352 563	482 189	
foreign investments - incoming	direct (CZK thousands)	0	200	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic’s principal export commodities: foodstuffs, passenger cars, machinery and plant equipment for the oil industry and healthcare.

The Czech Republic’s principal import commodities: crude oil and petroleum products.

### *Cultural Relations*

A project titled “Czech Days” took place in March 2004 in Kuwait. The presentation showcased tourism and possible tourist activities in the Czech Republic. The presentation was

accompanied by an exhibition of paintings by contemporary Czech artists. An exhibition titled “Czech Press Photo 2001” took place in October.

## SWISS CONFEDERATION

Relations between the Czech Republic and Switzerland continued in their traditionally good and friendly atmosphere; bilateral relations at official level were complemented by extensive direct cooperation between territorial units in the Czech Republic and Swiss cantons, towns and municipalities.

The Czech Republic’s membership of the EU became a new impulse for the development of the Czech - Swiss cooperation. In 2004, dialogue leading towards a readmission agreement and a treaty on police cooperation in the fight against crime went ahead. Great emphasis was placed on making economic relations more intensive.

### *Visits by representatives of the Czech Republic:*

- 22-23 January 2004 – working visit by Minister for Regional Development P. Němec;
- 10-11 June 2004 – visit by Chief of General Staff of the Army of the Czech Republic Lieutenant General P. Štefka;
- 25-27 June 2004 – President V. Klaus attended the Crans Montana Forum;
- 8-11 September 2004 – working visit by Minister of Education, Youth and Sports P. Buzková.

### *Visits by representatives of Switzerland:*

- 1-2 November 2004 – working visit by President J. Deiss.



*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	40 449 492	42 763 603	46 947 698	1.3751
	year-on-year index	102	105.7	109.8	
exports	CZK thousands	19 600 218	19 641 845	20 969 351	1.2358
	year-on-year index	112.2	100.2	106.8	
imports	CZK thousands	20 849 274	23 121 758	25 978 345	1.5127
	year-on-year index	94	110.9	112.4	
balance	CZK thousands	-1 249 055	-3 479 913	-5 008 995	
foreign investments- incoming	direct (CZK thousands)	-3 471 200	7 425 300	3 676 700	
	portfolio (CZK thousands)	no record	5 400 000	no record	
foreign investments- outgoing	direct (CZK thousands)	-338 000	89 600	37 800	
	portfolio (CZK thousands)	353 100	430 000	733 600	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Czech-Swiss trade can be rated positively from the point of view of the commodity structure of Czech exports, more than 53% of which is accounted for by products with high added value (machine engineering products, including passenger cars). Switzerland is also a key investor in the Czech Republic, even though the magnitude of Swiss investments in the Czech Republic is just a fraction of Swiss foreign investments worldwide.

In 2004, Switzerland was the Czech Republic's 16<sup>th</sup> biggest trading partner in terms of total foreign trade turnover. Despite the fact that the Czech Republic again ended the year with a balance of trade deficit, in view of the Swiss economy's generally low demand for imports the Czech Republic's trade results can be rated positively. The value of Switzerland's trade exchange with the Czech Republic in 2004 was higher than that with a number of other European economies of comparable size.

The Czech Republic's principal export commodities: machinery and transport equipment (passenger cars, textile and leatherworking machines, plant equipment and machinery for the power industry, metal-working machines, electrical machinery), consumer goods, chemicals, ferrous and non-ferrous metals and products of such, fuels, electricity, furniture, *et al.*

The Czech Republic's principal import commodities: machinery and transport equipment, office machines and data processing equipment, chemicals and pharmaceutical products (dyes, pigments, essential oils, plastics, medicaments *et al.*), clothing, textile yarns and fabrics, precision engineering products, goldsmiths' products, paper, cardboard, *et al.*

*Bilateral agreements concluded in 2004*

- Agreement between the Government of the Czech Republic and the Swiss Federal Council on Mutual Abolition of Visa Requirements, Bern, 9 March 2004.

*Cultural Relations*

Cultural relations are not governed by any treaties; cultural exchange takes place principally on a commercial basis.

The most important Swiss institution operating in the Czech Republic as a broker of Swiss-Czech cultural exchange was the Prague branch of the Pro Helvetia foundation. In response to the stabilisation of the transformation process in the countries of Central Europe, the foundation's management decided to close its branches in the Czech Republic, Hungary and Slovakia in 2005.

In 2004, the Czech Embassy in Bern organised, inter alia, concerts by violinist J. Svěcený, the Kapralova Quartet and the Arte Miss Trio and financially supported a concert of choral works by A. Dvořák in Zurich and the organisation of "B. Martinů International Music Days".

As a part of the "Czech Music Year", a number of concerts of works by Czech composers, performed by both Swiss and Czech musicians, took place in Switzerland. These events raised awareness of Czech music. "Czech Dreams", a project featuring several concerts in Olten and Zurich, was well received.

Certain foundations and associations run mainly by expatriates also make a major contribution to the Czech-Swiss cultural cooperation. There are approximately one thousand members of 21 expatriate associations. The Union of Czech and Slovak Associations in Switzerland is an umbrella organisation associating 18 expatriate associations, most of them focused on the Sokol sports movement. Other expatriate organisations include the Swiss branch of the Czechoslovak Society for Arts and Sciences, the Swiss Olga Havlová Association and Sokol Solothurn.

## SYRIAN ARAB REPUBLIC

Syria is a traditional trading partner for the Czech Republic in the Middle East. The Czech Republic continued the negotiations on possibilities for unblocking and settling the Syrian debt and for succession into treaties. Talks on the signing of an agreement on the avoidance of double taxation and an agreement on the promotion and reciprocal protection of investments went ahead.

### *Visits by representatives of the Czech Republic:*

- 28-29 February 2004 – visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 14-17 June 2004 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament of the Czech Republic.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	4 835 711	4 819 215	2 782 662	0.0815
	year-on-year index	238.9	99.7	57.7	
exports	CZK thousands	1 440 663	826 733	772 173	0.0455
	year-on-year index	96.8	57.4	93.4	
imports	CZK thousands	3 395 048	3 992 482	2 010 489	0.1171
	year-on-year index	633.9	117.6	50.4	
balance	CZK thousands	-1 954 385	-3 165 749	-1 238 316	
foreign investments - incoming	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	0	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: Škoda cars, spare parts for complete plant installations already supplied, industrial machinery, textile yarns and fabrics.

The Czech Republic's principal import commodities: crude oil, cotton, textile products.

### *Cultural Relations*

In keeping with tradition, Syrian children took part in the children's art competition "Lidice". At Christmas, the Czech embassy organised a cultural event for the children of Czech expatriates and Syrians who attended Czech schools.

## **UKRAINE**

Bilateral relations between the Czech Republic and Ukraine are good and focus on trade and economic cooperation. Ukraine is the Czech Republic's second biggest trading partner of the former Soviet Union countries.

The Czech Republic provided Ukraine with development aid that went toward projects aimed at the modernisation of its nuclear power plants, retraining and professional training, reconstruction of buildings used by the Czech community in Ukraine etc.

The Czech Republic closely monitored the presidential elections in Ukraine in autumn 2004 and sent a group of election observers to the country. Together with its partners in the EU, the Czech Republic welcomed the political changes in the country and the activation of Ukrainian civic society.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	16 347 504	17 123 811	25 730 493	0.7536
	year-on-year index	97.1	104.7	150.3	
exports	CZK thousands	6 904 582	7 332 667	11 312 783	0.6667
	year-on-year index	97.6	106.2	154.3	
imports	CZK thousands	9 442 922	9 791 144	14 417 710	0.8395
	year-on-year index	96.7	103.7	147.3	
balance	CZK thousands	-2 570 159	-2 458 477	-3 104 927	
foreign investments - incoming	direct (CZK thousands)	659 300	7 500	81400	
	portfolio (CZK thousands)	21 900	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	22 100	67 200	566 200	
	portfolio (CZK thousands)	21 900	2 300	33 900	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

Trade exchange increased its already relatively fast growth rate, both in exports, which recorded almost 55% growth, and in imports, which were up by more than 47%. Although the

political crisis in the second half of 2004 did not create a favourable economic and trade climate, the positive resolution of the crisis and the determination of the new government to create a standard and open economic environment give sufficient guarantee for further fast development of mutual relations, with the prospect of Ukraine becoming an even more important trading partner of the Czech Republic.

The Czech Republic's principal export commodities: reactors, boilers, mechanical devices, motor vehicles, tractors and other vehicles, electrical audio recording and reproduction devices, plastics and plastics products, paper, cardboard, paperboard and products of such, iron and steel products, pharmaceutical products.

The Czech Republic's principal import commodities: metal ores, slag, iron and steel, fuels, petroleum and bituminous products, aluminium and aluminium products.

### *Bilateral agreements concluded in 2004*

- Agreement between the Government of the Czech Republic and the Cabinet of Ministers of Ukraine on Economic, Industrial and Scientific Research Cooperation, Kiev, 16 April 2004.

### *Cultural Relations*

In 2004, the Czech Centre in Kiev organised or co-organised a large number of different cultural events. Most of these events took place in Kiev, but many were also staged outside the capital – particularly in Lviv (in cooperation with the general consulate in Lviv), Dniepropetrovsk, Odessa and Kharkhiv. The Czech Centre also participated in the presentation of the Czech Republic during “Europe Day” celebrations in Kiev, Dniepropetrovsk and Lviv.

The events which attracted the greatest response among the public and local media included screenings of contemporary Czech cinema (in Kiev, Lviv and Ternopol), the Czech participation at the “Kyiv Travnevy” theatre festival, jazz concerts by P. J. Ryba and his band at the “Jazz Carnival” in Odessa and Kiev, performances by the group Čankišou at international festivals of ethnic music and land-art, and an exhibition of photographs by J. Tržilová in Kiev.

The Czech embassy in Kiev continued to actively cooperate with Czech expatriate organisations in Ukraine and, together with the Czech Centre, played a major role in developing knowledge of the Czech language and Czech life.

There were four government scholarship beneficiaries studying in the Czech Republic in 2004; a further eight students attended short-term Summer Language Schools at Czech universities.

## UNITED ARAB EMIRATES

Relations between the Czech Republic and United Arab Emirates are developing successfully; economic cooperation forms the core of relations.

### *Visits by representatives of the Czech Republic:*

- 30 April – 7 May 2004 – visit by Minister for Regional Development P. Němec;
- 22-23 October 2004 – visit by a delegation of the Committee on Regional Development, Public Administration and Environment of the Senate of Parliament of the Czech Republic.

### *Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	8 004 741	8 824 921	9 960 123	0.2917
	year-on-year index	134.1	110.2	112.9	
exports	CZK thousands	7 185 225	7 180 363	9 385 352	0.5532
	year-on-year index	129.7	99.9	130.7	
imports	CZK thousands	819 516	1 644 558	574 771	0.0335
	year-on-year index	191.1	200.7	34.9	
balance	CZK thousands	6 365 709	5 535 805	8 810 581	
foreign investments - incoming	direct (CZK thousands)	2 800	1 400	4 500	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	-682 400	80 400	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, January 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: milk and dairy products, glass and glass products, machinery and plant equipment, electrical engineering products, furniture.

The Czech Republic's principal import commodities: textile products, aluminium and aluminium products, electrical engineering products.

### *Cultural Relations*

The Prague Symphony Orchestra took part in a classical music festival in Al Ain in 2004. The Czech Republic was represented at the "Dubai International Peace Music Festival for Young Virtuosos" both by an orchestra from the A. Dvořák Elementary Music School in Karlovy Vary and students of Prague's Academy of Performing Arts (AMU), and by guests invited to sit on the jury. Czech films *Three Veterans*, *Lemonade Joe*, *Three Nuts for Cinderella* and *I Enjoy the World with You* were screened during Czech Film Week in Abu Dhabi. The European Film Club screened *Cosy Dens* and *Rebels* in Abu Dhabi and Al Ain. A significant cultural event was the conferring of the Gratias Agit award on a graduate of AMU R. Kudsi for his long-time work promoting Czech music and culture in the UAE.

## **UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND**

Relations between the Czech Republic and the United Kingdom developed successfully at bilateral and multilateral level in the context of European integration and Euro-Atlantic partnership; governmental and parliamentary dialogue developed intensively. The United Kingdom is one of three EU countries that opened their labour markets to Czech citizens on 1 May 2004. Security cooperation is also significant (Czechs army personnel serve in the British sector in Iraq). The United Kingdom is also an important trading partner for the Czech Republic.

### *Visits by representatives of the Czech Republic:*

- 15-16 February 2004 – working visit by Minister of Culture P. Dostál;
- 8-11 March 2004 – visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament of the Czech Republic;
- 22-23 March 2004 – working visit by Minister of Defence M. Kostelka;
- 25-30 April 2004 – visit by a delegation of the Committee for European Integration of the Chamber of Deputies of Parliament of the Czech Republic;
- 6-7 September 2004 – working visit by President V. Klaus;

- 23 September 2004 – Minister for Regional Development J. Paroubek attended “Czech Day – Promoting Local Partnerships”;
- 8-9 October 2004 – President of the Chamber of Deputies of Parliament of the Czech Republic L. Zaorálek attended the ceremonial opening of the new parliament building in Edinburgh;
- 18-21 October 2004 – conference visit by President V. Klaus;
- 9 December 2004 – working visit by Ministry of Defence K. Kühnl;
- 7-11 December 2004 – visit by a delegation of the Committee for Science, Education, Culture, Youth and Sport of the Chamber of Deputies of Parliament of the Czech Republic.

*Visits by representatives of the United Kingdom:*

- 15 June 2004 – working visit by Secretary of State for Work and Pensions A. Smith;
- 31 August 2004 – Secretary of State for Foreign Affairs J. Straw attended a meeting of Czech ambassadors;
- 2-8 September 2004 – conference visit by Prince Michael of Kent;
- 1 November 2004 – visit by State Secretary of Scotland for Finance and Reform T. McCabe;
- 2 November 2004 – working visit by Deputy Minister of Trade D. Alexander;
- 10-12 November 2004 – working visit by Deputy Minister of Defence A. Ingram;
- 17 November 2004 – working visit by Deputy Minister of Foreign Affairs D. MacShane, who attended the opening of Prague’s “Speaker’s Corner”.



*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	114 397 000	113 100 000	130 649 048	3.8268
	year-on-year index	91.1	98.9	115.6	
exports	CZK thousands	72 791 000	73 914 000	80 252 588	4.7000
	year-on-year index	103.9	101.5	108.6	
imports	CZK thousands	41 586 660	39 186 000	50 396 460	2.9000
	year-on-year index	75.1	94.2	128.6	
balance	CZK thousands	30 469 196	34 728 000	29 856 128	
foreign investments - incoming	direct (CZK thousands)	8 937 600	7 655 600	2 747 800	
	portfolio (CZK thousands)	no record	36 800 000	49 400 000	
foreign investments - outgoing	direct (CZK thousands)	87 200	991 400	448 500	
	portfolio (CZK thousands)	10 236 800	14 531 300	18 568 000	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The structure of turnover is dominated by products with high added value. Approximately 40% of mutual trade consists in machine engineering products.

Trade and economic relations between the Czech Republic and the United Kingdom continued to develop favourably in 2004. This development was positively influenced by the Czech Republic's accession to the EU, which removed the last obstacles to trade between the Czech Republic and all EU countries, and made the transportation of exported goods faster, more flexible and cheaper, which ultimately boosted the competitiveness of Czech goods on EU markets. Accession to the EU similarly influenced imports of goods from EU countries to the Czech market.

Turnover, Czech exports and, in particular, Czech imports grew sharply in 2004. The Czech Republic's balance of trade surplus with the United Kingdom remains high.

In 2004, the United Kingdom was the 5<sup>th</sup> biggest destination for Czech exports, the 11<sup>th</sup> biggest source of goods imported to the Czech Republic, and overall the Czech Republic's 7<sup>th</sup> biggest trading partner in terms of mutual trade turnover.

The Czech Republic's principal export commodities: road vehicles, telecommunications equipment, audio recording devices, furniture, office machines,

automatic data processing devices, industrial machinery and plant equipment, electricity generating equipment, metal products, clothing, non-metal mineral products.

The Czech Republic's principal import commodities: electrical machinery and equipment, medical and pharmaceutical products, road vehicles, telecommunications equipment, machine engineering products, textile fibres.

### *Cultural Relations*

Czech classical music and Czech musicians were heard at various concerts (M. Kožená, Prague Chamber Philharmonic, pianist L. Nováček, the Janáček Quartet, the Škampa Quartet), as a part of "Czech Music Year" and "Czech Dreams", and at numerous festivals. H. Krása's opera *Brundibar* was reprised. Czech popular music was represented by bands Lucie, Chinaski, Čechomor, Divokej Bill and by J. Nohavica, E. Vilkický and I. Bittová.

In 2004, two plays by V. Havel (*The Audience* and *Protest*) were staged; the Archa theatre was invited to perform in Cardiff; Czech literature was presented at the London International Book Fair (14-16 March 2004); and an international conference on Czech surrealism was held.

A film festival at Riverside Studios featured *Pictures of an Old World*, *Hitler*, *Stalin and I*, and *The Beauty Exchange*. Other film festivals included "Laughter and Tears", a festival of Czech comedy; a retrospective of the works of J. Jakubisko; and a screening of films by J. Weiss. Czech films were screened at festivals in Birmingham, Edinburgh (*Želary*) and Cardiff.

Czech designers and artists were showcased at, *inter alia*, "Czechmania – New Czech Design", and a project titled "Architecture for Diplomacy" was launched.

Gratias Agit, the prize awarded by the Ministry of Foreign Affairs of the Czech Republic for promoting the Czech Republic, was conferred on British Czech studies professor and translator R. B. Pynsent.

Minister of Culture P. Dostál signed a memorandum of cooperation in the field of culture with the British Council.

## UNITED STATES OF AMERICA

The United States of America is a strategic ally and partner of the Czech Republic. The Czech Republic's accession to the EU brought a new dimension and qualitative shift to mutual relations. The development of good relations and close cooperation between the Czech Republic and the USA and, within a broader framework, between the EU and the USA, is one of the enduring priorities of the Czech foreign policy. The United States remains the most important member of NATO, which is the principal guarantor of the Czech Republic's security. Thanks to its policy, the Czech Republic is perceived in the USA as a reliable ally.

The culmination of bilateral contacts in 2004 was a visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda. During his visit, Mr Svoboda met, *inter alia*, with the Secretary of State C. Powell, National Security Advisor C. Rice and Deputy Secretary of Defence P. Wolfowitz.

In 2004, the United States of America continued to be an important trading partner of the Czech Republic. There was a substantial growth in trade exchange turnover and in Czech exports to the USA in particular.

### *Visits by representatives of the Czech Republic:*

- 24-30 January 2004 – working visit by Minister of Interior S. Gross;
- 20-24 March 2004 – working visit by Minister of Culture P. Dostál;
- 14-19 April 2004 – visit by President of the Senate of Parliament of the Czech Republic P. Pithart;
- 25 April – 1 May 2004 – visit by a delegation of the Committee for Economics of the Chamber of Deputies of Parliament of the Czech Republic;
- 2-5 May 2005 – visit by a delegation of the Committee on Foreign Affairs, Defence and Security of the Senate of Parliament of the Czech Republic;
- 9-11 June 2004 – President V. Klaus attended the state funeral of 40<sup>th</sup> President of the USA R. Reagan;
- 12-14 July 2004 – working visit by Deputy Prime Minister and Minister of Foreign Affairs C. Svoboda;
- 30 August – 2 September 2004 – working visit by Vice-president of the Senate of Parliament of the Czech Republic M. Topolánek;

- 7-9 November 2004 – unofficial visit by President V. Klaus.

*Visits by representatives of the USA:*

- 2 July 2004 – working visit by a delegation of the House of Representatives of Congress;
- 26 August 2004 – working visit by a delegation of the House of Representatives;
- 12 November 2004 – working visit by Congressman R. Shelby;
- 14 December 2004 – working visit by Attorney General J. Aschcroft.

*Economic Relations*

		2002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	79 014 976	78 338 743	91 586 149	2.6826
	Year-on-year index	84.8	99.1	116.9	
exports	CZK thousands	35 743 500	33 406 349	38 275 888	2.2558
	year-on-year index	94.0	93.8	114.6	
imports	CZK thousands	43 271 476	44 932 394	53 310 261	3.1043
	year-on-year index	78.4	103.5	118.6	
balance	CZK thousands	-7 527 976	-11 526 045	15 034 373	
foreign investments - incoming	direct (CZK thousands)	4 549 300	5 745 300	7 249 799	
	portfolio (CZK thousands)	21 500 000	39 100 000	50 000 000	
foreign investments - outgoing	direct (CZK thousands)	388 100	390 700	203 500	
	portfolio (CZK thousands)	27 108 800	18 310 700	19 087 600	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)

2) Czech Statistical Office, March 2004 (investments data)

In 2004, the United States of America continued to be an important trading partner of the Czech Republic. The American market's size and high absorption capacity have for long made the USA one of the Czech Republic's most important export territories, despite the strong competition. Exports to the USA are boosted by Czech industry's involvement in global supplier chains. A large portion of exports are accounted for by internal supplies within the context of supranational corporations and manufacture for major American firms – this is testament to the Czech economy's high degree of integration into international trade.

