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INTRODUCTION

In 2006, the Czech Republic's foreign policy was based on the government's *Policy Statement* and the *Concept of the Foreign Policy of the Czech Republic for 2003-2006*, which was drawn up in March 2003. Despite the emphasis on the European format, the Czech Republic continued to strive to advance its bilateral relations and to play a fully-fledged role in NATO, international organisations, conferences and other multilateral meetings. Foreign policy also sought to promote Czech national interests in other areas: in the economic, cultural and public fields, as well as at non-governmental level. It actively participated in implementing measures and sanctions approved by the United Nations Security Council and was involved in all forms of the fight against terrorism.

Both chambers of Parliament of the Czech Republic continued to play an active role in forming and implementing Czech foreign policy in 2006. The activities and talks conducted by parliamentary deputies and senators on visits abroad helped promote the Czech Republic's interests around the world. There was effective communication between the Ministry of Foreign Affairs and parliamentary foreign committees.

In 2006, the Ministry of Foreign Affairs continued to be the main author, actor and coordinator of the country's foreign policy. It promoted the country's interests on the international scene, constantly making the most of the potential of the country's foreign policy.

The Czech Republic's activities in the European Union strengthened its position in the EU's political, economic and institutional structures. Its relatively liberal and flexible approach earned it the reputation of a respected and constructive partner which supports the reform steps that are required if the EU is to improve its competitiveness on the world stage and function effectively.

Though the year 2006 brought no momentous events in the European integration process, it did confirm that the EU is capable of operating effectively within the possibilities offered by the current treaties, even after enlargement to 25 member states. One of the key achievements of the Austrian presidency of the Council of the EU in the first half of 2006 was the compromise struck with the European Parliament and, in particular, securing approval for the financial perspective. As part of the quest for a new institutional framework, a decision

was reached on a “two-track” approach, consisting in an endeavour to achieve concrete results in the context of existing treaties while simultaneously advancing the EU’s reform process. The Finnish presidency in the second half of 2006 then focused on specific EU projects and policies, particularly in the areas of competitiveness, energy, justice and home affairs, external policy and the transparency of the decision-making process.

2006 marked the successful completion of the fifth EU enlargement. Bulgaria and Romania joined the European Union on 1 January 2007, thus increasing the number of member states to 27. The Czech Republic had long supported both countries’ accession to the EU as of 1 January 2007 and was one of nine member states that fully opened its labour market to Romanian and Bulgarian citizens. The other member states to do so were Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Slovakia and Slovenia.

The EU’s accession talks with Croatia went ahead in 2006. The Czech Republic has for long supported Croatia’s accession to the EU and is prepared to offer its own experiences of the accession process.

The EU’s accession talks with Turkey also continued in 2006. The European Council called on the European Commission to appraise Turkey’s implementation of its commitments in its regular annual reports, i.e. in 2007, 2008 and 2009. Contrary to suggestions made by certain member states, the European Council did not set a new deadline for member states to re-assess Turkey’s progress in normalising its relations with Cyprus.

The Czech Republic is in favour of Turkey’s full membership of the European Union. The Czech Republic regards Turkey as a strategic ally of the EU and is in favour of maintaining the pace of accession talks, which are an important stimulus for the transformation process in Turkey. In EU negotiations, the Czech Republic advocated pushing ahead with talks, as Turkey will only be able to enter the EU once it has reformed itself and resolved the Cyprus problem.

In Salzburg in March 2006, the EU reaffirmed the decision reached at the Thessaloniki summit in 2003 that the future of Western Balkans countries lies in the European Union and called on these countries to engage more closely in the regional cooperation process.

The Czech Republic supports the confirmation of the EU’s existing commitments towards Western Balkans countries. The European prospects of countries in this region will

be one of the priority themes of the Czech presidency of the Council of the EU in the first half of 2009.