The USA is one of the biggest investors in the Czech Republic, in terms of both direct investments and the influx of capital via third countries.

The Czech Republic's principal export commodities: electrical devices, electrical engineering products, computer technology parts, helicopter fuselages, tantalum condensers,

pumps for compression ignition engines, artificial veins, ferro-alloys, wooden panels, machinery and plant equipment, steel and steel products, optical instruments, plastic and rubber industry products, glass products, glass jewellery and household glassware, chemicals, furniture, tractors and transport equipment, toys, textiles and clothing, sporting arms, electrical hand-tools, beverages.

The Czech Republic's principal import commodities: civil aircraft and aircraft parts, industrial machinery, electrical machinery, office machines and computer technology, healthcare technology, medicaments and pharmaceutical products, telecommunications equipment, power-system equipment, transport technology.

### *Cultural Relations*

Classical music was presented in particular through concerts by pianist R. Kvapil, the Boni Pueri choir and violinist J. Svěcený. A "The Evening of Czech Opera in Washington" and performances were staged as a part of "Czech Music Year 2004". Modern theatre was represented by H. Třešňáková and S. Thors and their project titled *Laboratory*, the V.R.R.M. ensemble and Buchty a loutky group. There were concerts by singer L. Dusilová and Pražský výběr band, which performed in Miami at "The Evening of Solidarity with Cuban People". There was a signing of M. Albright's book *Madam Secretary*, a reading of American poet of Slovak origin J. Ragan and a lecture by Czech Egyptologist M. Bárta.

A festival of contemporary Czech cinema (*Boredom in Brno, Sentiment, Brats, Smart Philip, The Pied Piper*) was organised in cooperation with the American Film Institute. Czech films were also shown at a festival of documentary films from EU countries (*On Grandma, Key to Determining Dwarves or the Last Travel of Lemuel Gulliver*) and at a festival of feature films from the EU (*Faithless Games*). Czech documentaries were screened at the "International Environment Festival": *The Map of Places Sacred and Cursed, Memory of Trees II, Pretty Czech Paradise*).

There were exhibitions concerning the important Tugendhat functionalist villa in Brno, small-format applied graphic works "Ex Libris: Prague – Heart of Europe" and an exhibition of photographs by O. Škácha dedicated to V. Havel and titled "Dissident – President – Citizen".

Important events in science included the 22<sup>nd</sup> world congress of the Society for Science and Art, arranged by American and Czech organisers at Palacký University in Olomouc. A number of events that took place as a part of the congress were co-financed by the Ministry of Foreign Affairs of the Czech Republic.

## **UNITED STATES OF MEXICO**

The Czech Republic has for long had friendly relations with Mexico. Trade and economic ties were positively influenced by the Czech Republic's accession to the EU, which was reflected in 2004 in the dynamic growth of trade exchange and Mexico's advancement to the position of being the biggest Latin American destination for Czech exports. Czech investors established a presence in the Mexican energy industry in 2004. Mexican firms are also major investors in the Czech Republic.

### *Visits by representatives of the Czech Republic:*

- 2-7 March 2004 – visit by a delegation of the Committee on Education, Science, Culture, Human Rights and Petitions of the Senate of Parliament of the Czech Republic;
- 18-23 April 2004 – a delegation of members of the Senate and Chamber of Deputies of Parliament of the Czech Republic attended a session of the Interparliamentary Union;
- 27-28 May 2004 – Deputy Prime Minister and Minister of Finance B. Sobotka attended the EU/LAC summit in Guadalajara.

### *Visits by representatives of Mexico:*

- 8 March 2004 – working visit by Minister of Tourism R. E. Torres.

*Economic Relations*

		2 002	2003	2004	share of 2004 aggregate indicators (%)
turnover	CZK thousands	2 577 157	3 457 149	4 911 601	0.1439
	year-on-year index	85.4	133.7	142.1	
exports	CZK thousands	935 616	1 462 988	2 389 100	0.1408
	year-on-year index	84.5	156.4	163.3	
imports	CZK thousands	1 641 541	1 994 161	2 522 501	0.1469
	year-on-year index	85.9	121.5	126.5	
balance	CZK thousands	-705 925	-531 173	-133 401	
foreign investments - incoming	direct (CZK thousands)	29 500	150 000	1 242 100	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	-9 700	-8 100	
	portfolio (CZK thousands)	398 600	243 600	no record	

Sources: 1) Czech Statistical Office, February 2005 (foreign trade data)  
2) Czech National Bank, March 2005 (investments data)

The Czech Republic's principal export commodities: vacuum tubes, air conditioning equipment, steam turbines, tractor and motor vehicle parts, electrical light fittings, aluminium products, pearls and imitation pearls, wool and animal hairs, pumps, paper, casein derivatives, distribution panels.

The Czech Republic's principal import commodities: electrical accumulators, automatic data processing equipment, electrical instruments, devices for medical use, machine engineering products, motor vehicles, paper, tools and implements, chemicals paper and cardboard.

*Cultural Relations*

Two exhibitions, "Metamorfosis de Franz Kafka" and "Czech Graphic Art", contributed to the presentation of Czech culture in Mexico. The film *One Hand Can't Clap* was screened during the "European Film Festival". In January, a Memorandum on Cooperation was signed by the Diplomatic Academy of the Ministry of Foreign Affairs of the Czech Republic and the Matias Romero Institute.

Direct cooperation between universities continued very successfully. The Mexican government awarded scholarships to four students from the Czech Republic. Sixty-two students spent a month studying in the Czech Republic in summer 2004 under cooperation

between the Charles University and the Monterrey Institute of Technology. One Czech student studied at the Monterrey Institute of Technology.



### **III. THE ECONOMIC DIMENSION OF THE CZECH REPUBLIC'S FOREIGN POLICY**

#### **1. Economic diplomacy and export promotion activities of the Ministry of Foreign Affairs**

Economic diplomacy is one of the fundamental tools of the Czech Republic's external economic relations and export promotion activities. That is why in 2004 the Ministry of Foreign Affairs continued to regard actively protecting and asserting Czech economic interests abroad, including direct and indirect support for Czech firms on foreign markets, as one of its priority tasks. The Ministry focused primarily on improving the quality of the work of diplomats in economic sections and ensuring that their work is more effectively coordinated. In doing so, it worked closely with other ministries, most notably the Ministry of Industry and Trade of the Czech Republic.

Looking after the economic dimension of bilateral relations was therefore one of the principal tasks for Czech embassies abroad. Czech embassies in 68 countries – important or potential trading partners of the Czech Republic – have economic sections and over a hundred diplomats are engaged solely in this work. In other countries the economic and trade agenda comes under the care of diplomats who are assigned to tasks in other areas as well, e.g. visa, consular, political or cultural work.

The principal task of economic section staff is to create favourable conditions for the activities of Czech businesses abroad; they create a suitable environment for these activities. Now, after the Czech Republic's accession to the EU, they do not directly arrange bilateral treaties with third parties and monitor their implementation at the bilateral level; instead, through Czech representatives in the EU they make suggestions to the appropriate EU bodies to negotiate or modify economic agreements or to take action for failure to implement such agreements. In international economic organisations they promote the interests of Czech enterprises in a way appropriate to the nature of the specific international organisation.

A new element in the drive to improve the quality of economic diplomacy and export support in recent years has been the integration of foreign branches of state agencies promoting exports and investments into the structure of Czech embassies. The network of these agencies grew dynamically in 2004 (particularly CzechTrade). These agencies help

primarily small and medium-sized enterprises in the Czech Republic establish a presence on foreign markets. They are able to respond highly flexibly to various business and investment objectives as requested by Czech enterprises.

The Ministry of Foreign Affairs cooperates with the Ministry of Industry and Trade in matters related to the execution of foreign trade policy, foreign trade and export support in the work of the Czech Republic's foreign service. Since 1998 this cooperation has taken place according to a cooperation agreement concluded between the ministries. Embassies regard Czech export support as a priority – that is why in 2004 they continued to push for effective coordination of all the dimensions of the work of organisations representing the Czech Republic abroad.

## **Embassies**

The common goal of Czech embassies' liaison, information and export support activities is to promote Czech economic interests and raise the general awareness of the Czech economy, including its production potential and opportunities for imports from the Czech Republic.

In their liaison work, the embassies' principal and constant task was to establish and strengthen personal contacts at ministries, in economic institutions and in important firms abroad. Embassies conducted talks on possible new forms of cooperation with representatives of chambers of commerce, professional federations and other business organisations in the receiving country. They concentrated on raising awareness of business opportunities and improving the overall positive image of the Czech Republic in order to present the Czech Republic externally as a developed country with strong cultural, democratic and industrial traditions and a skilled workforce, as a reliable trading partner and a safe destination for foreign investments.

In developing their liaison work, embassies actively worked with other representations of Czech export promotion organisations in their receiving country (primarily Czech Centres, CzechTrade, CzechInvest, CzechTourism and representatives of Czech firms abroad). Foreign branches of the state agencies promoting exports and incoming investments, CzechTrade and CzechInvest respectively, were incorporated into embassy structures in 2004. The aim was to ensure that the work of institutions carrying out the supporting role of the state in foreign trade and the promotion of exports, foreign investments and tourism was better coordinated

and more effective. Embassies played a major role in explaining the impacts that the Czech Republic's accession to the European Union had on treaty-based relations with other countries. Another key part of their work was to adapt trade agreements, double taxation agreements and other economic agreements covering new economic and trade relations between the Czech Republic and EU member countries and new relations with other countries.

In their information work, embassies supplied state authorities and the business sphere in the Czech Republic with key information on trade policy in individual countries, investment opportunities, customs rules, the opportunities and conditions for exports, and in some cases about changes affecting the business environment, the terms of public tenders and trade or other business opportunities. Embassies responded to specific requests from Czech firms looking for new business partners or seeking to market products or services. Embassies also monitored the implementation of existing bilateral treaties or commitments stemming from multilateral agreements. They monitored information about standards and certification of local products and passed on information about new legal, tax and customs matters related to importing and exporting. Last but not least, embassies also sought out and recommended suitable international trade fairs and exhibitions for effective presentation of Czech exporters.

In their promotional work, the embassies' principal aim was to raise awareness of the standard of the Czech economy and the structure of the business sphere and its production and export potential. The most widely used method was the organisation of acquisition events, specialised seminars and what are known as "Czech Days" in their country of operation. Embassies also played an active role in organising business missions both in the Czech Republic and in their receiving country.

Cooperation with local business media was also important. Embassies successfully saw to the necessary publicity for events, particularly Czech firms' participation in trade fairs and exhibitions, visits from the Czech Republic and significant anniversaries.

### **Economic sections of embassies**

Economic sections are an integral part of embassies in countries that are important or potential trading partners for the Czech Republic. Their work includes mainly the following:

- monitoring, information and analytical work regarding economic developments in a given country and bilateral economic and trade relations with the Czech Republic;

- promoting and asserting the interests of Czech enterprises on the local market and giving advice to help establish contacts and support exports;
- maintaining contacts with foreign partners with a view to broadening bilateral ties;
- presenting the Czech Republic as a reliable trading partner and a country with good potential for investors;
- conceptual work in bilateral economic and trade relations;
- performing tasks set by Czech state authorities etc.

In 2004, The Ministry of Foreign Affairs continued to equip the economic sections of embassies with computer technology, information resources such as databases of firms in the Czech Republic and firms in individual territories, and reference books and manuals.

### **Consulates General**

Consulates general are part of the network of the Czech Republic's official representation abroad. Although the work of consulates general focuses primarily on consular and visa matters, promoting the Czech Republic's economic and trade interests in the area in question also forms part of their work. Consulates general assisted the development of bilateral relations principally with the relevant regions, with the emphasis of the economic and trade aspects of relations.

### **Honorary consulates**

Honorary consulates are established to promote the Czech Republic's interests in countries or in regions where the Czech Republic does not have any other diplomatic mission. Honorary consuls are usually citizens of the host country with extensive experience of industry and trade in their country. The process of selecting honorary consuls accents more and more their ability to manage not just representational and consular tasks but also, if possible, the tasks of economic diplomacy. The Ministry of Foreign Affairs intends to make greater use of the potential of honorary consuls for Czech export promotion.

### **Permanent missions to international organisations**

In 2004, the Czech Republic continued to actively promote its political, economic and trade interests in international organisations. The Czech Republic is a member of more than

100 international organisations; in 56 such institutions it is represented at governmental level (WTO, OECD, IMF etc.). The Czech Republic has permanent missions to the most important organisations. Through these missions, the Czech Republic adopted positions on the issues dealt with in these organisations and presented and defended the relevant policies of the Czech government. In so doing, it contributed to the positive perception abroad of the Czech Republic's economic and political environment. Since April 2004, the Czech Republic's approach to issues discussed in these organisations has been coordinated within the EU framework.

Furthermore, the Ministry continued to cooperate with the business sphere in promoting Czech firms seeking to supply goods and services under the programmes run by international organisations. In 2004, more Czech firms received the necessary certification as potential suppliers to these programmes with the right of access to the tender databases of UN agencies.

Enduring task of the Ministry of Foreign Affairs and diplomatic missions to international organisations is the effort to increase the number of Czech experts in these organisations – not just in their secretariats, but also participating in missions, development programmes and projects. The role of Czech diplomacy in increasing the number of Czechs in the secretariats or specialist departments of these organisations, which is one of the most effective forms of influencing an important sector of the formation of international opinion on the Czech Republic, should be perceived as long-term and comprehensive. Much depends, however, on the abilities and preparedness of Czech candidates to succeed in international recruitment competitions.

## **Czech Centres**

In the area of export promotion, Czech Centres concentrated chiefly on corporate presentations or providing general information on trade and economic matters.

Cooperation between Czech Centres and the regional government authorities in the Czech Republic for presentations of Czech regions abroad went ahead very successfully in 2004. The events were designed primarily to promote business interests and to present regions as interesting tourist destinations. Czech Centres were also one of the principal partners of the "Meeting Point" project, which takes place every year at the "Go" and "Regiontour" trade fairs in Brno. "Meeting Point" presents various areas of the Czech Republic to foreign

journalists and tourism businesses. Czech Centres also continued to implement long-term projects, such as the presentation of Bohemian and Moravian winemaking and viticulture.

The Czech Centres actively contributed to a publication called “Doing Business in the Czech Republic” and other publications, and helped distribute them abroad.

In 2004, the [www.export.cz](http://www.export.cz) internet server operated by Czech Centres head-office continued to offer an up-to-date database of demand and supply enquiries by foreign applicants interested in cooperating with Czech firms, as well as information on Czech enterprises seeking foreign partners. Territorial information received from Czech embassies is a valuable source of information that is not available on similar servers. The regular year-on-year increase in the number of visitors to this website confirms that it has become an indispensable aid for a number of enterprises.

## Scientific research

In 2004, the Ministry of Foreign Affairs continued to support scientific research into the world economy, including certain historical aspects. The following projects, approved in previous years, continued in 2004:

- Analysis of the implementation of OECD recommendations from the point of view of the formation of the Czech government’s economic policy.
- The Czech Republic and Austria: possibilities and limits of cooperation.
- The role of banks in the process of the Aryanisation and confiscation of enemy property from 1938 to 1945.

### *New projects commissioned in 2004:*

- Central Asian states’ political, economic, cultural and language ties with Russia and their integrational or disintegrational development in recent years.
- The impact of the single market rules on the Czech Republic’s cross-border cooperation system.
- Reform of the EU structural funds and Cohesion Fund after 2006 from the Czech Republic’s point of view.
- The impact of the use of information technologies on political and socio-economic processes and on the formation of public opinion in Arab and Islamic countries.
- Czechoslovakia and sub-Saharan Africa 1948-1989.

## **Internal coordination of external economic relations and foreign trade**

In performing its coordinating role in external economic relations, the Ministry of Foreign Affairs makes active use of a number of inter-ministerial platforms.

The platform used in implementing the Cooperation Agreement between the Ministry of Foreign Affairs and the Ministry of Industry and Trade in the execution of foreign-trade policy and export support in the work of the Czech Republic's foreign service is the inter-ministerial permanent working group, which operates at the level of deputy ministers of the two ministries and deals chiefly with issues related to improving the effectiveness of the economic sections of Czech embassies. The Ministry of Foreign Affairs is also a member of the Czech Council for Business and Export Support, which is an inter-ministerial coordinating and advisory body for state support for enterprise and exports. It analyses the situation in various areas of state support and issues recommendations for the appropriate bodies and institutions. In the Council, the Ministry of Foreign Affairs also contributes to the Integrated Information System for Czech entrepreneurs.

In 2004, the Ministry of Foreign Affairs made active use of its shareholders' rights in the Export Guarantee and Insurance Company (EGAP) and the Czech Export Bank and, using suggestions and information from embassies, expressed its opinion on all major export transactions. The Ministry of Foreign Affairs was also a member of the inter-ministerial offset commission headed by the Ministry of Industry and Trade. The foreign ministry worked closely with the Economic Chamber of the Czech Republic, the Confederation of Industry of the Czech Republic, mixed chambers of commerce and professional associations in organising business missions to accompany foreign visits made by members of government and the President of the Czech Republic. Representatives of the Ministry of Foreign Affairs took part in organising Czech participation at international trade fairs and exhibitions.

In 2004, the Ministry of Foreign Affairs played a substantial role in supporting the new democratic regime in Iraq and promoting Czech businesses in the reconstruction and renewal of the country. The economic dimension of diplomacy is manifest in specific activities in relation to Iraq.

In its long-term endeavour to support efforts by Czech institutions and businesses seeking to take part in projects to rebuild the economy and society in Iraq, the Ministry of

Foreign Affairs continued to carry on a number of activities that are rated positively by the Czech business community. The Ministry's work was also appreciated during talks in the Czech Republic with representatives of the provisional Iraqi government and ministries.

Iraq regards the Czech Republic as a reliable partner that is looking to intensify long-term economic cooperation. Stabilisation of the political and economic situation in Iraq is therefore in the Czech Republic's interest.

On 16-17 January 2004, when the security situation was very difficult, Minister of Foreign Affairs of the Czech Republic C. Svoboda visited Iraq, accompanied by representatives of 15 industrial and trading companies. This was the first business mission to Iraq under the aegis of a member of a foreign government after the fall of Saddam Hussein's regime. It was stated during talks with representatives of the Coalition Provisional Authority (CPA) and ministers of the provisional Iraqi government that the Czech Republic plays a significant role in the process of rebuilding the Iraqi economy – that statement is borne out by the fact that the Czech Republic is one of the most successful Coalition countries in winning contracts.

As a part of its assistance to Czech firms trying to enter the Iraqi market, the Ministry prepared three seminars targeting the issue of project preparation and implementation in Iraq. Among those actively participating in the seminar were Czech experts who worked in the structures of the CPA until June 2004.

A forum for the exchange of important and useful information between the Czech business community and the Ministry of Foreign Affairs was a series of working breakfasts to which the foreign minister invited representatives of companies that were actively participating in the implementation of specific projects.

The Ministry of Foreign Affairs cooperated with the Ministry of Industry and Trade and other institutions in the selection and approval of pre-project studies and projects. 14 studies were approved for 2004 and CZK 43.40 million earmarked by the Czech government for these studies; five projects were approved, with CZK 70.36 million earmarked.

An important contribution the Ministry of Foreign Affairs made to the broadening of cooperation with Iraq was the implementation of projects under the Czech Republic's



Transformation Assistance to Iraq in the form specialist training for Iraqi experts in the Czech Republic. Over 50 Iraqi specialists from various industries took part in the training. Their response to the course is positive, so it is fair to expect a deepening of cooperation and contacts between Czech and Iraqi enterprises.

## 2. The Czech Republic's economic development in 2004

### Development of key macroeconomic indicators

After a period of relatively strong economic growth, almost zero inflation, a slight worsening of the external imbalance, a rapidly growing state budget deficit and high rate of unemployment, in 2004 the Czech Republic continued with the overall positive tendencies of 2003 under the more favourable external conditions that were created following the Czech Republic's accession to the EU and the upturn in the European economy.

*Year-on-year GDP growth* of 4% (at 1995 fixed prices) was 0.3 percentage points higher than in 2003. The proportion of GDP accounted for by end consumption by households decreased in 2004. The increase in expenditure on the formation of gross fixed assets (investments) was positive.

*Faster growth in state budget incomes than expenditure* caused the state budget deficit to decrease by CZK 15.6 billion year-on-year. The deficit of CZK 93.7 billion for 2004 was at an acceptable level of 3.4% of GDP, a fall of 0.9% from 2003. The balance of payments current account deficit as a proportion of GDP also fell in 2004, to 5.2%. Owing to the persisting influx of foreign capital into the Czech Republic, covering the balance of payment current account deficit with a surplus in the financial account (up 29.1%) was not a problem. The *government debt* as at the end of 2004 rose to CZK 592.9 billion, i.e. by just under CZK 100 billion, to a level of 21.6% of nominal GDP (the relevant Maastricht criterion is 60%).

However, as economic performance improved, *the number of people out of work grew*. The rate of average annual unemployment was 0.5 percentage points higher in 2004 than in 2003. The rate of inflation rose to 2.8%. Prices of services rose much faster than prices of goods in 2004 (5.3% and 1.3% respectively). Concerns about soaring prices after the Czech Republic's accession to the Czech Republic proved unfounded, however.

The 10.4% *increase in work productivity* was slightly faster than in the previous year and caused unit wage costs to fall by 3.2%. Pay and wages growth slowed down in 2004. The proportion of GDP accounted for by the aggregate nominal volume of wages at current prices decreased; similarly, in real terms, the increase in wages was slower than GDP growth at fixed prices.

In the *construction* sector, work commenced on 39,037 new flats, a year-on-year increase of 7%. The rate of unfinished buildings rose by 5.5%. In *services*, revenues were up by 3.2% year-on-year in real terms, which represents a slowdown of 1.5 percentage points from 2003. Revenues grew fastest in the transport and communications sector – 6.2%; the slowest growth was in retail – 2.4%. In *agriculture* there was an outstandingly good harvest of cereal crops (approximately 50% bigger than in 2003), which, despite a substantial decline in meat production and a slight decline in milk production, helped the volume of agricultural production reach a value of CZK 115.6 billion at current prices, a year-on-year increase of 16.3%. Agriculture experienced a change of rules after the Czech Republic joined the EU. Most notably, subsidies for primary production and related segments increased.

On average, the *CZK/USD exchange rate* registered substantial appreciation, from CZK/USD 28.227 to 25.701. In contrast, the Czech koruna weakened slightly against the euro, from CZK/EUR 31.844 to 31.904.

### **Czech foreign trade in 2004**

In 2004, the Czech Republic's foreign trade recorded its *best results in the last ten years*. Foreign trade turnover rose to record levels, at current prices more than 2.5 times those in 1995; exports were 2.64 times and imports 2.44 times levels in 1995. Compared with 2003, exports were up 23.8%, which was the biggest year-on-year increase from 1994 to 2004; imports were 19.2% higher. The balance of trade deficit was the lowest in the last ten years. The balance of trade deficit in goods was CZK 47.1 billion lower at current prices than in 2003, reaching a level of CZK 22.3 billion. The principal influence on the positive foreign trade results was the Czech Republic's expected, and in mid 2004 realised, accession to the European Union.

Following EU accession, customs duties on goods and services traded with other EU countries were abolished, which substantially improved the Czech Republic's conditions for trading with these countries that account for more than three quarters of Czech foreign trade.

Conversely, new custom duties were imposed on non-member countries. Non-European goods in particular were sometimes burdened with higher duties or other protection measures than before.

Comparison of the 2004 foreign trade results with those of 2003 reveals that rates of exchange, calculated on the basis of average export and import prices per kilogram, increased by 23.8%. This was caused by the strengthening of the CZK against the USD and EUR, changes in the commodity structure of exports and imports, the phase of the economic cycle the Czech Republic entered and upturns in foreign economies.

The following facts are evident from developments in the traded volume and prices per kilogram of exports and imports from 2003 to 2004:

- the quantity index of exports rose by 38.1 percentage points year-on-year;
- the quantity index of imports rose by as much as 64.6 percentage points year-on-year;
- the price index of exports fell by 10.4 percentage points;
- the price index of imports fell by 27.6 percentage points.

It follows that from 2003 to 2004 the resultant prices of Czech exports fell overall, but not nearly by as much as the resultant prices of imports. On the other hand, there was a sharp increase in the material intensity of imports, which is linked with economic activities of enterprises under foreign control, with foreign direct investors in the Czech Republic and with foreign supplies of raw materials, semi-finished products and components necessary for the manufacture of export goods.

*Changes in the territorial structure* of foreign trade resulted in a slight fall in the proportion of total exports accounted for by developed market economies (91.6%), while their share of total imports rose (82.0%). The increase in the share of total exports to developing countries, European transition economies and the Commonwealth of Independent States is positive. In terms of imports, however, the position of developing economies and the CIS weakened.

The biggest year-on-year increases were recorded in Czech exports to Germany – growth of CZK 109.8 billion; to Slovakia – CZK 34.9 billion; and to Poland – CZK 22.1 billion. The biggest year-on-year decreases were in Czech exports to Iran – fall of CZK 940.9 million; to Algeria – CZK 253.3 million; and to Salvador – CZK 185.2 million.

As far as the territorial structure of Czech imports in 2004 compared with 2003 is concerned, the biggest growth was in the value of Czech imports from Germany – CZK 72.4 billion; followed by Japan – CZK 22.2 billion; Poland – CZK 20.4 billion; and Slovakia – CZK 17.8 billion.

The positive changes *in the commodity structure* of Czech exports continued, with an increase in the proportion of more sophisticated products, particularly electrical engineering products and electronics. Exports of these commodities grew by CZK 68.9 billion. Exports of machinery and plant equipment rose by CZK 53.9 billion and motor vehicles by CZK 45.2 billion. There were also palpable increases in the value of exports of iron and steel – up CZK 27.4 billion; iron and steel products – up CZK 20.4 billion; and plastics and plastic products – up CZK 15.6 billion. In imports, the value of electrical engineering and electronic devices rose by CZK 43.4 billion from 2003 to 2004; machinery and plant equipment by CZK 39.3 billion; and motor vehicles by CZK 22.4 billion.

The developments in export and import prices were influenced not only by the strengthening of the CZK against the USD and EUR but also by rising prices of raw materials and fuel.

Increasingly, Czech foreign trade, and Czech exports in particular, are being positively influenced by the activity of enterprises in the Czech Republic with foreign capital participation – in particular, plants established by foreign direct investors and focused not just on the Czech Republic's domestic market, but on other EU countries as well.

*The influx of foreign direct investments (FDI)* in the Czech Republic continued in 2004 and exceeded FDI levels in 2003. The value of FDI was CZK 114.7 billion. Approximately three-quarters of investments were made in the Czech Republic by investors from EU25 (in particular Germany, the Netherlands and Austria); followed by Japan and the USA. The biggest single area of investment, accounting for CZK 55.1 billion's worth of FDI, was the processing industry, in particular manufacture of metal, chemical, rubber and plastic products and manufacture of plant equipment and machinery. CZK 19.7 billion headed into the retail and repairs sector, CZK 13.2 billion into financial brokering, and CZK 6.9 billion into the power industry. *Portfolio investments* registered even greater changes than FDI. The overall exodus of capital from the country in 2003 (CZK –35.7 billion) was replaced by an overall influx with a positive balance of CZK 62.2 billion.

The development of foreign trade and its ratio to GDP clearly documents that the Czech economy is, on a European and world scale, a highly open economy whose further development is increasingly dependent on the quality of external economic relations.

## IV. HUMAN RIGHTS IN THE CZECH REPUBLIC'S FOREIGN POLICY

Human rights remained one of the Czech Republic's foreign policy priorities in 2004. The Czech Republic's foreign policy principles in the field of human rights were promoted mainly in multilateral forums, particularly within the UN, the Council of Europe and the OSCE. The Czech Republic took part in the process of negotiating international treaties and adopted positions on various current human rights issues (the rights of the child, protection from torture and other inhuman treatment, the fight against discrimination, the refugees issue, violations of human rights in various countries *et al.*). The Czech Republic's accession to the European Union in 2004 brought new opportunities for promoting the principles of the Czech foreign policy in the field of human rights. The Czech Republic actively contributed to the formulation of common EU positions on current human rights questions, particularly in the Working Party on Human Rights of the Council of the European Union (COHOM), and initiated a number of its own initiatives at various opportunities.

### United Nations

#### **60<sup>th</sup> session of the UN Commission on Human Rights in Geneva (15 March – 23 April 2004)**

The 60<sup>th</sup> session of the UN Commission on Human Rights (CHR) took place in Geneva from 15 March to 23 April 2004 under the chairmanship of Australian ambassador M. Smith.

As an observer country, the Czech Republic effectively assisted in the adoption of a resolution on the situation of human rights in Cuba; the resolution was sponsored by Honduras. The Czech Republic thus took on a role predetermined by its previous intensive diplomatic activities in this regard.

The question of violence against women received special attention, leading to the adoption of a ministerial declaration on this issue. The 10<sup>th</sup> anniversary of the Rwanda genocide was recalled at the session, principally in a speech made by the UN Secretary General, who personally visited the session and presented a plan of action to prevent genocide.

The 60<sup>th</sup> session of the CRH adopted 88 resolutions, 28 decisions and 5 chairperson statements. Three new thematic mechanisms were created (trafficking in women and girls, protection of human rights while countering terrorism, and questions of impunity) and five new mechanisms against violation of human rights in undemocratic countries (the Democratic People's Republic of Korea, Belarus, Sudan, Chad, Uzbekistan, Democratic Republic of the Congo and Burundi). Overall, therefore, ten new mechanisms were created and nine others extended (Myanmar, indigenous people, religious intolerance, use of mercenaries, education, toxic waste, extra-judicial executions, human rights and poverty, and child prostitution).

Two of the major achievements of Czech foreign policy concerning human rights was the adoption of a resolution of the Czech Republic on human rights and special procedures and the adoption of the Honduras resolution on the situation of human rights in Cuba – the Czech Republic played a major role in promoting this resolution.

The Czech Republic also co-sponsored 13 country-oriented resolutions and 34 thematic resolutions. These included all the country resolutions that were submitted by the EU (resolutions on Israeli settlements in occupied territories, on the situation of human rights in the Democratic People's Republic of Korea and Burma/Myanmar, Belarus and Turkmenistan were adopted; resolutions on the situation of human rights in Chechnya and Zimbabwe were not) and three thematic resolutions (death penalty, religious intolerance, the rights of the child). Besides the resolution on Cuba, the Czech Republic co-sponsored resolutions on the Democratic Republic of the Congo, Burundi, Sierra Leone, Somalia and Cambodia. Of the texts of resolutions supported by the Czech Republic, the resolution on the prohibition of discrimination on the grounds of sexual orientation was again deferred – it will be debated at the 61<sup>st</sup> session of the CHR.

One of the consequences of the Czech Republic's involvement in EU activities was the increased number of resolutions the Czech Republic co-sponsored, as well as assuming commitments to implement and monitor the resolutions. For the first time, the Czech Republic served as EU coordinator for Canada's resolution on the implementation of human rights standards.

## **59<sup>th</sup> session of the 3<sup>rd</sup> Committee of the UN General Assembly – human rights part**

At the session of the 3<sup>rd</sup> Committee in 2004, the key country-oriented resolutions were those that commented on the human rights situation in individual countries. Regrettably, the negative trend of politicising sessions and proposing no-action motions (which are objections to the submission of a resolution) on individual initiatives continued at the 2004 session of the 3<sup>rd</sup> Committee. This tactic was used to block resolutions on the human rights situation in Zimbabwe and the Democratic Republic of the Congo (both sponsored by the EU). Like all EU resolutions, these resolutions were also supported and co-sponsored by the Czech Republic.

Key thematic decisions of the 3<sup>rd</sup> Committee include the adoption of a work model for the Committee for the Rights of the Child, enabling the Committee to sit in two chambers; the consensus achieved by the EU and G77 on the resolution on racism; the agreement regarding a four-day session of the Ad Hoc Committee on Persons with Disabilities in 2005, the consensual approval of Mexico's resolution on the protection of human rights in the fight against terrorism and the adoption of the EU resolution on religious intolerance.

### **Convention on the Protection of Human Rights of Persons with Disabilities**

During 2004, a delegation from the Czech Republic actively participated in demanding sessions of the UN Ad Hoc Committee on a Comprehensive and Integral Convention on the Protection of the Rights and Dignity of Persons with Disabilities. The aim of this Convention is not to create new rights for disabled persons; it is to ensure the full enjoyment of all human rights and fundamental freedoms of persons with disabilities, their dignity and participation as equal members of society.

At the 2004 sessions, the Czech Republic performed several roles concurrently. As an EU member country, the Czech Republic took part in reviewing all EU speeches and proposals. At the same time the Czech Republic, as a member of the presidency of the Ad Hoc Committee bureau, advocated at the bureau's regular meetings a transparent and democratic process of consultations involving non-governmental organisations.

In accordance with Resolution 59/198 of the Third Committee of the UN General Assembly, the Ad Hoc Committee will have two sessions in 2005.



## **Meeting of the Working Group on an Optional Protocol to the International Covenant on Economic, Social and Cultural Rights**

The Working Group on an Optional Protocol to the International Covenant on Economic, Social and Cultural Rights held its first session at UN headquarters in Geneva on 23 February to 5 March 2004. The reason for convening this session was Resolution 2003/18 of the Commission for Human Rights, which gave the Working Group a mandate to meet for a period of ten working days before the 60<sup>th</sup> session of the CHR in order to consider options regarding the elaboration of an Optional Protocol to the International Covenant on Economic, Social and Cultural Rights. The idea for an Optional Protocol has been evolving for some time; it reflects the trend aimed at remedying the asymmetry in the protection of economic, social and cultural rights on the one hand and civic and political rights on the other. Representatives of the Ministry of Foreign Affairs of the Czech Republic and the Ministry of Labour and Social Affairs of the Czech Republic took part in the Working Group's meetings at expert level. The Czech Republic fully identified itself with the EU's position. At the coming sessions the Working Group should prepare a more specific draft of the planned Optional Protocol.

## **Human dimension of the OSCE**

### **OSCE Conference on Anti-Semitism (Berlin, 28-29 April 2004)**

A delegation from the Czech Republic, led by Deputy Minister for Foreign Affairs J. Winkler, attended the OSCE anti-Semitism conference that was held in Berlin on 28 and 29 April 2004. The conference took place under the patronage of President of Germany J. Rau and was attended by more than 600 representatives of OSCE countries, including internationally renowned personalities from the area of culture and politics. The conference's fundamental goal was to outline a specific strategy to combat contemporary anti-Semitism in all its manifestations. The proceedings of the conference were summed up in the OSCE's Call for Action against Anti-Semitism. The leader of the Czech delegation gave a speech evaluating the contemporary increase in manifestations of anti-Semitism in the context of tendencies towards intolerance and hate, which, to varying degrees, are a symptom of the current phase of our civilisation. Following the speech, a message of greetings from former president of the Czech Republic V. Havel was read out to the conference.

### **OSCE Conference on Tolerance and the Fight against Racism, Xenophobia and Discrimination (Brussels, 13-14 September 2003)**

The OSCE Conference on Tolerance and the Fight against Racism, Xenophobia and Discrimination was held in Brussels on 13-14 September 2003. The Czech delegation, which gave a speech, was led by the director of the human rights department of the Ministry of Foreign Affairs. The goal of the conference was to exchange information and experience in the fight against racism and discrimination, focusing on additional specific measures that OSCE countries should take in the fight against these negative phenomena. A topic highly relevant to the Czech Republic was the situation of Romas in Europe. The question of the institutional support for action against anti-Semitism in the OSCE was also raised (suggestions were made for the appointment of a special rapporteur for anti-Semitism). The conference's concluding document was the Brussels Declaration.

### **Special session of the OSCE Human Dimension – “The Relationship between Racial, Xenophobic and Anti-Semitic Propaganda on the Internet and Hate Crimes” (Paris, 16-17 June 2004)**

A Special Session of OSCE Human Dimension on “The Relationship between Racial, Xenophobic and Anti-Semitic Propaganda on the Internet and Hate Crimes” attended by delegation from the Czech Republic, was held in Paris on 16-17 June 2004. The session stated that the growing number of manifestations of racial hatred on the internet demonstrates the insufficiency of preventive measures and the need to find a more effective, internationally coordinated approach to this issue. The closing recommendations called on states to accede to the Council of Europe Convention on Cybercrime, to support projects by non-governmental organisations in this area and to set up telephone hotlines for reporting websites with racist content.

### **OSCE Human Dimension Implementation Meeting**

The OSCE Human Dimension Implementation Meeting was held in Warsaw on 4-15 October 2004. The meeting, convened by the Warsaw-based OSCE Office for Democratic Institutions and Human Rights (ODIHR), is the basic mechanism for reviewing the state of human rights in the 55 OSCE participating states. On the agenda was an appraisal of implemented measures and projects; ways were sought to enable civil society and government structures to cooperate in the context of the work of democratic institutions and the building

of the rule of law. The meeting also paid heightened attention to cooperation between the OSCE and other international organisations.

As a new member of the EU, the Czech Republic was charged with preparing the part of the summary EU declaration that dealt with an appraisal of the state of freedom of assembly and association in OSCE participating states. In response to criticism from one non-governmental organisation, the Czech delegation gave a speech explaining the broader context of the issue of forced sterilisations. It actively cooperated with other EU delegations and, in regular meetings on the sidelines of the main session, contributed to the formulation of EU position on a number of issues.

## **COHOM – Council of the European Union Working Party on Human Rights**

In 2004, the Czech Republic took part in regular monthly meetings of the UN Working Party on Human Rights (COHOM), which is the key body for the formulation of the EU's human rights policy. COHOM prepares EU positions for sessions of the UN Commission for Human Rights and the 3<sup>rd</sup> Committee of the UN General Assembly and for the most significant events regarding current issues (in 2004 these were dialogues with Iran and China on human rights, the implementation of EU directives against torture and the death penalty, dialogues on human rights and the issue of child soldiers, approval of a directive on the issue of defenders of human rights, preparation of the EU annual report on human rights and preparation of an EU position for the session of the Ad Hoc Committee on a Comprehensive and Integral Convention on the Protection of the Rights and Dignity of Persons with Disabilities).

The Czech Republic responded actively to the discussions taking place during most of these events (in speeches at COHOM meetings or electronically using the EU's Coreu communication network). The Czech Republic is one of the most active of the new EU member countries and is perceived as such by its EU partners. The content of speeches made by Czech representatives rank the Czech Republic, together with Great Britain, Ireland, the Netherlands, Denmark, Sweden and others, among the "harder-line" ("northern") part of the EU in human rights matters.

## **The Czech Republic's territorial priorities in the protection of human rights**

In 2004, the foreign human rights policy of the Ministry of Foreign Affairs of the Czech Republic continued to concentrate on a group of countries consisting of Cuba, Burma/Myanmar and Belarus. This approach does not mean that the Czech Republic is not interested in other countries where human rights violations are perpetrated on a massive scale; it simply defines a focus of increased interest whose scope corresponds to the capacities of Czech foreign policy.

The key events with regard to these priority countries were a meeting of the International Committee for Democracy in Cuba in September 2004 in Prague, which took place under the aegis of Minister of Foreign Affairs of the Czech Republic C. Svoboda, who also actively participated; a visit by and official reception for exiled Burmese Prime Minister Sein Win with Mr Svoboda and the EU's joint nomination of Belarus newspaper Narodnaja volja for the Guillermo Cano World Press Freedom Prize for 2005, approved at the proposal by the Czech Republic.

## **Legislative work by the Ministry of Foreign Affairs regarding human rights**

### **Second Optional Protocol to the International Covenant on Civil and Political Rights and Protocol No. 13 to the European Convention on Human Rights**

After the Senate of Parliament of the Czech Republic approved the Czech Republic's accession to the Second Optional Protocol to the International Covenant on Civil and Political Rights and ratification of Protocol No. 13 to the European Convention on Human Rights, the Ministry of Foreign Affairs of the Czech Republic completed the process of accession to and ratification of the said protocols. The ratification instruments for both protocols were deposited with the depositaries of the two accords, i.e. the Secretary General of the UN and the Secretary General of the Council of Europe. The texts of the two protocols were subsequently promulgated in the Collection of International Treaties.

The text of the Second Optional Protocol to the International Covenant on Civil and Political Rights was published as No. 100/2004 Coll.; in accordance with the provisions of the protocol the Czech Republic became a State Party on 15 September 2004.

The text of Protocol No. 13 to the European Convention on Human Rights was published as No. 114/2004 Coll.; in accordance with the provisions of the protocol the Czech Republic became a State Party on 1 November 2004.

Both protocols concern the abolition of the death penalty. The Second Protocol allows reservations providing for the application of the death penalty in time of war for the most serious crimes of a military nature committed during wartime. Protocol No. 13 establishes a ban on the death penalty under all circumstances, without any reservations.