Based on a European Commission document of 8 November 2006 entitled “Enlargement Strategy and Main Challenges 2006 – 2007”, member states held a strategic debate on EU enlargement. The conclusions reached by the European Council in December 2006 confirmed the overall benefit of the enlargement process and reiterated the three basic principles: consolidation, conditionality and communication. The Council’s conclusions indicated that the EU’s ability to integrate new members is conditional on the effective functioning of the EU as a whole, effective institutions and the securing of financing for common policies.

The ratification process of the Treaty establishing a Constitution for Europe went ahead in 2006 in parallel with the “period of reflection” that member states agreed on in the European Council in June 2005 following the rejection of the Constitutional Treaty in referenda in France (29 May 2005) and the Netherlands (1 June 2005). In line with the conclusions reached at an informal summit at Hampton Court, Great Britain, on 27 October 2005, the EU focused its attention on the implementation of specific policies/projects – i.e. on matters related to improving the EU’s competitiveness in the globalised world; research, development and education; common energy policy; common migration policy, etc. In 2006, Estonia and Finland became the 13th and 14th member states to ratify the Treaty establishing a Constitution for Europe. In both countries ratification took place in parliament, without a referendum being called (in Estonia on 9 May 2005; and in Finland on 5 December 2006, at the end of its presidency of the Council of the EU). Moreover, the ranks of member states that have ratified the European Constitutional Treaty were swelled by Bulgaria and Romania (15th and 16th member states respectively), which approved it on signing their accession treaties.

One of the priorities identified by the Austrian presidency of the Council of the EU in the first half of 2006 had been to draw up a “road map” for ratification of the European Constitutional Treaty; the road map was to be ready by the EU’s June summit. However, an informal meeting of foreign affairs ministers in May and the subsequent June session of the European Council (15-16 June 2006) showed that pronounced differences of opinion persisted between member states regarding the continuation of the European Constitutional Treaty ratification process and the further course of the EU’s institutional reform. A compromise

proposed by the Austrian presidency, according to which the EU would focus on achieving concrete results within the framework of the existing treaties (referred to as a “Europe of Projects”) in parallel with the process of Constitutional Treaty ratification, was thus approved at the Council session.

The Czech Republic placed the emphasis on pragmatic solutions designed to implement specific projects and expressed support for prolonging the period of reflection and for postponing the definitive decision on the European Constitutional Treaty until the end of 2008.

The Finnish presidency in the second half of 2006 focused primarily on specific EU projects and policies, particularly in the areas of competitiveness, energy, justice and home affairs, external policy and the transparency of the decision-making process. In connection with the institutional reform of the EU, Finland held confidential consultations with individual member states and passed on the results of these consultations to the German presidency.

The period of reflection can be regarded as having finished at the end of 2006: in the first half of 2007 the German presidency will conduct concrete consultations and negotiations, at both working and political level, with a view to reaching consensus among member states on the new institutional arrangement of the European Union.

In 2006, the Czech Republic continued with its active approach to promoting its interests. At the European Council in December 2005, member states reached a political agreement on the EU’s financial perspective for 2007-2013, which fixed EU expenditure for the years 2007 to 2013 at EUR 862 billion. This was followed up in 2006 by further negotiations with a view to concluding an Interinstitutional Agreement between the European Parliament, Council and European Commission. This agreement defines how the Parliament, Council and Commission will work together in the 2007-2013 period during the annual preparation of budgets and when responding to unforeseen events. The agreement was a necessary precondition for the approval of all subsequent legislation for individual EU policies in the upcoming seven-year period.

In February 2006, the Commission submitted a draft of the agreement modified in line with the conclusions of the Council in December 2005. Besides the revised draft of the agreement, in the first quarter of 2006 the Commission also submitted a proposal for the

distribution of finances between individual programmes and a proposal for a new decision on own resources incorporating the Council's conclusions from December 2005, most notably reducing contributions by major net contributors and correcting the calculation of the UK rebate.