The commitments contained in the two protocols required no changes to Czech law. The consequence of the Czech Republic's ratification of or accession to these international instruments is the widening of the jurisdiction of control mechanisms, i.e. the European Court on Human Rights and the UN Committee on Human Rights, to include the provisions of these protocols.

### **European Charter for Regional or Minority Languages**

In view of its adoption of the new code of administrative procedure and schools act, the Czech Republic decided to move to ratify the European Charter for Regional or Minority Languages, which it signed on 9 November 2000. At the start of January 2005, the first inter-ministerial meeting will be held to consider which provisions of the Charter can be adopted.

### **Protocol No. 14 to the European Convention on Human Rights**

The draft of the Protocol was drawn up by the Council of Europe Steering Committee on Human Rights. Work on the Protocol finished in April 2004; on 12 May 2004 the Protocol was approved by the Council of Ministers; and on 13 May 2004 it was opened for signature by member states of the organisation.

The purpose of the Protocol is a reform of the European Court of Human Rights aimed at enabling the Court to cope with the unprecedented increase in its caseload. This increase is due to the fact that the number of Council of Europe member states has grown significantly since the last reform of the Convention's control mechanism; in addition, more and more applications submitted to the Court are manifestly inadmissible .

The principal innovations that Protocol No. 14 brings to the European human rights protection system are:

- a mechanism facilitating the rejection of manifestly ill-founded applications submitted to European Court of Human Rights (instead of a committee of three judges, decisions on the rejection of such complaints will be made by a single judge, who will be assisted by rapporteurs);
- repetitive applications resulting from a system error in the law of a member state will be decided on in expedited proceedings by a committee of three judges (and not in standard proceedings before a chamber consisting of seven judges);
- the court will be able, under certain circumstances, to declare complaints inadmissible in cases where the complainant has not suffered significant disadvantage.

The Protocol's provisions are technical and procedural in nature and the vast majority of them concern the powers of the European Court of Human Rights and bodies of member states of the Council of Europe that represent these states in court, i.e. in the Czech Republic's case the government plenipotentiary for representation of the Czech Republic in the European Court of Human Rights, or the Ministry of Justice of the Czech Republic.

The proposal to sign and ratify the Protocol No. 14 to the European Convention on Human Rights will be put before the government and Parliament at the start of 2005.

### **European Monitoring Centre on Racism and Xenophobia (EUMC)**

The European Monitoring Centre on Racism and Xenophobia (EUMC) was established in 1997 by Council Regulation (EC) No. 1035/97. It is part of the organisational structure of the European Community but independent of Community bodies. Based in Vienna, it collects and evaluates information and data concerning manifestations of racism and xenophobia in all Community member states.

At sessions of the management board and meetings of EUMC liaison officers in 2004, representatives of the Czech Republic dealt principally with the question of the planned transformation of the EUMC into the EU Agency for Human Rights.

### **Task Force for International Cooperation on Holocaust Education, Remembrance and Research (ITF)**

The Task Force for International Cooperation on Holocaust Education, Remembrance and Research (ITF) held its plenary meeting in Rome on 6-10 June 2004. The plenary meeting was attended by director of the human rights department of the Ministry of Foreign Affairs of the Czech Republic, as national coordinator for the Czech Republic and head of the Czech delegation. The Task Force consists of representatives of 18 states and governmental and non-governmental organisations. Its aim is to raise political and social support for Holocaust education, remembrance and research. Meetings mainly consist of evaluations of projects submitted by individual countries to commemorate the horrors of the Holocaust and preserve historical awareness. Italy held the presidency in 2004. The second ITF meeting in 2004 took place in Trieste on 13-16 December 2004. That meeting was attended by the representative of the human rights department of the Ministry of Foreign Affairs. The meeting took place in five working groups (academic, education, ITF fund, information, and memorials). Romania was admitted as a new member at the closing plenary meeting. There were unofficial talks on the Czech Republic's possible presidency in 2006.

## **V. THE CZECH REPUBLIC'S FOREIGN CULTURAL AND INFORMATION POLICY**

### **1. Presentation of the Czech Republic and its culture abroad**

Alongside political and economic activities, cultural contacts form one of the pillars of foreign policy. With the growing political and economic integration taking place in the international forum and involving the Czech Republic, there is also a greater need for multicultural communication and the presentation of cultural identity in the midst of many different cultures, in order to facilitate political and economic contacts, among other things.

The cultural presentation of the Czech Republic abroad was concentrated on two special events: the Czech Republic's accession to the EU and the project titled "Czech Music 2004 – an integral part of European culture". To mark the occasion of the Czech Republic's accession to the EU, concerts, exhibitions, film screenings and other cultural events were held in all EU member and acceding states, as well as in other countries. The aim of these events was to showcase a new EU member – the Czech Republic – as a country with great cultural potential and rich tradition. "Czech Music 2004 – an integral part of European culture", which the majority of Czech embassies took part in, re-affirmed the great interest in Czech music and was extremely well received. The biggest events in this project took place in Japan and Germany; concerts of Czech music were staged in Argentina, Greece, Italy, Israel, Lithuania, Norway, the Philippines, Sweden, Taiwan, Turkey and other countries.

Staging exhibitions is an important part of the Ministry of Foreign Affairs' cultural activities abroad. In 2004, the Ministry offered Czech embassies abroad a total of 45 exhibitions on a wide range of topics. New exhibitions offered included "Three Personalities of Czech Music – Smetana, Dvořák, Janáček", which in many countries formed an excellent accompaniment to musical performances organised as a part of "Czech Music 2004". The programme of exhibitions also included "Czech Comics", "Czech Press Photo 2003" and "Czech UNESCO Heritage Sites". New exhibitions were prepared in advance for 2005: "Contemporary Czech Theatre Architecture" in collaboration with the Theatre Institute; "Vladimír Boudník – Between Avant-garde and Underground" in collaboration with the Prague Castle Administration; and "Czech Press Photo 2004".



In keeping with tradition, screenings of Czech films were popular. In 2004, mainly new Czech films were screened abroad, but interest in films from the 1960s and 1990s persisted. In 2004, the close cooperation between the Ministry and the National Film Archive continued. Of the dozens of foreign screenings of Czech films organised by Czech embassies and very well received, it is worth mentioning the jubilee 10<sup>th</sup> year of “Czech Film Week” in Zagreb, “Czech Films Week” in Dublin, a cycle of screenings of Czech films in Buenos Aires etc. Czech films were shown in many countries around the world as a part of local “European Film Days” organised abroad, e.g. in the Philippines, Chile, Canada, Costa Rica, Tunisia.

Authors’ readings and presentations of literature, theatre, puppet theatre, music, folklore and Czech cuisine are other foreign cultural activities.

Emphasis was placed on combining events within geographic regions and with other promotional activities, e.g. in tourism and the economy, especially in the form of “Czech Days”. A new phenomenon of foreign cultural policy is “Czech Seasons” – targeted collective presentations of Czech culture in partner countries (France in 2002, Russia, Canada *et al.* in 2003).

As a part of its international cultural activities in 2004, the Ministry took part in organising the 11<sup>th</sup> “European Film Days”, in preparing and organising the “Lidice International Children’s Art Competition and Exhibition”, “Francophonie Days in the Czech Republic” and several presentations of Czech culture as a part of the International Francophone Organisation – in Algeria, the Seychelles, Venezuela etc. A representative of the Ministry attended the 20<sup>th</sup> session of the International Organisation of la Francophonie on behalf of the Czech Republic, followed by the 10<sup>th</sup> summit of heads of state and prime ministers of francophone countries in the capital of Burkina Faso Ouagadougou.

The Ministry of Foreign Affairs initiated, supported and coordinated the involvement of other ministries and institutions in multilateral programmes in the context of European and other international organisations.

The EU’s key programmes in the area of protection of cultural diversity and their active use became increasingly significant in connection with the Czech Republic’s accession to the EU. Particular attention was paid both to the Czech Republic’s participation in Community cultural programmes (Culture 2000, Media Plus and Media II – Training) and in selected EU cultural events (e.g. under the “European Cities of Culture” project) and as a part

of the planned network of European cultural tourism (Cultural Tourism Network). In science and education, the Czech Republic continues to be actively involved in the Leonardo, Socrates, Youth for Europe programmes and in framework programmes for science and research.

to the EU gave the Czech Republic the opportunity of participating directly in the creation of European cultural policy strategies. In 2004, a delegation of the Ministry of Foreign Affairs took part in the Berlin conference for European cultural policy “A Soul for Europe” and a meeting of directors general of the cultural sections of foreign ministries of European countries on the subject of “Enterprise and Art”, which took place in Amsterdam.

In 2004, cooperation in culture and education continued within the framework of the Visegrad Group (V4), the Central European Initiative and the Council of Europe. Three joint events of the participating states were organised under the Central European Cultural Platform (V4 + Austria and Slovenia), with the Ministry of Foreign Affairs organising Czech involvement: a literary presentation of young authors from the concerned countries titled “City of Poets”, which took place in Dublin at the end of the Irish presidency; “Central European Literature Day” at the “Istanbul Book Fair” in October; and “Bookmarks – contemporary Central European typography and the specific nature of languages in Central Europe” in The Hague in December.

The promotion of Czech culture abroad is aided by long-term cultural agreements, bilateral governmental framework agreements that declare the two concerned states’ general interest in cooperating in culture, education, science, and usually youth and sport as well. In 2004, a new cultural agreement was concluded with Lebanon.

## **2. Media and information**

The overall media image of the Czech Republic in foreign media 2004 can be described as balanced, to slightly positive. From the technical point of view, the Czech Republic was most frequently mentioned in agency news reports and printed media, but less on radio and television.

Foreign media reacted primarily to the following themes or events: EU enlargement, the subsequent elections to the European Parliament, the government crisis in the Czech Republic and appointment of a new cabinet, the performances of Czech footballers at the

European Championships in Portugal and the successes of Czech sportsmen and sportswomen at the Olympic Games in Athens. The continuing decline of media interest in negative and sensitive subjects such as the “Beneš Decrees”, Temelín nuclear power plant, corruption, prostitution etc. is positive. The Czech Republic continues to be associated with media coverage in the area of culture and sport, and is still regarded by foreign media as an interesting tourist destination – chiefly Prague, but also Czech spa towns and other attractive places. The Czech Republic is also presented as an increasingly reliable trading partner or as a suitable place for foreign investment. In this context, significant Czech export articles, such as Škoda automobiles, glass, beer etc., are mentioned principally in more remote destinations.

2004 again showed that mutual bilateral visits and talks do a great deal to enhance the Czech Republic’s media image, particularly in more remote destinations where these meetings provide an opportunity for media to offer more extensive information about the Czech Republic.

Czech embassies also help generate a good image of the Czech Republic abroad, principally by organising a wide variety of events that actively present and thus positively influence the Czech Republic’s image in the territory in question.

True to tradition, the Czech Republic received the greatest media attention in the European region, where it was presented altogether objectively and slightly positively, with a tangible increase in the intensity of news coverage. Particularly extensive attention was paid to the Czech Republic in connection with its accession to the EU. Most prominent European daily newspapers published a comprehensive portrait of the Czech Republic, which was mostly positive in tone. As a new EU member country, the Czech Republic was also mentioned in connection with the adoption of a transition period for the free movement of labour by most original member countries. In connection with the EU enlargement, attention was paid to the results of elections to the European Parliament, particularly in new member countries where these elections were being held for the first time. In this sense, the Czech Republic was described as a country where “Euro-sceptics” and “Euro-realists” gained great potential. In almost every European country, media covered the government crisis in the middle of the year, the change of prime minister and the difficult process of finding a suitable candidate for the post of European commissioner.

Publicity in individual countries is generally a factor of the Czech Republic's political, economic and cultural significance for the country in question. In Austria, the media image continued in the trend started in the previous year, and Austrian news reporting can be described as more balanced and less emotional. Nevertheless, criticism, primarily of the Temelín nuclear power plant, still occurs. There was also some resentment about the adoption of "Lex Beneš" and about certain positive responses to this development on the Czech political scene. The Czech Republic's media image in another of its neighbours, Germany, can be regarded as balanced. Sensitive episodes in the past were recalled mainly in connection with another neighbour, Poland, and coverage of the Beneš Decrees diminished. In Germany too, however, the media registered the passing of the act on President E. Beneš.

The Czech Republic had a very positive media image in neighbouring Slovakia. Unlike the previous year, when the Slovak government's reforms that advanced Slovakia ahead of the Czech Republic in many regards were rated positively, last year this comparative trend in Slovak journalism ceased. Prime Minister S. Gross's participation in the August celebrations of the Slovak National Uprising in Banská Bystrica, where the prime minister's speech was broadcast live by two television stations (STV and TA3), aroused a surprising amount of interest. Other reasons that the Czech Republic was perceived in a positive light were the generosity of the Czech population and the immediate response by the Czech executive to the natural disaster in the Tatra Mountains, and the generosity of Czech donors after the destructive earthquake in Southeast Asia at the end of the year. Awareness of goings-on in the Czech Republic has for long been sufficient in Slovakia thanks to the availability of Czech media there. The information contained in Slovak media is therefore more diverse and is not confined to basic news and explanation of contexts.

In another neighbour, Poland, the situation was largely the same as in the previous year, i.e. news coverage remained at its average level. The Czech Republic's media image in Poland can be described as somewhat unbalanced; overall, however, it cannot be rated as negative. In connection with the two countries' accession to the EU, a frequent subject in the media was a comparison of the two states in different areas, but predominantly the economies of the two countries. Considerable room was again given to Czech cultural events and the successes of Czech sportsmen and women.

Other European countries where the Czech Republic enjoyed increased "popularity" include Italy, France, the Netherlands, Spain and Portugal. The most significant media topic

in these regions was the EU enlargement; even so, primacy in terms of the quantity of information was taken by the Czech football team at the European Championships in June. The major success of the Czech team helped raise awareness of the Czech Republic, particularly in those countries where soccer is a popular sport and many Czech footballers play in local clubs. Regarding sport, the Greek press did not just cover the quality of the Czech football team and successes of Czech Olympians in Athens, it also mentioned the Czech Republic's assistance in safeguarding the Olympic Games by providing a special chemical weapons protection unit.

Media coverage of the Czech Republic in the Russian Federation is a chapter on its own. Thanks to the successful development of mutual bilateral, economic, trade and cultural relations, Russian media are very interested in the Czech Republic – in fact, the Czech Republic remains one of the Central European states that the Russian media show greatest interest in. Despite this fact, the quantity of information about the Czech Republic fell slightly, largely owing to the lower frequency of bilateral contacts between the two countries. There was a substantial increase in sports information in view of the large numbers of Czech hockey and football players and coaches in the Russian leagues. In other countries of the former Soviet Union, the Czech Republic only received significant coverage in Kazakhstan in connection with the visit by President V. Klaus and Minister of Foreign Affairs C. Svoboda and the visit to Prague by a Kazakh senate delegation.

The American continent is a separate chapter. In previous years, the Czech Republic's media image differed from country to country and region to region. That changed somewhat in 2004, however. In the USA there was less coverage of the Czech Republic. Even so, media coverage in the USA can be described as balanced. The American media mainly covered the Czech economy, cultural monuments and famous sportsmen and women. Overall, there was relatively little reporting on the EU enlargement; but the media did not fail to notice the "ado" surrounding the search for a suitable Czech candidate for the post of European commissioner. Media in Florida gave considerable coverage to the Czech Republic's uncompromising position on the current Cuban regime and the local press published several articles by V. Havel and the Czech Republic's ambassador to the USA M. Palouš. The Canadian media mainly covered the Czech Republic's accession to the EU and the visit to Canada by the Czech president. The overall media image can be rated as positive.

The media in countries in Central and South America tend to be focus predominantly on national or Latin American issues. What is more, the absence of correspondents from these countries based in the Czech Republic meant that reports published about the Czech Republic usually informed about visits to the area by Czech representatives. In these countries, the Czech Republic is principally described as a developed and democratic country, a fact confirmed by its accession to the EU. In keeping with tradition, however, the Czech Republic was presented as a recommended tourist destination with a broad and interesting range of culture on offer. The fact that the Czech Republic became one of the new EU member countries was registered, but the Czech Republic was mentioned merely as one of the ten new countries. Again, Czech footballers received considerable coverage, primarily in the printed press. Cuba continued to be the exception to the altogether positive tone – apart from some cultural and sports news, Cuban media completely ignore the Czech Republic.

In the Middle East, the Czech Republic received most coverage in Egypt, Lebanon and Saudi Arabia; increased media interest was registered in Yemen. In other countries too, however, the Czech Republic's media image is one of a friendly country. The enlargement of the EU was covered in the media in these countries, and the Czech Republic was presented as one of the new member countries and a representative of "the new Europe". The Czech Republic's effort to pursue a balanced policy towards the region and the Czech Republic's part in the fight against terrorism were rated positively. The Egyptian media also covered the government crisis in the Czech Republic, the appointment of a new cabinet and the visit by Minister of Foreign Affairs C. Svoboda and other representatives of the Czech Republic. Reports concerning tourist destinations, particularly Czech spa towns, formed much of the media coverage in this region, most notably in Saudi Arabia.

The media in certain Asian countries gave substantially more space to coverage of the Czech Republic; nevertheless, the geographical remoteness of the Czech Republic from this region means that coverage is sporadic. The Czech Republic was relatively significantly presented as a new EU member in Thailand, Malaysia, the Philippines and Australia – out of all the new countries, the Czech Republic received the most coverage. The Malaysian press monitored closely the performances of Czech footballers at the European Championship; regarding economic news, the local media registered the opening of a new IT operations centre of international courier service DHL in Prague. In the Philippines there was increased media attention as a result of bilateral relations – the visit by Minister of Foreign Affairs

C. Svoboda and the participation of the president's wife L. Klausová at the inauguration of the Philippine president – and the unveiling of a monument to seven Czechoslovak citizens who fell here in the military campaign to liberate the Philippines in the Second World War. Bilateral relations contributed to increased coverage of the Czech Republic in the Chinese press, too, which gave considerable room to information about the official visit by President V. Klaus. In Thailand, the fact that it is not just the English-language press that inform about the Czech Republic, but media in the Thai language as well, can be regarded as a considerable success. The overall image of the Czech Republic in this region is positive.

As in previous years, the Czech Republic was again not at the centre of attention of media on the African continent. The low level of awareness about the Czech Republic is a consequence of the geographical distance separating the Czech Republic from Africa, the differences in culture and traditions, the relatively limited trade exchange, the language barrier etc., and is comparable with awareness of other countries in Central and Eastern Europe. What is more, all local media focus strongly on the internal affairs of the country in question. Even so, there was above-average coverage of the Czech Republic compared with last year in connection with the football European Championships; there was also interesting television coverage of the opening of the Czech Republic's honorary consulate in Banjul, Gambia. In Sudan, heightened attention was paid to the visit by Minister of Foreign Affairs C. Svoboda at the end of the year; from time to time there were also reports dealing with culture or industry.

### **3. Internet presentation of the Ministry of Foreign Affairs of the Czech Republic**

In creating its internet presentation, the Ministry of Foreign Affairs strives to achieve the greatest possible diversity; for that reason, the Ministry's website is an integral information system composed of 133 presentations. It is one of the most extensive systems of its kind in the world.

The major part of this system consists of the websites of Czech embassies – the vast majority of Czech foreign missions administer their own website (e.g. [www.mzv.cz/Washington](http://www.mzv.cz/Washington)); most use the local languages, which makes this system utterly unique. In 2004, new websites of the Czech embassies in Kenya, Zimbabwe, Luxembourg and the Permanent Mission in Strasbourg were launched.

A key website in 2004 was Euroskop.cz, which presented the Czech Republic's accession to the EU and the EU itself. It provided quality and highly detailed information about the issue of accession to the EU. Other specialised portals include Export.cz, designed to support exports and including information on demand for goods and services abroad. Czech Centres abroad are presented on Czechcentres.cz, which deals chiefly with the Czech Republic's cultural activities abroad. In 2004, the website of the new Czech Centre in Madrid was added to the portal. The NATOaktual.cz server focuses on information about NATO and presents the Czech Republic's membership of and activities in NATO to the public. The Czech.cz website in English presents the Czech Republic abroad.

The Ministry's principal website, www.mzv.cz, offers a wide range of up-to-date information, with detailed coverage of foreign relations topics, a press service and a description and calendar of Ministry activities. It also gives the public comprehensive information about the conditions for travelling abroad (documents, visas, customs and currency regulations, contacts). The parallel English-language version contains information for foreign visitors and is used, among other things, as an important tool for relaying the Ministry's positions to diplomatic missions in the Czech Republic.