From the Czech Republic's point of view, the increased financing for two important items of the EU budget, lifelong learning and the Common Foreign and Security Policy, is positive. The Czech Republic also welcomes the fact that this part included a provision about the possibility of deferring 2007 budgetary commitments to following years if structural funds or operational programmes legislation is not adopted until after 1 January 2007.

The Czech Republic also managed to push through the transfer of Cohesion Fund commitments that were suspended by the EU under the excessive deficit procedure and could be transferred to the following two years (and not just the following year). This will ensure that the Czech Republic will not lose its entitlement to Cohesion Fund finances if these are suspended for budgetary reasons.

During 2006, there was increased pressure to accelerate the reform of the Common Agricultural Policy (CAP). Debate on this matter revealed persisting differences of opinion between key member states on the reduction of large agricultural subsidies and on the abrogation or reduction of the British rebate. The principal driving force behind the reform effort has been the pressure exerted by countries of the "northern wing" and their strongly pro-reform (liberal) attitude, as well as the position of the European Commission and presidency countries.

As it did in 2005, in 2006 the Czech Republic continued to support greater liberalisation of agriculture and CAP reform comprising an overall simplification of the legislation and reduced administrative burden. Regarding the further evolution of the EU's agricultural policy in respect of the WTO, one can expect changes designed to improve market access for third countries, major reductions in all forms of export subsidies by 2009, including their complete abolition by 2013, and a fundamental decrease in trade-disrupting domestic aid.

The question of rural development is coming to the fore of the European Union's CAP. It is fair to assume that its significance will continue to grow. Support for young

farmers to curb the migration of young people to towns and cities is also important. Support for regional diversity, crafts and agrotourism is equally important.

2006 was a fundamental year for the future of European energy policy. Events on the European scene were substantially influenced by international developments, and in particular the New Year's dispute between Russia, Ukraine and Moldova about prices for natural gas supplies and transit. Energy thus became a central topic in discussions at the highest political level, both within the Community and in other forums. It was one of the principal topics at, among other things, all sessions of the European Council in 2006 (March, June and December in Brussels; October in Lahti), the EU-Russia summit in Sochi in May 2006, and the G8 summit in St Petersburg in July 2006.

In March 2006, the European Council adopted far-reaching conclusions concerning energy; these conclusions can be viewed as the basis of European energy policy. One important source material for this session was the Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy, which was approved by the European Commission on 8 March 2006. Subsequent sessions of the European Council focused on selected aspects of energy policy, most notably external relations.

The Czech Republic engaged actively in the discussions on European energy policy, both at meetings at the level of the European Council and by issuing a written statement on the Green Paper as part of public consultations organised by the European Commission.

A salient feature of 2006 was the completion of preparations by both member states and the Commission for the enlargement of the Schengen area by new member states as per the approved timetable, i.e. in 2007. In September 2006, though, the European Commission informed about a substantial delay in the development of the Schengen Information System II (i.e. a modernised and expanded version of the existing Schengen Information System I+), saying that it should be launched in summer 2008, with the Schengen area only to be enlarged at the start of 2009.

Portugal presented an alternative proposal in autumn 2006, offering the possibility of new member states' joining the existing Schengen Information System I+ (SIS I+). This Portuguese project (referred to as *SISone4All*) is intended to enable the enlargement of Schengen by the originally scheduled time (October 2007).

The implementation of *SISone4ALL* and the deadlines for Schengen enlargement (i.e. the abolition of controls at land and sea borders as of 31 December 2007 and the lifting of controls at airports by the end of March 2008 at the latest) were approved at the 5 December 2006 session of the Justice and Home Affairs Council. The preparedness of member states, including the Czech Republic, was assessed during 2006. The assessment of the Czech Republic during 2006 covered four areas: police cooperation, data protection, air borders and visas. The Czech Republic thus confirmed its ability to fulfil all the requirements of the Schengen *acquis*.