In 2004, the Ministry's website was one of the most frequently visited in the state administration system. "Hits" on individual information sections varied according to the season and current public interest in the subjects. The order of popularity changed in 2004. The most frequently visited section was "States of the World", which overtook "Travelling Abroad"; the other most popular information sections were "Careers Abroad", "News", "Information about the Ministry" and "Diplomatic Missions". In 2004, a new internet visa application form was launched in six languages – "hits" on this site started to rise sharply at the end of the year.

In 2004, a new "Press Service" was launched on the Ministry's website, including a central "Gallery" of photographs and multimedia recordings which can thus be distributed to the media in professional quality. Another innovation is the section dealing with tenders and competitions and scholarships, which helps make the Ministry's work more transparent. The section dedicated to the history of Czech diplomacy aroused surprising interest and debate among diplomats themselves. At the end of the year, the Ministry's website became the central point for informing the public about the catastrophe in Asia – the section devoted to the tsunami was viewed by a record number of more than 6,000 single visitors in one day.



## 4. Czech Radio international broadcasting

One of the elements contributing to the up-to-date and attractive presentation of the Czech Republic abroad in 2004 was the regular international radio broadcasting by Czech Radio 7 – Radio Prague. The aim of the broadcasts is to provide constant, informed and objective information about political, economic, cultural and social developments in the Czech Republic in a clear and interesting form and for the widest possible audience. The audience of listeners from Czech communities abroad and friends of the Czech Republic plays an important role in programming. It is interesting to note that in 2004 Radio Prague broadcast 47 half-hour news programmes a day on short wave and in six languages: Czech (12 programmes per day); English (13); German (5); French (5), Spanish (8); and Russian (4). Each programme has a fixed structure of content, containing news reports, news features (including interviews); a selection of Czech press articles and sections dedicated to economics, culture, sport etc. The programmes were broadcast to the main target areas: Europe, the European part of Russia, the eastern part of North and South America, and the Middle East. CZK 62 million was earmarked from the state budget for the operation of Radio Prague in 2004.

2004 was a year rich in important events, which received appropriate coverage by Radio Prague: the Czech Republic's accession to the EU, the Ice Hockey World Championships, the 15<sup>th</sup> anniversary of the "Velvet Revolution", and the project called "Czech Music 2004 – an integral part of European culture". All significant political and cultural visits from regions Radio Prague broadcasts to were covered. A new programme was launched in March 2004: the Spanish section broadcasts a ten-minute programme called "From Totalitarianism to Democracy" to America once a week. The programme is mainly intended for listeners in Cuba and contains information about the Czech Republic's experience of the transformation period following 1989.

Contacts with Czech communities around the world were successfully maintained. On various occasions in 2004, staff of the Czech section visited Czech expatriates in Serbia, Croatia, Belgium, the USA and Slovakia. The wealth of audio material collected from their trips was then used principally in the Czechs Abroad section of Radio Prague, which systematically maps the activities of Czechs living abroad, and partly also in the Czech News magazine.

The long-term cooperation with Czech expatriate radio stations around the world continued in 2004; Radio Prague creates regular and occasional programmes for these radio stations, mainly by recycling its own programme stock. In 2004, Czech expatriate radio stations in Croatia (Radio Duruvar), Romania (Radio Timisoara), the USA (Radio WCEV Chicago) and Australia (Radio SBS, Radio 4EB Brisbane, broadcasts by the Czechoslovak Club in Adelaide) were joined by new partners in Zhitomir, Ukraine, and in Bela Crkva in Serbia. 153 hours of programmes were sent to Czech expatriate radio stations in 2003, two-thirds on minidisks and cassettes, the rest over the internet.

Another long-term form of cooperation continuing in 2004 was the collaboration with re-broadcasters, i.e. foreign radio stations that use part of Czech Radio 7's programmes. Two such stations are in Russia, one in Ukraine, two in Spain and one in Mexico. The different sections successfully continued to co-produce programmes with foreign partners (e.g. Deutsche Welle, RFI, Radio E, Radio Netherlands, BBC Radio 3, Radio Austria).

One of the milestones in Czech Radio 7's information services to Czechs abroad was the launch of the [www.krajane.net](http://www.krajane.net) website in July 2004. The founding of this portal was the result of many years of efforts by expatriate associations and Czech legislative and executive bodies. The website aims to facilitate communication between Czechs living abroad and to keep them in contact with their "old homeland". After registering, users can upload their own texts or information about the work of their organisations. The website also features discussions, an advice centre, a directory of expatriate associations and media, and useful links to Czech institutions which deal with the life of Czechs abroad and from whose output the expatriates' portal draws some of its material. The website has Czech and English versions.

The important role of Czech Radio 7's internet department should not be overlooked. In 2004, 14 project sites were launched to promote key themes in broadcasting. "Hits" rose by more than one-third, from an average 265,000 in 2003 to an average of 361,000 in 2004. The editorial boards received almost 17,500 letters from listeners and readers in 2004 (an increase of over 500 from the previous year; in keeping with tradition, most letters came from English-speaking and German-speaking areas).

In November 2004, a special competition for internet users was run on the Radio Prague website ([www.radio.cz](http://www.radio.cz)) to mark the 10<sup>th</sup> anniversary of the station's inception. In view

of the launch of “Czech Music 2004 – an integral part of European culture”, Radio Prague’s 2004 competition was about Czech composers. The audio presentation of the German version of V. Havel’s radio play *Guardian Angel* at the Czech Centre in Berlin in June 2004 was a successful marketing activity. The station’s prestige was enhanced by the meeting of the EBU group for international radio that Radio Prague (or Czech Radio) hosted in December 2004.

## 5. Czech Centres

Czech Centres are organisations part-funded by the Ministry of Foreign Affairs of the Czech Republic. Their mission is to develop the good name and positive image of the Czech Republic abroad, to actively promote the Czech Republic’s interests and to exercise public diplomacy in line with the state’s foreign policy priorities. Under the statute approved on 30 June 2004, Czech Centres’ principal task is to present the Czech Republic abroad in the areas of culture, trade and tourism. In 2004, there were a total of 18 Czech Centres, operating in 15 European countries, one in the United States, and Czech House and the Trade and Technical Centre in Moscow. In 2004, a decision was made to establish a 19<sup>th</sup> Czech Centre in Rome, which will open in the first half of 2005.

In 2004, Czech Centres put on events presenting the Czech Republic as a developed, democratic and creative country, highlighting its best cultural and social values and its intent to share and also develop this wealth. By supporting Czech exporters and promoting the Czech Republic as an attractive tourist destination, Czech Centres helped advance external economic relations.

Czech Centres actively participated in the project “Czech Music 2004 launched by the Ministry of Culture of the Czech Republic in connection with several important musical anniversaries in 2004. A travelling exhibition entitled “Personalities of Czech Music” accompanied musical activities abroad. Czech Centres put on more than 300 concerts and were actively involved in the musical project “Czech Dreams”, which presented the partnership of Czech and European towns and cities through concerts by leading Czech musicians.

To follow up the previous competition for design students, a new competition was launched - "Architecture for Diplomacy". It might serve as an inspiration for a project to renovate the Czech embassy building in London.

In cooperation with the renowned Jazz Section, Czech Centres organised the 7<sup>th</sup> year of "Non-stop Reading" literary marathon. The theme for 2004, "Neighbourly Relations", was suggested by Mr. C. Svoboda, Minister of Foreign Affairs of the Czech Republic, to mark the most important foreign-policy event of the year - the Czech Republic's accession to the European Union. The literary marathon, whose primary goal is to present and popularise Czech literature abroad, thus took on a significant foreign-policy aspect. "Non-stop Readings" took place in all 18 Czech Centres abroad, with the participation of prominent personalities from cultural and political scene. The whole event was transmitted on-line on [www.czechcentres.cz](http://www.czechcentres.cz). A total of 738 readers took part in the literary marathon, 523 of them at Czech Centres abroad. A further 14,572 Czech literature enthusiasts followed the event on-line.

Compared to previous years, the Czech Centres head office in Prague played a far greater role in the making of events. Along the traditional "Non-stop Readings", it co-organised the first "Prague Museum Night" with the National Museum, prepared an exhibition about the work of Czech Centres abroad and organised an international contest for the best photograph taken on a visit to the Czech Republic – nearly 1,000 photographs were entered.

In the year 2004, Czech Centres were also active in the field of education and science, organising 153 education and science discussions, lectures and seminars targeted mostly at young people.

Moreover, the unified internet information system for all Czech Centres was expanded and improved. This system serves not only as a communication channel for the organisation but is also the key source of information for the public about the work of Czech Centres.

As regards support for external economic relations, in particular Czech exports and tourism, Czech Centres continued to work with organisations part-funded by the Ministry of Industry and Trade (CzechTrade, CzechInvest) and the Ministry for Regional Development (CzechTourism), chambers of commerce, the Confederation of Industry of the Czech Republic and professional federations and associations.

Czech Centres operate the [www.export.cz](http://www.export.cz) information server, where territorial information from the trade and economic sections of Czech embassies and current supply and demand enquiries from Czech and foreign firms are published; in the year 2004, a total of 2,745 demand and supply enquiries were published on the server. Czech Centres provided general information on trade and economy in the Czech Republic, including contacts to institutions and organisations. Enterprises wanting to do business with Russia could also make use of the Czech Centre – Czech House in Moscow, which supplies a full range of services, including an information service. In the area of export support, Czech Centres offered Czech enterprises assistance in organising corporate presentations abroad. During 2004, there were 224 such events in total, 107 of them at Czech House in Moscow.

In 2004, Czech Centres continued to cooperate with regional authorities by organising presentations of Czech regions abroad. In keeping with tradition, the South Moravian region was the most active in this respect. Two of its presentations, organised in cooperation with the Czech Centre in Bratislava and the Czech Centre in Vienna, attracted the attention of visitors to Czech Centres for several weeks and acquainted them with South Moravia as an appealing tourist destination and a good place for business.

In 2004, Czech Centres organised, either independently or in collaboration with Czech and foreign partners, 2,054 events presenting the Czech Republic as a country with creative potential and a rich cultural tradition. Compared to the previous year, the number of events organised by Czech Centres increased by more than 400 (a rise of 28%). Czech Centres' events attracted more than 968,000 foreign visitors. Foreign media also responded to activities by Czech Centres, with coverage in 5,278 newspaper, radio and television reports.

## VI. CZECH EXPATRIATES ABROAD

There are currently almost two million people abroad who claim Czech origins – Czech expatriates. Many of them do not speak Czech but retain an awareness of their link with the Czech nation. They nurture their forebears' culture, passing it down from generation to generation and raising awareness of it in the countries that have become their new homes. Political activities by a number of Czechs abroad played an indispensable role in the Czech Republic's integration into NATO and the EU. The Ministry of Foreign Affairs of the Czech Republic appreciates their help and strives to conduct meaningful and constructive dialogue with any Czech communities abroad that so wish.

For the sake of simplicity, the heading to this chapter and the following text uses the traditional designation "Czech expatriates", even though some Czechs living abroad regard this term as insufficiently precise and prefer to be referred to as "foreign-based Czechs".

The framework principles for dealing with Czech expatriates and foreign friends of the Czech Republic were first defined in 1992 in Resolution of the Government of the Czech and Slovak Federative Republic No. 375/1992. These principles can be summarised in four basic points:

- maintaining a permanent information link and good relations between the Czech Republic and Czechs abroad (e.g. recording of Czech expatriate clubs, supporting mutual contacts in the non-profit sector, honouring eminent personalities with the foreign ministry's Gratias Agit award);
- helping Czech expatriates who display an interest in maintaining their cultural, language and historical ties with the Czech Republic (scholarships, language courses, sending teachers to Czech communities abroad);
- reasonable help in response to other expectations of Czech communities relative to the Czech Republic (financial contributions to clubs for specific projects designed to promote the Czech Republic and contributions to encourage the activity of Czech communities – e.g. to develop the Czech-language press);
- preserving the Czech national and cultural heritage abroad (help with repairing Czech communities' schools and cultural facilities, assistance with looking for new kinds of

activities for Czech expatriates, e.g. in regions with high unemployment – pilot project in Romania).

The issue of Czech expatriates is handled in the Ministry of Foreign Affairs' Department for Cultural Relations and Czechs Living Abroad, which cooperates both with two parliamentary institutions dealing with Czech expatriates (Subcommittee for Contact with Expatriates Living Abroad of the Committee for Foreign Affairs of the Chamber of Deputies and the Standing Senate Commission on Expatriates Living Abroad), and with state administration offices that are involved, if only partially, in the diverse range of issues concerning Czech expatriates. Cooperation with citizens' associations and societies of friends in the Czech Republic that co-operate with foreign countries also plays an indispensable role, as does cooperation with the international broadcasting service of Czech Radio and Czech expatriate press.

The aspect of the Ministry's work devoted to Czechs abroad that has traditionally been most highly appreciated is the assistance it provides to expatriates in preserving their Czech language and cultural awareness in the form of scholarships, language courses and the sending of teachers to Czech communities. In 2004, the project completed its four-year cycle that started in 2001 and which the government enabled by releasing CZK 80 million. 71 people (60 scholarship beneficiaries and 11 self-funded) from more than 40 countries attended the four-week language course for Czech expatriates in Dobruška in 2004. Moreover, the Ministry of Foreign Affairs provided funding of almost CZK 160,000 for other activities for students of the course (excursions to learn about the Czech Republic's history and geography etc.). 15 Czech expatriate students from Argentina, Belarus, Bulgaria, Cyprus, Russia, Serbia and Ukraine undertook the one-term study course at Charles University in Prague and Masaryk University in Brno. 12 Czech teachers worked in seven countries in the 2004/5 academic year (three in Romania, two in Argentina, two in Croatia, two in Ukraine, one in Germany in the Lusatian Serbia region, one in Russia and one in Serbia). The importance of the teachers' work is not confined to their class-work – they also help Czech clubs revive folklore, musical and theatrical activities and initiate activities for children, help the local Czech expatriate press etc.

In 2004, the Ministry of Foreign Affairs continued to work with the publishers of Czech Newspaper (České listy; <http://ceskelisty.czechian.net>), which began in 2000. This monthly's editorial board continues to strive for a substantive and unbiased exchange of

opinions and to keep readers informed about Czech culture and goings-on in Czech communities abroad. The magazine has on average 32 pages in A4 format and has a fixed structure –expatriates’ panorama, important anniversaries, home news, cultural kaleidoscope, Czech culture abroad and thematic series. A new series on national minorities in other states, prepared by Czech embassies abroad, was very well received. The series will continue in 2005. Every year, the Ministry has paid for the printing and distribution of free copies to Czech clubs, societies of friends, Czech embassies, honorary consulates, Czech Centres and the Czech studies departments of foreign universities (2,300 magazines are distributed to approx. 320 recipients every month). One of the new publishing activities is the “Czech Newspaper Library”, which aims to bring more extensive monothematic materials about the issue of Czech expatriates abroad several times a year. At the end of 2004, a publication was issued in collaboration with the Institute of Ethnology of the Academy of Sciences of the Czech Republic, offering typological portraits of Czechs abroad titled “Candidates for Further Existence”.

Every year, one important part of the department’s work is the provision of financial support for specific projects of Czech expatriate clubs abroad, societies of friends, and foreign and Czech citizens’ associations co-operating with foreign countries, including clubs of Czech scholars or foreign graduates of Czech universities with programmes similar to societies of friends of the Czech Republic.

Expatriate clubs and societies of friends from all over the world applied for support from the Ministry in 2004 – approximately CZK 10.7 million was earmarked for projects proposed by 134 foreign applicants. Contributions towards Czech expatriate magazines published on either a national or regional basis, information bulletins and the organisational costs of cultural presentations by Czech minorities abroad (the self-help teaching of Czech in clubs, exhibitions, dance and music performances etc.) accounted for a considerable portion of this support. In keeping with tradition, the Humanitarian Assistance Centre, in cooperation with Czech studies students from the Czech Republic, ran a summer programme promoting the knowledge of the Czech language in the South East Europe region – the Czech students devoted their holidays to language and cultural teaching work for Czechs abroad. The Ministry also contributed to other large-scale club projects, such as a set of cultural events called “Via Bohemica” to mark the 10<sup>th</sup> anniversary of the establishment of the expatriate club in Trnava, Slovakia; a symposium on Comenius in Zelow, Poland; a number of events of the



German-Czech DTSG society to mark the Czech Republic's accession to the EU; the publication of a digest to mark the 110<sup>th</sup> anniversary of the Sokol organisation in Paris; the "Czech Festival of Associations of Friends" in Luxembourg; literature and poetry evenings organised by the Swedish-Czech-Slovak Club in Stockholm; the publication of a bilingual digest titled "Czech and Slovak Britain"; educational projects of the Czech House club in Buenos Aires; the cataloguing of monuments and a seminar on the history of the Czech National Cemetery in Chicago; a cultural presentation of the Czech Republic by a friendship organisation in Vietnam; and others. The Ministry also provided CZK 680,000 to support Czech citizens' associations in the Czech Republic organising summer camps for the children of Czechs abroad – in 2004, these were attended by children from Croatia, Russia, Ukraine, Slovakia and Poland. These camps offer a natural method – contacts with their peers – for the children to improve their knowledge of Czech, learn about Czech history, visit cultural monuments etc.

Furthermore, funds worth a total of CZK 7 million were provided in 2004 for projects of more than 50 Czech associations cooperating with foreign countries. These associations contribute to the development of multicultural society and help broaden the horizons of our fellow citizens and overcome the barriers of cultural differences. The Ministry supported the participation of expatriate ensembles at folklore festivals in the Czech Republic, events organised by citizens' associations to present cultural customs, cuisine and traditions of distant countries and also the half-forgotten shared cultural past of the Central Europe region.

Besides the aforementioned financial contributions, Czech language textbooks and other publications (songbooks, dictionaries, didactic aids for Czech teaching, historical and geographical publications), and audio and video media are provided to Czech communities abroad – especially expatriate schools and courses – through Czech embassies. Folk costumes and magazines were sent to some Czech communities – in total, these items were worth approximately CZK 2.3 million. Nor should "intangible" forms of cooperation be overlooked: some Czech embassies maintain local Czech libraries or video libraries, enable regular meetings of Czech expatriates, help teach Czech etc. As a matter of course, expatriates were invited to cultural and social events and, vice versa, Czech diplomats were invited to important events staged by Czech communities abroad.

An important demonstration of the long-term interest in Czech expatriates abroad is the Czech Republic's aid earmarked for the repairing of schools and cultural facilities of Czech communities. This aid has been provided since 1996. A number of clubs own or lease on a long-term basis buildings used for educational or cultural purposes by Czech expatriates; most of them were built in the last century. Clubs often do not have enough funds for maintenance, and the buildings fall into disrepair. From 1996 to 2001, this aid was provided as a part of the Czech government's foreign development aid to developing and other needy countries. As a result of administrative and methodological measures stemming from membership of the OECD, however, aid to expatriates was taken out of this programme in 2002. The critical financial situation was then resolved on an emergency basis with the help of the Office of the Czech Republic Government. 2004 brought a further cut in financing, because aid to Czechs abroad was moved into the budget of the Ministry of Foreign Affairs and restricted to CZK 10 million, which was used to support long-term projects in Romania, Croatia, Bulgaria, Serbia, Russia and Ukraine; a one-year project to repair the expatriate centre in Bosnia and Herzegovina was completed and, for the first time, a sum of CZK 300,000 was provided to Czech expatriates in Argentina for the repair of a building.

Another part of the Ministry's work is to issue confirmations to persons belonging to Czech expatriate communities to facilitate the process of applying for permanent residence in the territory of the Czech Republic for foreigners of proven Czech origin. 439 confirmations were issued in 2004: 180 to Ukrainian Czechs, 131 to Romanian Czechs, 47 to Russian Czechs, 22 to Slovak Czechs, 12 to Kazakh Czechs and 13 to German citizens of Czech origin and other individuals.

Every year since 1997, the Ministry of Foreign Affairs has awarded its ministerial honour, the *Gratias Agit* prize, as an expression of gratitude to devoted Czech expatriates, friends of the Czech Republic, Czech scholars, ambassadors of Czech culture and clubs and other citizens' associations in the Czech Republic and abroad. The awards are presented at a ceremony in the Černín Palace.

In 2004, the *Gratias Agit* prize was conferred on twelve individuals and three civic associations from a total of thirteen countries. Awardees include prominent Czech expatriates and also foreign promoters of the Czech language, culture, cultural relations and charitable cooperation. The awardees were: Vilma Abeles-Iggers (Germany) – for contributions to Czech-German understanding; Gerhard H. Bauer (Austria) – for the positive presentation of

the Czech Republic and support for the Czech Republic's accession to the EU; Vladimír M. Kabeš (USA) – for work in the area of human rights and in the promotion of the Czech Republic; Mr and Mrs Knobloch (Canada) – for promoting Czech psychiatry in the world; Riad Kudsi (United Arab Emirates) – for promoting Czech music; Antonín J. Liehm (France) – for promoting Czech culture and exile activity; František Listopad (Portugal) – for promoting Czech literature and the ideas of European identity; Robert Burton Pynsent (Great Britain) – for promoting the Czech language and translation work; Dubravka Sesar (Croatia) – for long-term Czech studies teaching work; Alexandra Šapovalová (Mexico) – for her outstanding contribution to the presentation of the Czech Republic in the United States of Mexico; Miroslav Turek (USA) – for long-term promotion of the Czech Republic and Czech culture; Monika Zgustová (Spain) – for the translation and publication of Czech authors. The following civic associations were honoured: the Czechoslovak T. G. Masaryk Club in Bulgaria – for long-term and systematic work to promote the Czech Republic and for maintaining Czech awareness, traditions and language among expatriates; the Czechoslovak Foreign Institute – for long-term cooperation with expatriates abroad; the expatriate club Beseda-Volnost in Belgium – on the occasion of the hundredth year of its existence, for its diverse cultural and social activities and active approach to charitable events in the Czech Republic (aid during floods, aid for hospitals etc.)

One of the enduring tasks of the Ministry of Foreign Affairs is to keep records of Czech expatriate clubs, societies of friends of the Czech Republic and similar organisations abroad – these include chambers of commerce, honorary consulates headed by Czech expatriates, Czech bookshops, museums and other cultural institutions, publishers of Czech press abroad, Czech expatriate schools and education centres. The assembled information can be found in the form of a clearly laid out four-part directory on the Ministry's website at [www.mzv.cz/kultura](http://www.mzv.cz/kultura). The information is updated once a month. The directory offers a wide range of contacts: addresses of expatriate clubs and similar associations in more than 80 different countries; addresses of Czech expatriate press; addresses of Czech citizens' associations cooperating with foreign countries; and addresses of institutions teaching the Czech language. In response to the wish expressed by Czechs abroad during the "Week of Czechs Living Abroad" in the autumn of 2003, the Ministry of Foreign Affairs, in cooperation with the Senate of the Parliament of the Czech Republic and Radio Prague, supported the launch of an internet portal [www.krajane.net](http://www.krajane.net), which has served since July 2004 as a source of information for Czech expatriates and a discussion forum open to all.

## **VII. THE INTERNATIONAL LAW, COMMUNITY LAW AND CONSULAR DIMENSIONS OF THE CZECH REPUBLIC'S FOREIGN POLICY**

### **1. The international law dimension of the Czech Republic's foreign policy**

International law is one of the fundamental pillars of the Czech Republic's foreign policy and constitutes the framework within which this policy is executed. The Ministry of Foreign Affairs, in line with its powers, monitors the Czech Republic's compliance with its commitments under international law, as well as the evolution of international law, and makes every effort to contribute to the development of its standards in response to the challenges presented by globalisation.

The international community continues to strive to create an appropriate legal framework for the suppression of terrorism as one of the gravest antisocial phenomena in today's world. The Czech Republic also focused its efforts in this direction. At the end of 2004, the Czech Republic acceded to the Convention on Suppression of Unlawful Acts Against the Safety of Maritime Navigation and the Protocol for the Suppression of Unlawful Acts Against the Safety of Fixed Platforms Located on the Continental Shelf. The proposal to ratify the International Convention for the Suppression of the Financing of Terrorism – one of the most important anti-terrorism treaties of recent years – is now being debated in the Czech Republic.

In 2004, the Czech Republic continued to take steps in order to contribute to the work of international judicial bodies. As far as the International Criminal Tribunal for the Former Yugoslavia is concerned, the Czech Republic is now completing the preparation of an agreement with the United Nations on the loan its prison service staff for the Tribunal's custodial detention centre. The Czech Republic's cooperation with this tribunal should also be broadened by the planned agreement on the protection and relocation of witnesses. The Czech Republic monitors and supports the work of the International Criminal Tribunal for Rwanda, at which Czech expert R. Fremr works as an *ad litem* judge. At the end of 2004, the Czech Republic provided the aforementioned tribunals, and the recently established Special Court for Sierra Leone, with voluntary financial contributions as an expression of support for their work.

Another important area of international law are instruments designed to suppress international organised crime and corruption. In the second half of 2003 and first half of 2004, the UN Convention against Transnational Organised Crime and two of its three protocols (the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, and the Protocol Against the Smuggling of Migrants by Land, Sea and Air) entered into force. The Czech Republic had signed these instruments in previous years; their ratification and accession to the third protocol (Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition) are, however, conditional on as yet non-existent legislation implementing certain commitments contained in the Convention and its protocols. Internal steps taken in 2004 should result in the signing of the UN Convention against Corruption in 2005.

Non-ratification of the Rome Statute of the International Criminal Court remains an unresolved problem. This is one of the most important multilateral international instruments of recent years, the basis on which the first permanent international criminal court authorised to bring individuals to justice for the gravest international crimes was established. The situation of the Czech Republic as the only country in its region that is not a signatory to the Rome Statute is not favourable. The Ministry of Foreign Affairs of the Czech Republic, in collaboration with other government bodies concerned, therefore went ahead with consultations, primarily with members of Parliament of the Czech Republic, intended to pave the way for the ratification of this international treaty. During 2004, the Ministry of Foreign Affairs took several important steps in order to provide the necessary information, in particular to members of Parliament of the Czech Republic, about the International Criminal Court and to create a forum for discussion on matters related to it. Particularly important in this regard was a discussion seminar on the International Criminal Court organised by the Ministry of Foreign Affairs of the Czech Republic in cooperation with the Ministry of Foreign Affairs of the Netherlands, the Chamber of Deputies of Parliament of the Czech Republic and the Ministry of Justice of the Czech Republic, which took place in the Chamber of Deputies of Parliament of the Czech Republic. A digest of the discussion seminar on the International Criminal Court was published and distributed to concerned parliamentary committees, among other recipients. In June 2004 there was a visit to the International Criminal Court and other international judicial institutions in The Hague by a joint delegation of members of the Chamber of Deputies and Senate of Parliament of the Czech Republic, led by President of the Senate P. Pithart. The visit was intended to provide Czech parliamentarians with as much

relevant information as possible for considering the Czech Republic's ratification of the Rome Statute and to offer them a chance to discuss the issue with top-level representatives of the International Criminal Court and the other institutions visited, as well as with members of both chambers of the Netherlands parliament. The Ministry of Foreign Affairs of the Czech Republic also prepared a concise analysis of the possible methods by which the Czech Republic could ratify the Rome Statute of the International Criminal Court. In 2004, the Czech Republic attended, in an observer capacity, the 3<sup>rd</sup> session of the Assembly of States Parties to the Rome Statute of the International Criminal Court. Additionally, the Czech Republic took part in the work of the Council of the European Union's sub-working group for the International Criminal Court and carried out tasks stemming from the European Council Action Plan on the International Criminal Court.

In 2004, the Czech Republic took certain important steps towards greater engagement in the operative regime of the Antarctic, based on the use of the Antarctic for peaceful and scientific purposes and protection of its environment. The Protocol on Environmental Protection to the Antarctic Treaty (Madrid Protocol) was ratified in 2004; together with the Antarctic Treaty, to which the Czech Republic was already a party, the Protocol constitutes the basic instrument governing the legal regime of Antarctica. In combination with the increasing scientific work of Czech academic institutions in Antarctica, these steps should enable the Czech Republic to become a consultative party to the Antarctic Treaty, i.e. a fully fledged co-architect of Antarctica's legal regime. It is significant in this regard that at the turn of 2004/5 Czech scientists started work on building a Czech polar station in Antarctica.

The most important treaty event in 2004 – and in the longer term as well – was without doubt the signing and subsequent ratification of the Treaty on the Accession to the European Union of the Czech Republic and other countries.

The Czech Republic's membership of the EU brings a demanding task in the area of treaties: harmonising the Czech Republic's treaty base with European Community and European Union law. This task was carried out in 2004 through the renegotiation of valid international treaties that are incompatible with EC/EU law; where renegotiation was not possible, these treaties were terminated, largely by agreement; where talks on terminating a treaty were not successful, by a notice of termination. Most incompatible treaties were terminated in 2004, but some remain in force, pending the expiry of the notice periods defined

in them. The Czech Republic obtained an EU exemption for several treaties, which thus remain in force.

Treaties on investment promotion and protection are a chapter by themselves. Around 45 presidential-category treaties need to be renegotiated as soon as possible. In doing so, it will be necessary to ensure that the investment climate in the Czech Republic does not suffer.

At the same time, the Czech Republic continues to deal with another task stemming from its membership of the EU – acceding to roughly one hundred treaties that the EU has concluded with third countries or multilateral treaties that the EC/EU is a party to. Czechoslovakia, and later the Czech Republic, has been gradually acceding to a large number of these treaties, even without any link to the EU. The Czech Republic acceded to many other treaties in the context of its membership of the EU; it is gradually acceding to the remainder. Despite the enormous efforts of all concerned bodies in the Czech Republic, this process will continue for several years to come.

In 2004, the Czech Republic essentially completed negotiations on the Czech Republic's succession to bilateral and multilateral international treaties to which the Czech and Slovak Federative Republic was party, without any disruption of mutual relations with the other states concerned.

The negotiation of further international treaties in the competence of individual ministries continued in 2004, as an expression of the development and strengthening of cooperation with other states in a diverse range of areas. Economic cooperation treaties are being negotiated with a number of states to replace trade treaties that had to be terminated on the grounds of the EC's exclusive authority in the area of trade policy (in 2004 economic cooperation treaties were concluded e.g. with China, Bulgaria and Ukraine, for example. The principal goal of these agreements is to preserve the work of mixed commissions that deal with important mutual trade issues. Regarding international economic cooperation, it is worth mentioning the signing of agreements on the avoidance of double taxation with Norway and with Serbia and Montenegro, and, in scientific and technical cooperation, the accession into force of the European Cooperating States Agreement between the Czech Republic and the European Space Agency. An important development for international cooperation in criminal matters was the Czech Republic's adoption, with effect from 1 November 2004, legal

regulations under which the European Extradition Convention was replaced or amended by the application of the European arrest warrant.

In 2004, a number of multilateral environmental protection treaties entered into force for the Czech Republic; one of the most important such treaties is the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (referred to as the Aarhus Convention), which aims to strengthen democracy in the area of the environment. A number of treaties negotiated within the UN and the Council of Europe also entered into force for the Czech Republic, for example the UN Convention relating to the Status of Stateless Persons and the European Convention on Nationality.

## **2. Community law dimension of the Czech Republic's foreign policy**

Upon the Czech Republic's accession to the EU, a new dimension, Community law, became part of Czech law. In relation to national law, Community law includes both documents that the Czech Republic is obliged to transpose into Czech law by means of legally binding regulations, and directly applicable norms that can directly impose rights and obligations on natural and legal persons.

In many cases, the transposition and subsequent application of Community regulations, which are often the result of a compromise between EU member states, created specific problems for the Czech Republic; these problems were partly caused by differing interpretations of the relevant Community regulations. The Ministry of Foreign Affairs of the Czech Republic sought to coordinate, effectively and swiftly, steps to deal with those parts of Czech law that have not yet been brought into line with the *acquis communautaire*.

As a fully-fledged member of the EU, however, the Czech Republic is not merely a passive recipient of the aforementioned Community regulations – it is also their co-architect. In this regard, the Czech Republic was actively involved at all levels in the relevant working groups that prepare and approve draft legislation.

Another fundamental element of Community law is the extensive case-law of the European Court of Justice, whose role is to ensure, together with the European Commission, compliance with Community law, and authoritatively to interpret Community regulations in



cases where doubts about their correct interpretation arise in proceedings before national courts. A government resolution in 2004 nominated a government agent to represent the Czech Republic before the European Court of Justice; the agent is attached to the Ministry of Foreign Affairs.

A key development in the Community law dimension of the Czech Republic's foreign policy in 2004 was the adoption of the draft Treaty establishing a Constitution for Europe (hereinafter the "Constitution"). The Treaty is intended to ensure the effective future working of the enlarged European Union. The Ministry of Foreign Affairs took part in the drafting of the Constitution, including a protocol incorporating Accession Treaty provisions into the draft Constitution, and in the technical legal review of the text of the Constitution, both in the languages in which it was negotiated and in Czech translation.

In order to monitor and analyse the development of the law of the European Communities or European Union law and draw up opinions on matters of Community law for the purposes of the Czech Republic's foreign policy, a separate Department of Community Law was established at the Ministry of Foreign Affairs. Its work in 2004 included assessing the compliance with Community law of draft national legislation and planned international treaties coming under the authority of the Ministry of Foreign Affairs and interpreting the relevant provisions of Community law. In 2004, the majority of the expert opinions drawn up regarding the interpretation of Community legislation concerned the EU's Common Foreign and Security Policy, the internal market, the Common Agricultural Policy, transport, and environmental protection.

The Department of Community Law of the Ministry of Foreign Affairs of the Czech Republic also took part in reviewing the text of protocols by which new member states accede to certain mixed treaties between the European Community and its member states and certain third countries under the Act concerning the Conditions of Accession. It also coordinated the negotiation of the text of the Treaty on the Accession of the Republic of Bulgaria and Romania to the European Union in the relevant working group of the Council of the European Union.

### 3. Consular dimension of foreign policy

Consular affairs continued to form an integral part of the Czech Republic's foreign policy in 2004. Within the Ministry of Foreign Affairs, consular affairs are handled by the Consular Department, which formulates the concept of the Czech Republic's consular service and ensures its implementation. In doing so, the Consular Department cooperated with the relevant sections of the Ministry and with other state administration bodies, and implemented consular policy through the consular sections of Czech embassies abroad. In 2004, maximum attention was paid to consular tasks stemming from the Czech Republic's accession to the European Union on 1 May 2004 and tasks connected with the preparation for the Czech Republic's assumption of the full Schengen *acquis*. The enlargement of the EU by ten new member countries, including the planned further enlargement, has had a fundamental impact on consular aspects of foreign policy.

After joining the European Union, the Czech Republic adopted a wide range of European Community regulations forming the *acquis communautaire*, unless transition periods were negotiated in certain areas. The priority task of the Ministry's Consular Department in this period was therefore ensuring the acceptance of decision-making rules and powers regarding Community legislation, ensuring the harmonisation of visa policy with the policy of EU member countries and ensuring the provision of consular protection to EU citizens. The main focus of the Consular Department's attention was the continuing preparation for the Czech Republic's full adoption of the Schengen *acquis* in the area of visa policy. These tasks were performed in cooperation with the Ministry of the Interior of the Czech Republic and other bodies of state administration. The result of this cooperation was that Parliament of the Czech Republic approved several draft acts or amendments aimed at putting in place the legislative conditions for implementation of the Schengen *acquis* in the Czech Republic.

The Consular Department's tasks were defined by the "Timetable of Tasks for Ensuring the Czech Republic's Preparedness to Take on the Schengen Acquis". Progress was monitored in an Implementation Questionnaire. The Consular Department also took part in European Council working groups. The Consular Department is the coordinator in the Council of the European Union's consular affairs working group (COCON), which discusses the mutual provision of consular protection and assistance, the proposal to create a European common consular service (European consulates) and the courses of action in the event of

serious consular events abroad. The Consular Department is also coordinator in the working group for visa matters (VISA), which discusses matters related to the application of the Common Consular Instructions. In this working group, the Consular Department promoted the Czech Republic's position on the Commission proposal to amend Council Regulation (EC) No. 539/2001, as amended, which was designed to change the form of what is called the solidarity clause. From the Czech Republic's point of view, the EU's visa policy places emphasis on the promotion of reciprocity vis-à-vis those countries that unilaterally require Czech citizens to hold visas. Despite all its efforts, the Czech Republic has not yet managed, either through the EU or bilaterally, to eliminate existing lack of reciprocity in relations with certain states (Australia, Brazil, Canada, Sultanate of Brunei and the USA).

The scope of tasks the Czech Republic must fulfil to be able to take on the Schengen *acquis* in full is set out in the Schengen Action Plan of the Czech Republic. The Czech Republic's request for the process of Schengen evaluations to start was handed to the Council of the European Union Secretariat on 10 January 2005 via the Czech Republic's permanent representation in Brussels. The application, signed by the interior minister, states that the essential conditions for application of the relevant parts of the Schengen *acquis* will be satisfied in the Czech Republic by the end of 2005, with the understanding that the Czech Republic will be prepared to undergo the Schengen evaluation process from the first half of 2006.

As regards the harmonisation of the Czech Republic's visa policy with that of the EU, the principal task was to ensure that the Czech Republic's visa-free agreements complied with Council Regulation (EC) No. 529/2001 of 15 March 2001, as amended, listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement. The Ministry of Foreign Affairs' Consular Department had already reviewed the compliance of the Czech Republic's treaty base in this regard; based on its findings, it continued to conclude new visa-free agreements or renegotiate existing agreements. It is fair to say that harmonisation of the Czech Republic's visa policy with that of the EU has been achieved. At present, Argentina, Romania and Singapore are the exception – talks are being held with these countries to renegotiate existing visa-free agreements. This procedure is allowed by the Treaty on Accession to the EU. The European Commission and other member states are kept informed about this process.

Protection of the state borders in accordance with EU standards was further enhanced by the continued integration of Czech diplomatic missions abroad into the “MVP/EVC” national visa system. This system is currently installed at all Czech visa-issuing posts. Upon accession to the EU and the transition to a new visa sticker based on the EU specimen, the new version of the system – MVP/EVC2b – was installed in missions. Additionally, a new Czech visa application form that is fully harmonised with the uniform Schengen visa application was sent out to Czech embassies. The system is being developed further and will come to include the VISION system, which makes it possible to consult visa applications with the central authorities of other states parties. Trial operation of this system in respect of Germany was commenced on 1 June 2004 at the Czech Republic’s general consulate in Dresden. The system linking up embassies is being improved so that the quality and speed of connection in the visa process meets EU requirements. In the context of the tasks concerning the development of a Visa Information System (VIS), preparations for the introduction of biometric features in travel documents and visas were commenced. On 30 August 2004, a Czech visa application form was added to the Ministry of Foreign Affairs’ internet information system. After selecting a language version, applicants may print out the form and fill it in. A version of the Czech visa application that can be filled in on-line was also installed on the Ministry’s website.

In connection with the Czech Republic’s accession to the EU, the Consular Department implemented a mechanism for consular protection and assistance to EU citizens. This requirement stems from the Treaty Establishing the European Community, as amended, under which every EU citizen in the territory of a third country where the member state of which he is a national is not represented is entitled to protection by the diplomatic or consular authorities of any member state, on the same conditions as the citizens of that state.

In 2004, the Consular Department performed, at Czech embassies abroad and at the Ministry, tasks related to the technical organisation of elections to the European Parliament, stemming from Act No. 62/2003 Coll., which implemented the legislation on this issue.

The Consular Department was also actively involved in the implementation of a pilot project titled “Active Selection of Skilled Foreign Workers”, which is being executed at the Czech Republic’s embassies in Almaty, Sofia and Zagreb. The project is coordinated by the Ministry of Labour and Social Affairs of the Czech Republic, in collaboration with the Ministry of Foreign Affairs and Ministry of the Interior.

After the events in Madrid in March 2004, visa rules were tightened, especially for citizens of “risk” states. These measures partially complicated political relations with some of these states, primarily in view of the application of the condition that visa applicants from the states in question must prove two-year residence. Following evaluation of the adopted measures and security risks, these measures were abolished in September 2004, with the understanding that the condition of actual stay continued to apply for applicants from the countries in question if the visa application is submitted in a country other than the applicant’s home country.

In connection with the consular service of the Czech Republic, the indispensable role Czech honorary consuls should be mentioned. In 2004, there were 133 honorary consulates of the Czech Republic operating in countries all over the world.

An important part of the Czech consular service that also contributes to the creation of a positive image of the Czech Republic abroad is the handling of routine consular tasks by the consular sections at Czech embassies. Part of their work is looking after Czech citizens abroad. Services are rendered both to short-term visitors and to people on long-term stays or resident in the country.

## VIII. THE CZECH FOREIGN SERVICE

### 1. Staffing

In 2004, as in previous years, staff at Czech embassies abroad were rotated according to the Rotation Plan. In total, 167 staff were assigned to embassies, 156 of them for long-term postings and 11 short-term (up to one year). 115 staff were recalled from embassies after the end of their long-term posting abroad and 27 staff were transferred from one embassy to another.

In cooperation with other ministries, specialist diplomats were assigned to the Czech Republic's Permanent Representation to the EU in Brussels in 2004 to strengthen this mission following the Czech Republic's accession to the EU; most were appointed to newly established expert posts. In total there were eleven such experts who were representatives of various ministries, and six specialist diplomats from the Ministry of Foreign Affairs.