During 2005, individual member states had formulated national reform programmes for 2005-2008 to ensure that the goals of the Lisbon Strategy are achieved. In autumn 2006, the Czech Republic, like other member states, drew up its first annual Implementation Report on the National Reform Programme, which was submitted to the European Commission. In December 2006, the European Commission published its Annual Progress Report. The overall tone of the Report is optimistic, particularly as regards the progress made in the area of support for research, development and innovation, and the improvement in regulation and the business environment.

During 2006, some member states continued to apply to the Czech Republic transitional restrictions on the free movement of workers. 1 May 2006 marked the end of the first phase of the transitional period, which may be applied for a maximum of 7 years with evaluations after 2, 3 and 2 years. (The transitional measures against the Czech Republic must be lifted by 1 May 2011 at the latest.) Ireland, Sweden and Great Britain did not apply any transitional period as of the date of the Czech Republic's accession to the EU. During the first two-year phase of the transitional period, the labour market was opened in Finland, Portugal, Greece and Spain (and of EFTA/EEA countries in Iceland as well); Italy followed suit in July 2006. A number of other EU member states decided to keep the transitional restrictions on the free movement of labour in place after 1 May 2006, but at the same time to facilitate and shorten administrative procedures associated with awarding work permits (Denmark) or to open local labour markets only in sectors with a pronounced shortage of labour (Belgium, France, Luxembourg, the Netherlands). Germany and Austria continue to apply the transitional period in its full scope.

Two of the most important pieces of EU internal market legislation in 2006 were REACH (*Registration, Evaluation, Authorisation of Chemicals*) and the Directive on Services

in the Internal Market. The final wording of REACH from 18 December 2006 was only agreed on after several years of complicated and tough negotiations. The agreement still has to be approved by the governments and parliaments of EU member states.

The services directive is one of the most important points of the Lisbon Strategy. It represents a horizontal instrument designed to facilitate establishment for services providers and the cross-border provision of services. In the Czech Republic, this draft directive had always been regarded as a document that was crucial to competitiveness and was thus included among the country's top national priorities. After lengthy negotiations, the directive was adopted at a session of the EU Council for Transport, Telecommunications and Energy on 11 December 2006 and entered into force on 28 December 2006. A three-year transposition deadline was set for the directive.

The promotion of the Czech Republic's trade and economic interests in the European Union is based on the approved strategy. Following the Czech Republic's accession to the EU in May 2004, its independently conceived trade policy towards third countries has been subordinated to the EU's common trade policy. The increase in exports by Czech firms to EU countries is aided by the transport accessibility of individual markets, the non-existence of trade barriers, the recognition of Czech norms, the enforcement of law, fair competition and the growing prestige of the Czech Republic. Most of the business community believes that the EU market will continue to be the primary destination for the export of goods and services, cooperation and the establishment of joint ventures.

The European Union is currently the world's biggest provider of aid to developing countries. After 2005, during which several key decisions and commitments determining the further development of aid provision were adopted, in 2006 efforts were concentrated on implementing these commitments. Member states and the European Commission jointly reaffirmed the commitments to increase aid that were adopted in connection with the conclusions of the World Summit from 2005.

For the Czech Republic, this means striving to raise the level of funding earmarked for foreign development cooperation to 0.17% of GNI by 2010 and 0.33% of GNI by 2015. The policy coherence for development was an important theme, particularly during the Finnish presidency. Several concrete measures designed to strengthen the coherence of other – non-development – policies with development policy were adopted during 2006. Besides the

general dimension of this issue, the Finnish presidency also devoted attention to the links between development cooperation and selected EU external policies.

The Czech Republic regards its involvement in the EU's Common Foreign and Security Policy (CFSP) as an integral part of its EU membership. During 2006, the Czech Republic was fully involved in the formulation and implementation of the EU's foreign policy, doing so at the level of working groups, in the EU's Political and Security Committee (PSC/COPS), in the Committee of Permanent Representatives (COREPER), and at meetings of political directors and European correspondents. The Czech Republic took part in sessions of the General Affairs and External Relations Council (GAERC) at the foreign affairs ministers level, informal meetings of foreign affairs ministers (Gymnich) and certain EU meetings with third countries, e.g. Russia, USA, Latin American countries, or in the context of the Euro-Mediterranean Partnership.

In 2006, the EU continued to implement the key EU document in the CFSP, the European Security Strategy (ESS), which formulates the EU's view of security challenges and how to resolve them. Substantial attention in the implementation of the ESS was paid to terrorism as a growing strategic threat for the whole of Europe. Another important theme of the year 2006 was human rights and their effective integration into the CFSP.

Strengthening the transatlantic partnership was one of the top priorities of both the Austrian and Finnish presidencies. Equally, emphasis was placed on improving relations between the EU and the USA, strengthening mutual cooperation in the economic field, in the fight against terrorism while respecting human rights, in responding to climate change, in the approach to energy, and, last but not least, in joint action to resolve international crises and conflicts and support the spread of democracy.

The high point of the Austrian presidency in this regard was the EU-USA summit (21 June 2006, Vienna), at which agreement was reached on resuming dialogue with the USA on climate change and strengthening strategic cooperation in the fields of energy security and economic partnership. Implementation of these activities began during the Finnish presidency (conduct of high-level dialogue on climate change and energy issues).

One question discussed at the EU-USA summit and also during contacts with Canada was the problem of the non-reciprocal visa system that both countries apply to certain EU member states (including the Czech Republic).

The year 2006, and especially its first half, was significant for the further development of the European Union's relations with Western Balkans countries. The EU focused primarily on the continuation of the Stabilisation and Association Process. The Austrian presidency sought to complete negotiations on a Stabilisation and Association Agreement (SAA) with Serbia and Montenegro. However, the talks were suspended in May 2006 in response to the Serbian side's failure to cooperate fully with the International Criminal Tribunal for the Former Yugoslavia (ICTY). Following the break-up of the Serbian and Montenegrin state union, separate mandates for negotiating SAAs with Serbia and with Montenegro were approved; negotiations with Montenegro were in fact completed during the Finnish presidency. During the autumn, the EU Council dealt with the question of supporting democratic forces in Serbia in the run-up to the elections, but there was no change in the EU's attitude to resuming SAA talks. The Union completed talks on a Stabilisation and Association Agreement with Albania (signed in June 2006); and negotiations with Bosnia and Herzegovina, which started at the end of 2005, went ahead.

Kosovo was a significant CFSP priority in the Western Balkans context. The European Union supported the efforts of M. Ahtisaari, the UN secretary-general's special envoy for the future status of Kosovo. It started preparatory work on the future international structure in Kosovo, in which the EU should play the lead role. With regard to Kosovo, the Czech Republic emphasises the need for the European Union to adopt a uniform and balanced approach.

The Czech Republic was intensively involved in creating and implementing the EU's foreign policy towards eastern European countries. In EU-Russia relations, the strategic plans for four common spaces of mutual cooperation were implemented. The EU in 2006 started to prepare for talks on an "enhanced agreement" with Ukraine; under the approved mandate the talks should start in March 2007.

European Union membership has helped the long-term endeavour to strengthen Czech policy on Asia: one contributing factor is the Czech Republic's accession to ASEM (*Asia-Europe Meeting*, formally institutionalised dialogue between Europe and Asia established in the 1990s). Although the Asian region was not a significant priority in 2006, there was a considerable strengthening of contacts and numerous high-level meetings.

In June 2006, the Czech Republic, in cooperation with other member states, successfully promoted the need to formulate a medium-term and long-term EU strategy on Cuba. The Czech Republic advocated that the strategy should be drawn up swiftly, with the understanding that it was necessary to prepare a list of immediate measures intended to assist transformation in Cuba.