Under an inter-ministerial agreement between the Ministry of Foreign Affairs, the Ministry of Industry and Trade, the Ministry of Defence and the Ministry of the Interior, the necessary number of staff of trade and economic sections, Czech defence attachés and Interior Ministry liaison officers were assigned to Czech embassies.

#### **National Contact Point**

Throughout the year, the Personnel Department, the National Contact Point, informed Czech citizens about recruitment competitions for posts in EU institutions and other international governmental organisations on its website [www.mzv.cz/nkm](http://www.mzv.cz/nkm). The National Contact Point has a database of candidates for work in international governmental organisations, which also provides regular information about recruitment competitions. This database contained data on approximately 3,000 candidates at the end of 2004.

#### **European Union**

During the year, the first round of mass recruitment competitions for the posts of administrator and assistant took place. About 2,850 Czech citizens applied for these posts – more than 2,400 for the posts of administrator and just less than 450 for the posts of assistant. The results of the recruitment competitions were published in autumn 2004 – 311 candidates for the posts of administrator and 186 candidates for the posts of assistant were successful.

A series of recruitment competitions for posts in senior and middle management of EU institutions was declared. On 26 April 2004, the National Contact Point, in cooperation with the European Commission, organised an informative seminar on these recruitment competitions, which was attended by more than 90 representatives of both state administration and the non-governmental sector. The National Contact Point compiled a list of over 40 candidates for these posts and provides them with a constant information service. Dozens of Czech citizens applied for these posts – most recruitment competitions are still on-going. In completed selection processes, M. Bohatá successfully applied for the post of deputy managing director of EUROSTAT and P. Blížkovský for the post of director at the general directorate of the Council General Secretariat. There were 20 national experts from the Czech Republic working in EU institutions at the end of 2004.

At the end of 2004, the National Contact Point, in cooperation with the Human Rights Department, started to send out EU election observers; two long-term and four-short term observers were sent to elections in Mozambique and six Czech citizens were sent for training as EU election observers.

### **United Nations**

In cooperation with the UN's Prague information centre, the National Contact Point organised, at the request of the UN secretariat, a UN National Competitive Recruitment on 17 February 2004. More than 210 candidates from the Czech Republic and abroad applied. A total of 130 candidates underwent the actual examination in seven specialisations. In the six specialisations evaluated so far, three Czech citizens were successful.

At the end of 2004, the Ministry of Foreign Affairs' Personnel Department held a recruitment competition for two posts in UNDP Bratislava Regional Centre; one candidate was successful.

### **OSCE**

Throughout the year, the National Contact Point saw to the nomination and extension of the participation of Czech citizens in OSCE field missions in the Balkans and the Caucasus. The number of Czech participants in OSCE missions ranged from 15 to 20 during the year. An undisputable achievement is the appointment of Ambassador P. Vacek to the post of head of the OSCE mission in Albania.

The NCD also sent 41 OSCE election observers to elections in Ukraine, Georgia, Kazakhstan, Belarus and Macedonia.

## **2. Diplomatic Academy**

In 2004, the Diplomatic Academy (DA) carried out tasks stemming from the Ministry of Foreign Affairs' Career Rules and provided specialist training for staff of the Ministry of Foreign Affairs in courses of basic diplomatic training, advanced diplomatic training, individual diplomatic training, training of economic diplomats and computer training. As in previous years, the priority was to prepare Ministry of Foreign Affairs staff and staff from other ministries for integration into the European Union. The DA organised a number of courses covering current EU issues, including a course in EU French. There was a pronounced increase in international activities in 2004. The EU International Summer School in Horažďovice continued under the patronage of the DA. The DA actively participated in the European Diplomatic Programme and, as a part of development aid, organised special training courses for Iraqi, Bulgarian, Romania and Croatian diplomats.

### **A. Basic training modules**

The Diplomatic Academy ran six training modules in 2004:

- I. basic diplomatic training (DA1)
- II. advanced diplomatic training (DA2);
- III. individual course for junior diplomats (DA IN);
- IV. training in EU issues pursuant to government resolution No. 965/2003;
- V. computer training;
- VI. diplomatic training for economic section staff.

#### **I. Basic diplomatic training (DA1)**

The DA continued to run basic diplomatic training course DA1/2004. During 2004, nineteen DA1/2004 students underwent internships in various divisions of the Ministry of Foreign Affairs, at Czech embassies, at the Czech Republic's mission to the UN in New York and at the Czech Republic's permanent representation to the EU in Brussels. In cooperation with the United States embassy in Prague, two DA1 students were sent on an internship in the Coalition Provisional Authority in Baghdad.



The DA did not launch a new basic diplomatic training course in September 2004 because no recruitment competition for new staff was declared.

## **II. Advanced diplomatic training (DA2)**

In 2004, the DA ran the sixth year of DA2. 19 additional members of the Ministry's diplomatic staff were admitted to DA2/2004 on the basis of applications. Besides four compulsory seminars, students could also choose from three optional seminars – international law, security policy and the world economy. 25 students completed their advanced diplomatic training in 2004.

## **III. Individual course for junior diplomats (DA IN)**

The DA continued with the second year of DA IN to train junior diplomats seeking to achieve the Basic Diplomatic Certificate, ATEST I. In 2004, there were 17 new applications for DA IN and six junior diplomats completed their training.

## **IV. EU issues training**

In 2004, the DA organised training modules in EU issues for new senior staff, graduates of DA2, DA1 and DA IN, and other staff from the Ministry of Foreign Affairs.

Training for the senior staff took the form of a 34-hour course in spring and autumn. The courses were organised in cooperation with the International Centre for European Training (CIFE) in Nice under the methodological guidance of its vice-president Prof. F. Kinski. 53 members of the Ministry's staff took the courses.

Again in collaboration with CIFE, the DA organised an intensive weekly EU module. The intensive course took place on 16 to 20 August 2004 in Horažďovice as a part of the EU International Summer School. European issues training certificates were awarded to three members of the Ministry's staff. The course was also attended by 16 representatives of other ministries and 6 foreign students.

In 2004, the DA organised two 12-hour courses in European issues, which were attended by 44 members of the Ministry's staff.

Additionally, the DA, in collaboration with the French embassy, organised for staff of the Ministry of Foreign Affairs and other ministries four one-day courses in Commitology and European Affairs Management in French, which took place in October.

On 10-16 October 2004, the DA organised, in cooperation with the Centre for European Studies in Strasbourg and the French embassy in Prague, a study excursion to France, Belgium and Luxembourg. 11 Ministry of Foreign Affairs staff visited the Council of Europe, the European Court on Human Rights, the European Parliament, the European Court of Auditors, the Economic and Social Committee and the European Commission.

The DA, together with the National Contact Point, was the expert guarantor of a course run by the Institute of State Administration. The course, "Recruitment Processes in the EU", took place on 10 January 2004 and was attended by 24 students.

## **V. Computer training**

301 morning and 170 afternoon courses took place in 2004. A total of 718 staff of the Ministry of Foreign Affairs and Czech embassies was trained in computer use. 41 individual consultations also took place. The composition of the courses places the emphasis on electronic records management courses.

## **VI. Course for economic section staff**

The special training module for economic section staff continued in its second year. The course took place from 19 April to 10 June 2004 and was attended by nine members of the Ministry of Foreign Affairs staff, four members of Czech Centres staff and four members of Ministry of Industry and Trade staff.

## **B. Other DA training activities for the state administration**

At the request of the Ministry of Foreign Affairs, the DA continued to run a special training module for staff who will work in EU committees. At the request of the Council of the Czech Republic Government for Roma Community Affairs, the DA also organised an international affairs introductory course for Roma citizens working in state administration. The course ran in May 2004 and was attended by 20 students.

### **C. Other DA activities**

DA students successfully organised the Ministry of Foreign Affairs Ball under the aegis of Minister of Foreign Affairs C. Svoboda. For the first time in its history, the Prague diplomatic corps was invited. A number of ambassadors, including United States Ambassador W. Cabaniss, attended the Ball. Additionally, DA students helped organise summer conferences of Czech ambassadors. The DA was also involved in promoting the diplomatic profession by giving lectures at universities in Prague and Brno.

### **D. International training activities of the DA**

In January 2004, the DA ran a diplomatic course for five Iraqi junior diplomats. Throughout the year, the DA took part in the European Diplomatic Programme (EDP), under which it organised short internships at the Ministry of Foreign Affairs for four European diplomats. The DA continued to cooperate with the Vienna Diplomatic Academy; under this cooperation, there were reciprocal exchanges of students and a joint candidacy for the organisation of the 6<sup>th</sup> year of the EDP was prepared. In cooperation with the Development Cooperation Department of the Ministry of Foreign Affairs and EDUCON association, the DA prepared and ran a week-long study course for three Bulgarian and five Romanian diplomats. The study visit helped diplomats from prospective EU member countries to map issues of communication strategy, European affairs management and the institutional organisation of EU issues in the Czech Republic. The DA also organised a course on the Czech Republic's foreign policy for one hundred participants in the American Leadership Forum, who visited Prague in May 2004.

## **3. The Ministry of Foreign Affairs' budget and operations**

On 3 December 2003, the Chamber of Deputies of Parliament of the Czech Republic passed Act No. 457/2003 Coll., on the Czech Republic's state budget for 2004. Under this Act, the main binding indicators of budget heading 306 - Ministry of Foreign Affairs for 2003 were set as follows:

Total incomes	CZK 140,000,000
Total expenditure	CZK 4,748,514,000

In 2004, the Ministry of Foreign Affairs performed tasks set by the Czech government in respect of foreign affairs. The main priority in the Ministry's work in 2004 was the successful completion of the preparation for the Czech Republic's accession to the European Union and the successful establishment of the Czech Republic as a full member of the EU.

One of the specific aspects of the expenditure in the Ministry's budget heading is the high proportion of expenditure in foreign currency, so the final drawdown as expressed in Czech crowns was highly dependent on developments in the Czech koruna exchange rate. Other important factors influencing the budget include:

- the activity of Czech embassies in connection with the Czech Republic's membership of the EU;
- the increased cooperation with international organisations, including the honouring of financial commitments in respect of these organisations;
- support for the state's export promotion policy;
- the increased number of consular tasks and on-going modernisation of the visa process according to EU requirements and the Schengen Agreements;
- the safeguarding of embassies and staff abroad and protection of the Ministry's classified information in accordance with Act No. 148/1998 Coll.;
- the improving of the security and reliability of the Ministry of Foreign Affairs' information system and its certification for the handling of classified information;
- the buying or leasing of new buildings in accordance with the concept of Czech foreign policy (Czech embassy in Pyongyang, residence of the ambassador to the EU in Brussels);
- the provision of humanitarian aid to foreign countries;
- the implementation of foreign development cooperation projects;
- the implementation of projects to aid Iraq;
- assistance provided to Czech citizens in emergency situations abroad.

### **Incomes of organisational components of the state and organisations part-funded from the state budget**

The state budget for 2004 set a total figure of CZK 140,000,000 for income under the Ministry of Foreign Affairs heading. Total achieved incomes amounted to CZK 145,776,000, i.e. 104.13% of the target indicator.

Achieved incomes were mainly linked to the letting of surplus property of certain embassies, incomes arising from the refunding of consumer taxes and value added tax from previous years, and incomes from the sale of surplus depreciated movable property.

CZK 7,006,000 was paid into the state budget from the sale of state property by Diplomatic Service, an organisation part-funded out of the state budget. Another such organisation, Czech Centres, paid CZK 34,000 into the state budget.

Besides budgeted incomes, the Ministry paid CZK 565,164,963.11 into the state budget in the form of fees charged for administrative acts in 2004.

### **Non-investment expenditure**

The total volume of state budget current expenditure in 2004 was CZK 4,859,361,000. This expenditure consisted of purchases of services (expenditure of CZK 1,013,898,000 on rent for buildings and housing for staff abroad, expenditure associated with top-level visits, communication strategy in respect of accession to the EU, and other expenditure); purchases of material (expenditure on replacing petty tangible assets and purchasing ordinary equipment for embassies and headquarters worth CZK 241,098,000); purchase of water, fuel and energy (CZK 81,653,000); wages and remunerations for Ministry staff (CZK 535,741,000); expenditure on reimbursements (reimbursements for increased living costs for staff assigned abroad pursuant to Government Order No. 62/1994 Coll., school fees abroad – worth CZK 1,143,519,000); other purchases (expenditure on locally recruited staff at embassies, repairs and maintenance of own or leased real estate, travel expenses *et al.*, worth a total of CZK 498,950,000); and other non-investment expenditure (includes transfers to international organisations and contributions to organisations part-funded out of the state budget, worth a total of CZK 1,146,276,000).

Savings were made against the budgeted expenditure in all current expenditure areas of the Ministry of Foreign Affairs' budget heading.

The strong CZK exchange rate, particularly against the USD, had a fundamental and positive influence on the drawdown of finances in the budget heading in 2004, as a major portion of expenditure in this heading is paid in USD. Consequently, although many costs incurred abroad and in foreign exchange rose, after conversion into CZK they remain at approximately the same level as in 2003 or are even lower.

## Expenditure on financing asset replacement programmes

### Overview of drawdown of finances for the Ministry of Foreign Affairs' asset replacement programmes in 2004

*CZK thousands (not including transfers to the reserve fund)*

	2004 adjusted budget	2004 actual	%
total expenditure	1,173,160	994,519	84.8
expenditure on programme 206 010	802,160	700,610	87.3
expenditure on programme 306 020	371,000	293,908	79.2

The drawdown of finances for asset replacement programmes in 2004 was based on the allocated funds and the implementation plan for two programmes of the Ministry of Foreign Affairs budget heading (programmes nos. 206 010 and 306 020). The final limit was CZK 1,173,160,000. Largely due to the delayed implementation of two key projects at the end of 2004, allocated funds of just CZK 994,519,000 were used.

### Subordinate organisations part-funded out of the state budget

In 2004, there were five organisations under the Ministry of Foreign Affairs which received investment and non-investment contributions from the Ministry for their work. In 2004, the Ministry provided these organisations with a contribution of CZK 201,332,000 for operations and a contribution of CZK 84,264,000 in the form of a system investment appropriation.

### Czech Centres

This organisation is in charge of the work of Czech Centres abroad, which concentrate on promoting the Czech Republic and developing cultural and trade contacts. The contribution towards operations of Czech Centres in 2004 was CZK 86,513,000.

### International Relations Institute

The Institute is an organisation part-funded out of the state budget and devoted to the study of international relations; the Diplomatic Academy is part of the Institute. The contribution to the Institute in 2004 amounted to CZK 41,173,000.

## **Office of the Commissioner General for EXPO 2005**

The Office organises the Czech participation at 2005 World Expo in Aichi, Japan. The contribution towards the Office's operations in 2004 was CZK 53,195,000; the Office also drew an individual investment appropriation of CZK 40,000,000.

## **Diplomatic Service**

In 2004, Diplomatic Service was allocated a contribution for operations of CZK 12,914,000 and a system investment appropriation of CZK 26,250,000.

## **Štiřín Conference Centre**

The Centre provides conference, congress and hospitality services for both the Ministry of Foreign Affairs and other central authorities. It also provides commercial accommodation, restaurant and congress services. In 2004, it received a contribution of CZK 7,537,000 for operations and a further sum to cover losses from previous years. A system investment appropriation of CZK 19,014,000 was provided.

## **Research and development support**

Every year, funds from the Ministry's budget heading are earmarked for research and development support. In 2004, funds of CZK 6,928,000 were drawn. Institutional funds of CZK 9,650,000 were drawn down for research and development by the International Relations Institute.

## **Humanitarian aid expenditure**

For 2004, the Czech government earmarked CZK 52 million for humanitarian aid abroad. Out of this sum, the Ministry of Foreign Affairs provided humanitarian aid worth CZK 51,186,975 to 17 countries and two regions of Europe, Asia, Africa and Latin America. 98.44% of the funds earmarked for this year from the budget reserve of the Treasury Administration heading were drawn down. Aid was provided chiefly in the form of financial donations, but also as material aid (foodstuffs, medicines, healthcare articles etc.) and rescue assistance performed by the Fire and Rescue Brigade of the Ministry of the Interior of the Czech Republic. In the provision of humanitarian aid the Ministry of Foreign Affairs often

cooperates with Czech non-governmental humanitarian and charitable organisations, such as People In Need, Adra, the Czech Catholic Charity and others.

In 2004, the Ministry of Foreign Affairs also provided humanitarian aid worth CZK 46,867,000 towards addressing the consequences of the Kosovo crisis. By means of a budget measure the Ministry requested the release of funds worth CZK 10,000,000 from the aforementioned funds. A sum of CZK 3,277,000, i.e. 36%, was used for projects and activities as a part of the process of restoring and strengthening stability in the South East Europe region. CZK 5,823,000 was transferred to the Ministry of Foreign Affairs' reserve fund.

Additionally, a total of CZK 33,000,000 was released to the Ministry's budget heading for humanitarian aid for and the reconstruction of Iraq. CZK 21,000,000 of these funds was intended to cover the work of Czech experts pursuant to government resolution No. 468/2003; CZK 12,000,000 was for transformation aid to Iraq under government resolution No. 258/2004. In total, the Ministry of Foreign Affairs drew down CZK 25,120,000 for the rebuilding of Iraq; the remaining funds were transferred to the Ministry's reserve fund for future use.

## **Expenditure on foreign development aid and cooperation**

In 2004, CZK 500,000,000 was earmarked in heading 398 – Treasury Administration (“TA”) for the provision of development aid and cooperation (“DAC”). CZK 25,178,000 was earmarked for DAC projects under the authority of the Ministry of Foreign Affairs (for a total of fifteen cases); CZK 13,435,000 was drawn down.

In line with the efforts of the international community, the Czech Republic's framework goals in DAC are the reduction of poverty, economic and industrial development, the gradual integration of partner countries into the world economy, the development and strengthening of democracy, human rights and good governance, the introduction of the rule of law, migration management, and sustainable development with the emphasis on environmental aspects.



## **Non-investment transfers abroad**

In the case of the Ministry of Foreign Affairs' budget heading, non-investment transfers abroad mainly comprise payments to international organisations the Czech Republic is a member of and contributions to societies of friends (Czech compatriot clubs). CZK 1,020,000 was earmarked in the TA heading for the Ministry of Foreign Affairs' budget heading for these purposes. On the basis of budget measures, funds worth CZK 930,018,000 were released from the TA; a total of CZK 885,389,000 was drawn down.

## **Non-investment appropriations to civic associations**

In 2004, the Ministry of Foreign Affairs provided civic associations with non-investment appropriations worth a total of CZK 6,821,000 to support activities of Czech compatriots abroad, such as printing and distributing bulletins and books, organising cultural events involving Czech artists etc.

## **Non-investment appropriations to enterprises**

Funds worth CZK 6,928,000 were drawn down for research and development projects in 2004.

## **International broadcasts by Czech Radio**

Funds to finance international broadcasting by Czech Radio are released from heading 398 – Treasury Administration to heading 306 – Ministry of Foreign Affairs. In 2004, CZK 62,000,000 was drawn down for these purposes.

## **Top-level state visits**

A total of CZK 54,846,000 was drawn down for foreign visits by top-level representatives of the Czech Republic and top-level visits to the Czech Republic (that sum constitutes 65.29% of the approved budget of heading 398 that was earmarked for these purposes for the Ministry of Foreign Affairs).

## **Final evaluation of the execution of the Ministry of Foreign Affairs' budget**

None of the principal binding expenditure indicators for the Ministry's budget heading for 2004 was exceeded. Incomes were achieved to 104.1%. Total expenditure was not exceeded.

Developments in each quarter of 2004 corresponded to the specifics and requirements of the Ministry's work, including payables to international organisations, in line with the tasks and objectives that make up the Czech Republic's foreign policy.

## APPENDICES

## Overview of the Czech Republic's diplomatic relations

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent embassy of the Czech Republic	Seat of the competent embassy of the given state for the Czech Republic
Afghanistan	1937	1993	Islamabad	Prague
Albania	1927	1993	Tirana	Prague
Algeria	1962	1993	Algiers	Prague
Andorra	no diplomatic relations	1996	Madrid	not designated
Angola	1975	1993	Luanda	Berlin
Antigua and Barbuda	no diplomatic relations	1993	Caracas	London (working)
Argentina	1924	1993	Buenos Aires	Prague
Armenia	1992	1993	Tbilisi	Vienna
Australia	1972	1993	Canberra	Warsaw (HC Prague)
Austria	1920	1993	Vienna	Prague
Azerbaijan	1992	1993	Ankara	not designated
Bahamas	no diplomatic relations	under negotiation	Havana (consular)	not designated
Bahrain	no diplomatic relations	1993	Riyadh	not designated
Bangladesh	1972	1993	Delhi (HC Dacca)	Berlin
Barbados	1977	1996	Caracas	London (working)
Belarus	1992	1993	Minsk	Prague
Belgium	1919	1993	Brussels	Prague
Belize	no diplomatic relations	1996	San José (HC Orange Walk Town)	not designated
Benin	1962	1993	Abuja	Moscow
Bolivia	1935	1993	Lima (HC La Paz)	Vienna
Bosnia and Herzegovina	no diplomatic relations	1993	Sarajevo	Vienna
Botswana	1968	1997	Pretoria	London
Brazil	1920	1993	Brasilia	Prague

## Report on the Foreign Policy of the Czech Republic

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent embassy of the Czech Republic	Seat of the competent embassy of the given state for the Czech Republic
Brunei	1992	1995	Jakarta	not designated
Bulgaria	1920	1993	Sofia	Prague
Burkina Faso	1968	1993	Abidjan	Vienna
Burundi	1963	1993	Nairobi	Bonn
Cambodia	1956	1993	Bangkok	Berlin
Cameroon	1990	1993	Abuja	Moscow
Canada	1942	1993	Ottawa	Prague
Cape Verde	1975	1993	Dakar	Berlin
Central African Republic	1970	under negotiation	Kinshasa	not designated
Chad	1967	1994	Abuja	Moscow
Chile	1924	1993	Santiago	Prague
China	1949	1993	Beijing	Prague
Colombia	1934	1993	Bogotá	Vienna
Comoros	1977	1995	Nairobi	Moroni
Costa Rica	1935	1993	San José	Berlin
Croatia	1992	1993	Zagreb	Prague
Cuba	1920	1993	Havana	Prague
Cyprus	1960	1993	Nicosia	Prague
Democratic Republic of the Congo	1960	1993	Kinshasa	Prague
Denmark	1920	1993	Copenhagen	Prague
Djibouti	1977	1997	Addis Ababa (HC Djibouti)	not designated
Dominica	no diplomatic relations	1996	Caracas	not designated
Dominican Republic	1942	1993	Caracas (HC Santo Domingo)	Berlin (GC Prague)
East Timor	no diplomatic relations	2002	Jakarta	not designated
Ecuador	1935	1993	Bogotá (HC Guayaquil)	Warsaw (HC Prague)
Egypt	1922	1993	Cairo	Prague
Equatorial Guinea	1970	1993	Abuja	not designated
Eritrea	no diplomatic relations	1993	Addis Ababa	Berlin

## Report on the Foreign Policy of the Czech Republic

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Estonia	1928	1993	Tallinn	Prague
Ethiopia	1944	1993	Addis Ababa	Berlin
Fiji	1970	1996	Canberra	not designated
Finland	1921	1993	Helsinki	Prague
France	1918	1993	Paris	Prague
Gabon	1976	1993	Abuja	Libreville
Gambia	1972	1993	Dakar	Brussels
Georgia	1992	1993	Tbilisi	Vienna
Germany	GDR 1949 FRG 1973	1993	Berlin	Prague
Ghana	1959	1993	Accra	Prague
Great Britain	1918	1993	London	Prague
Greece	1920	1993	Athens	Prague
Guatemala	1927	1993	Mexico (HC Guatemala City – temporarily closed)	Vienna (HC Prague)
Guinea	1959	1993	Dakar (HC Conakry)	Bonn
Guinea Bissau	1973	1994	Dakar	Brussels
Guyana	1976	1993	Caracas	London
Haiti	1943	no diplomatic relations	Caracas (consular)	not designated
Honduras	1930	1993	San José (HGC Tegucigalpa)	Berlin
Hungary	1922	1993	Budapest	Prague
Iceland	1921	1993	Oslo (HC Reykjavik)	Oslo (HGC Prague)
India	1947	1993	Delhi	Prague
Indonesia	1955	1993	Jakarta	Prague
Iran	1925	1993	Tehran	Prague
Iraq	1933	1993	Baghdad	Prague
Ireland	1947	1993	Dublin	Prague
Israel	1948	1993	Tel Aviv	Prague

## Report on the Foreign Policy of the Czech Republic

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Italy	1918	1993	Rome	Prague
Ivory Coast	1984	1993	Abidjan	Bonn
Jamaica	1975	1993	Caracas	Berlin
Japan	1920	1993	Tokyo	Prague
Jordan	1964	1993	Amman	Vienna (HC Prague)
Kazakhstan	1992	1993	Almaty	Prague
Kenya	1964	1993	Nairobi	The Hague
Kuwait	1963	1993	Kuwait City	Prague
Kyrgyzstan	1992	1993	Almaty	Vienna
Laos	1962	1993	Bangkok	Warsaw
Latvia	1927	1993	Riga	Prague
Lebanon	1946	1993	Beirut	Prague
Lesotho	1982	1993	Pretoria	Rome
Liberia	1972	1993	Accra (HC Monrovia)	not designated
Libya	1960	1993	Tripoli	Prague
Lithuania	1927	1993	Vilnius	Prague
Luxembourg	1922	1993	Luxembourg	Prague
Macedonia (FYROM)	no diplomatic relations	1994	Belgrade	Vienna
Madagascar	1976	1993	Addis Ababa	Moscow
Malawi	1991	1993	Harare	Bonn
Malaysia	1971	1993	Kuala Lumpur	Prague
Maldives	1975	1993	Delhi	not designated
Mali	1960	1993	Dakar	Moscow
Malta	1968	1993	Rome (HC Naxxar)	Berlin (HC Prague)
Mauritania	1965	1993	Rabat	Moscow
Mauritius	1976	1993	Pretoria (HC Port Louis)	Berlin (HC Prague)
Mexico	1922	1993	Mexico City	Prague
Micronesia	no diplomatic relations	2004	Manila GC Sydney (consular)	not designated

## Report on the Foreign Policy of the Czech Republic

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent embassy of the Czech Republic	Seat of the competent embassy of the given state for the Czech Republic
Moldova	1992	1993	Bucharest	Budapest
Monaco	no diplomatic relations	1993	Paris (HC Monte Carlo)	not designated
Mongolia	1950	1993	Ulaanbaatar	Prague
Morocco	1959	1993	Rabat	Prague
Mozambique	1975	1993	Harare	Berlin
Myanmar	1955	1993	Bangkok	Berlin (working)
Namibia	1990	1993	Pretoria (HC Windhoek)	Moscow
Nepal	1959	1993	Delhi (HC Kathmandu)	Berlin
Netherlands	1919	1993	The Hague	Prague
New Zealand	1958	1993	Canberra (HC Auckland) (HC Wellington – temporarily closed)	Berlin (HC Prague)
Nicaragua	1930	1993	San José (HC Managua)	Vienna (HC Prague)
Niger	1975	1995	Abidjan (HC Niamey)	Bonn
Nigeria	1961	1993	Abuja	Prague
North Korea	1948	1993	Beijing	Prague
Norway	1921	1993	Oslo	Prague
Oman	no diplomatic relations	1993	Riyadh	Vienna
Pakistan	1950	1993	Islamabad	Warsaw
Palau	no diplomatic relations	2003	Manila	not designated
Palestinian Autonomous Territories	1983	1993	Ramallah (liaison office to the Palestine autonomous territories)	Prague
Panama	1929	1993	San José (HC Panama)	Vienna (HC Prague)
Papua New Guinea	1988	1995	Jakarta (HC Boroco)	not designated
Paraguay	1936	1993	Buenos Aires	Berlin (HC Prague)
Peru	1922	1993	Lima	Prague

## Report on the Foreign Policy of the Czech Republic

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent embassy of the Czech Republic	Seat of the competent embassy of the given state for the Czech Republic
Philippines	1973	1993	Manila	Prague
Poland	1919	1993	Warsaw	Prague
Portugal	1920	1993	Lisbon	Prague
Qatar	no diplomatic relations	1993	Kuwait	Bonn
Republic of Congo	1964	to be specified	Kinshasa	Bonn
Romania	1919	1993	Bucharest	Prague
Russia	1934	1993	Moscow	Prague
Rwanda	1965	under negotiation	Nairobi	Bonn
Salvador	1930	1994	San José (HC San Salvador)	Berlin
Samoa	no diplomatic relations	1995	Canberra	not designated
San Marino	1991	1993	Vatican	San Marino
Saudi Arabia	no diplomatic relations	1995	Riyadh	Prague
Senegal	1967	1993	Dakar	Bonn (HC Prague)
Serbia and Montenegro	1919	1993	Belgrade	Prague
Seychelles	1976	1993	Nairobi (HC Victoria)	Victoria (HC Prague)
Sierra Leone	1963	1993	Accra	Moscow
Singapore	1973	1993	Singapore	Singapore (HC Prague)
Slovakia		1993	Bratislava	Prague
Slovenia	1992	1993	Ljubljana	Prague
Solomon Islands	no diplomatic relations	1996	Canberra	Brussels (working)
Somalia	1960	2002	Nairobi	not designated
South Africa	1991	1993	Pretoria	Prague
South Korea	1990	1993	Seoul	Prague
Sovereign Order of the Knights of Malta	1939	1993	Vatican	Prague
Spain	1919	1993	Madrid	Prague
Sri Lanka	1957	1993	Delhi (HC Colombo)	Vienna (HC Prague)
Sudan	1956	1993	Cairo (HC Khartoum)	Vienna



## Report on the Foreign Policy of the Czech Republic

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Suriname	1976	1996	Caracas	not designated
St Kitts and Nevis	no diplomatic relations	1993	Caracas	not designated
St Lucia	no diplomatic relations	1996	Caracas	not designated
Sao Tomé and Príncipe	1975	1993	Luanda	not designated
St Vincent and the Grenadines	no diplomatic relations	1995	Caracas	not designated
Swaziland	1991	1993	Pretoria	Copenhagen
Sweden	1920	1993	Stockholm	Prague
Switzerland	1919	1993	Bern	Prague
Syria	1946	1993	Damascus	Prague
Tajikistan	1992	1993	Tashkent	Prague
Tanzania	1961	1993	Nairobi	Bonn
Thailand	1974	1993	Bangkok	Prague
Togo	1960	1993	Accra	not designated
Trinidad and Tobago	1979	1997	Caracas (HC Port of Spain)	not designated
Tunisia	1959	1993	Tunisia	Prague
Turkey	1924	1993	Ankara	Prague
Turkmenistan	1992	1993	Moscow	Vienna
Uganda	1962	1993	Nairobi	Moscow
Ukraine	1992	1993	Kiev	Prague
Uruguay	1921	1993	Montevideo	Prague
United Arab Emirates	1988	1993	Abu Dhabi	Vienna
USA	1919	1993	Washington D.C.	Prague
Uzbekistan	1992	1993	Tashkent	not designated
Vanuatu	no diplomatic relations	2002	Canberra	not designated
Vatican	1920	1993	Vatican	Prague
Venezuela	1929	1993	Caracas	Prague
Vietnam	1950	1993	Hanoi	Prague
Yemen	PDRY 1956 YAR 1968	1993	Sanaa	Prague

## Report on the Foreign Policy of the Czech Republic

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent embassy of the Czech Republic	Seat of the competent embassy of the given state for the Czech Republic
Zambia	1965	1993	Harare	Berlin

NB:

- 1) The table does not give information about periods during which diplomatic relations were suspended.
- 2) The offices listed are the highest-ranking residential offices. If residential offices are headed by honorary officials, these are given in brackets, beneath the respective non-residential mission accredited to the given country. Accordingly, in the case of the Dominican Republic the non-resident embassy and resident general consulate are listed. Abbreviations used: HC – consulate headed by an honorary consular officer, HGC – general consulate headed by an honorary officer.
- 3) The table shows the state as at the end of 2004.

## Ambassadors Extraordinary and Plenipotentiary of the Czech Republic as at 31 December 2004

seat official name of country	n a m e
<b>EMBASSY, PERMANENT MISSION (PM)</b>	
Abu Dhabi United Arab Emirates	<b>LESZCZYNSKI Roman</b>
Abuja Federal Republic of Nigeria <u>competence:</u> Nigeria, Benin, Chad, Cameroon, Equatorial Guinea, Gabon	<b>KARYCH Alexandr</b>
Accra Republic of Ghana <u>competence:</u> Ghana, Liberia, Togo, Sierra Leone	<b>JUNEK Jindřich</b>
Addis Ababa Federal Democratic Republic of Ethiopia <u>competence:</u> Ethiopia, Republic of Djibouti, Eritrea, Madagascar	<b>KŘENEK Miroslav</b>
Almaty Republic of Kazakhstan <u>competence:</u> Kazakhstan, Kyrgyzstan	<b>SEDLÁČEK Milan</b>
Algiers People's Democratic Republic of Algeria	<b>MAREK Jaromír</b>
Amman Hashemite Kingdom of Jordan	<b>LANĚ Tomáš</b>
Ankara Republic of Turkey <u>competence:</u> Turkey, Azerbaijan	<b>BRAUN Jozef</b>
Athens Hellenic Republic	<b>BULENOVÁ Jana</b>
Baghdad Republic of Iraq	<b>KLEPETKO Martin</b>
Bangkok Kingdom of Thailand	<b>ŠITLER Jiří</b>
Beirut	<b>SKOLIL Marek</b>

Republic of Lebanon	
Belgrade Serbia and Montenegro <u>competence</u> : Serbia and Montenegro, Former Yugoslav Republic of Macedonia	<b>JESTŘÁB Ivan</b>
Beijing People's Republic of China <u>competence</u> : China, North Korea	<b>GREPL Vítězslav</b>
Berlin Federal Republic of Germany	<b>LAZAR Boris</b>
Bern Swiss Confederation <u>competence</u> : Switzerland, Liechtenstein	<b>KREUTER Josef</b>
Bogota Republic of Colombia <u>competence</u> : Colombia, Ecuador	<b>RYCHTAR Josef</b>
Brasilia Federative Republic of Brazil	<b>HUBINGER Václav</b>
Bratislava Slovak Republic	<b>GALUŠKA Vladimír</b>
Brussels Kingdom of Belgium	<b>HAVLÍK Jiří</b>
Brussels Permanent Representation to the EU	<b>KOHOUT Jan</b>
Brussels Permanent Delegation to NATO	<b>KOVANDA Karel</b>
Bucharest Romania <u>competence</u> : Romania, Moldova	<b>PECH Radek</b>
Budapest Republic of Hungary	<b>HUBÁČKOVÁ Hana</b>
Buenos Aires Argentine Republic <u>competence</u> : Argentina, Paraguay	<b>PADĚLEK František</b> to present credentials at the start of 2004

Cairo Arab Republic of Egypt <u>competence</u> : Egypt, Sudan	<b>KARFÍK Jakub</b>
Caracas Republic of Venezuela <u>competence</u> : Venezuela, Dominican Republic, Grenada, Barbados, Guyana, Trinidad a Tobago, Surinam, Jamaica, Antigua a Barbuda, Dominica, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines	<b>JIRÁNEK Jiří</b> (since 3 January 2005)
Canberra Commonwealth of Australia <u>competence</u> : Australia, New Zealand	<b>PAŽOUREK Karel</b>
Copenhagen Kingdom of Denmark	<b>JANČÁREK Ivan</b>
Damascus Syrian Arab Republic	<b>KOUTSKÝ Josef</b>
Delhi Republic of India <u>competence</u> : India, Bangladesh, Maldives, Nepal, Sri Lanka	<b>NOVOTNÝ Jaromír</b>
Dublin Republic of Ireland	<b>HAVLAS Josef</b>
Geneva Permanent Mission to the Office of the UN and other international organisations based in Geneva	<b>SLABÝ Alexander</b>
Hanoi Socialist Republic of Vietnam	<b>ŽDÁREK Ivo</b>
Harare Republic of Zimbabwe <u>competence</u> : Zimbabwe, Angola, Malawi, Mozambique, Sao Tomé and Principe, Zambia	<b>OLŠA Jaroslav</b>
Helsinki Republic of Finland	<b>PROUZOVÁ Alena</b>
Islamabad Islamic Republic of Pakistan <u>competence</u> : Pakistan, Afghanistan	<b>LANGER Alexandr</b>

Jakarta Republic of Indonesia <u>competence:</u> Indonesia, Brunei Darussalam, Papua-New Guinea, East Timor	<b>VESELÝ Jaroslav</b>
Kiev Ukraine	<b>ŠTINDL Karel</b>
Kuala Lumpur Malaysia	<b>HUŇÁTOVÁ Dana</b>
Lisbon Portuguese Republic	<b>ŠKERÍK Ladislav</b>
Ljubljana Republic of Slovenia	<b>SZUNYOG Tomáš</b>
London United Kingdom of Great Britain and Northern Ireland	<b>FÜLE Štefan</b>
Luxembourg Grand Duchy of Luxembourg	<b>ŠEPELÁK Pavol</b>
Madrid Kingdom of Spain	<b>KOŠATKA Martin</b>
Manila Republic of the Philippines <u>competence:</u> Republic of the Philippines, Republic of Palau Federated States of Micronesia	<b>SLAVICKÝ Stanislav</b>
Mexico United States of Mexico <u>competence:</u> Mexico, Guatemala	<b>ZEMANOVÁ Věra</b>
Montevideo Eastern Republic of Uruguay	<b>KORSELT Vít</b>
Moscow Russian Federation <u>competence:</u> Russia, Belarus, Turkmenistan	<b>BAŠTA Jaroslav</b>
Nairobi Republic of Kenya <u>competence:</u> Kenya, Burundi, Comoros, Rwanda, Seychelles, Tanzania, Uganda, UNEP, UNCHS	<b>KOPŘIVA Petr</b>
New York Permanent Mission to the United Nations Organisation	<b>KMONÍČEK Hynek</b>

Nicosia Republic of Cyprus	<b>VÁVRA Martin</b>
Oslo Kingdom of Norway <u>competence</u> : Norway, Iceland	<b>HORÁK Jaroslav</b>
Ottawa Canada	<b>VOŠALÍK Pavel</b>
Paris French Republic	<b>FISCHER Pavel</b>
Paris Permanent Mission to the Organisation for Economic Cooperation and Development (OECD)	<b>MACEŠKA Jiří</b>
Pretoria Republic of South Africa <u>competence</u> : South Africa, Botswana, Lesotho, Mauritius, Namibia, Swaziland	<b>SIRO Jaroslav</b>
Rabat Kingdom of Morocco <u>competence</u> : Morocco, Mauritania	<b>URBANOVÁ Eleonora</b>
Riga Republic of Latvia	<b>FINFERLE Jan</b>
Riyadh Kingdom of Saudi Arabia <u>accreditation</u> : Saudi Arabia, Bahrain, Oman	<b>POLÁČEK Zdeněk</b>
Rome Republic of Italy <u>competence</u> : Italy, Malta	<b>SEČKA Libor</b>
San José Republic of Costa Rica <u>competence</u> : Costa Rica, Honduras, Nicaragua, Panama, Salvador, Belize	<b>EISENBRUK Vladimír</b>
Santiago de Chile Republic of Chile	<b>HLADÍK Lubomír</b>

Sarajevo Bosnia and Herzegovina	<b>BUCHTA Alois</b>
Seoul Republic of Korea	<b>SMETÁNKA Tomáš</b>
Sofia Republic of Bulgaria	<b>DOKLÁDAL Petr</b>
Stockholm Kingdom of Sweden	<b>CHATARDOVÁ Marie</b>
Strasbourg Permanent Mission to the Council of Europe	<b>ŠTĚPOVÁ Vlasta</b>
Tallinn Republic of Estonia	<b>LEXA Miloš</b>
Tashkent Republic of Uzbekistan	<b>FOJTÍK Aleš</b>
Tbilisi Georgia <u>competence</u> : Georgia, Armenia	<b>VRABEC Jozef</b>
Tel Aviv State of Israel	<b>ŽANTOVSKÝ Michal</b>
The Hague Kingdom of the Netherlands	<b>KUBERNÁT Petr</b>
Tirana Republic of Albania	<b>ŠINDELÁŘ Miroslav</b>
Tokyo Japan	<b>ŽEBRAKOVSKÝ Karel</b>
Tripoli Great Socialist People's Libyan Arab Jamahiriya	<b>ŘEZÁČ Pavel</b>
Tunis Republic of Tunisia	<b>PŘÍVRATSKÝ Jaromír</b>
Ulaanbaataar Mongolia	<b>NEKVASIL Jiří</b>



Vatican Holy See <u>competence</u> : Holy See, Sovereign Order of the Knights of Malta, San Marino	<b>JAJTNER Pavel</b>
Vienna Republic of Austria	<b>JINDRÁK Rudolf</b>
Vienna Permanent Mission to the Office of the UN, OSCE and other international organisations based in Vienna	<b>POČUCH Ivan</b>
Vilnius Republic of Lithuania	<b>VOZNICA Petr</b>
Warsaw Republic of Poland	<b>KOPECKÝ Bedřich</b>
Washington D.C. United States of America	<b>PALOUŠ Martin</b>
Zagreb Republic of Croatia	<b>BURIÁNEK Petr</b>