European Security and Defence Policy (ESDP) continued to develop in 2006. The European Union conducted an autonomous military operation in the Democratic Republic of the Congo (EUFOR RD Congo); launched a new civilian mission in the Palestinian Autonomous Territories (EUPOL COPPS); extended a number of existing missions; and started to prepare civilian missions in Kosovo and Afghanistan. It also developed its key concepts and activities in the military and civilian dimension, such as the “battle groups” concept, the European Defence Agency (EDA), the civilian/military planning cell and the integration of civilian/military activities. The Czech Republic’s approach was based on the conviction that the ESDP should be complementary to NATO. NATO remains the EU’s key partner in the ESDP. Nevertheless, relations between EU and NATO stagnated on the political level and were confined mostly to practical cooperation. The civilian/military ALTHEA operation in Bosnia and Herzegovina, conducted by the EU since December 2004, tested “Berlin plus” cooperation mechanisms, i.e. the use of NATO assets and capabilities for EU-led operations.

The Czech Republic’s priority continued to be its engagement in the Western Balkans, however: in 2006 the European Union continued in its most extensive military operation to date, ALTHEA in Bosnia and Herzegovina. One of ALTHEA’s principal tasks is to ensure stability and security in the country, including combating organised crime. The mandate for the Czech Republic’s participation in ALTHEA limited its involvement to 70 personnel. At the end of 2006, there were 57 servicemen of the Army of the Czech Republic in the operation, forming a joint guard unit with Slovakia, Austria and Estonia in Tuzla, and 8 officers at various operational command levels.

The civilian mission in Iraq, launched in July 2005 (EUJUST LEX), went ahead; on 11 April 2006 it was decided that the mission would be extended until the end of 2007. The mission’s objective is to help reform Iraq’s criminal justice system by giving expert training to senior state officials, policemen, judges, public prosecutors and officials in the penal system.

The North Atlantic Alliance is the cornerstone of the Euro-Atlantic security architecture and the Czech Republic's membership of this collective defence organisation is of primary importance for ensuring its national security. From the Czech Republic's point of view, NATO also plays an indispensable role as a transatlantic consultation forum and through its operations it projects security outside NATO's geographical borders.

In 2006, the Czech Republic continued to help shape NATO policy in line with its foreign policy and security priorities as contained in Czech foreign and security policy strategic documents (Concept of the Foreign Policy of the Czech Republic (2003-2006), the Czech Republic Security Strategy (2003), and the Czech Republic Military Strategy (2004). In line with the Czech Republic Security Strategy from 2003, security cooperation with European and North American countries through NATO membership is one of the Czech Republic's foreign policy priorities. This tenet remained intact even after parliamentary elections and the formation of a new governing coalition in 2006.

Through its resources and capabilities, the Czech Republic played a substantial part in operations in Kosovo and Afghanistan and contributed to the humanitarian operation in Pakistan and training mission in Iraq. It also contributed to the sixth and seventh NRF rotation. The deployment of forces and assets of the Army of the Czech Republic in NATO military operations and missions in 2006 was based on political and security priorities and corresponded to the available resources.

An event of cardinal significance for NATO in 2006 was the meeting at the level of heads of state and government that took place in Riga, Latvia, on 28-29 November.

The principal theme of the summit was the political and military transformation of the Alliance. Political transformation was taken to mean primarily the future of NATO's partner formats, enlargement of the Alliance and strategy regarding the Western Balkans; while military transformation meant the transformation of NATO's defence capacities, a process set in motion at the Prague Summit in 2002. NATO's ISAF mission in Afghanistan and KFOR in Kosovo were also key themes.

Although the next round of NATO enlargement is not envisaged until after the 2008 summit, the talks in Riga gave some indication of the Allies' preferences and ideas about the scale of enlargement. The Czech delegation backed an ambitious text confirming the open door policy for all European countries that satisfy the membership criteria. One of the

summit's principal successes was the declaration that NATO's rapid response force (NRF), the "showcase" of the Alliance's new military capacities, had reached full operational capability. NATO regards the possibility of a ballistic missile attack against the territory of member states as one of the gravest security threats of the present day. For that reason, the summit constituted a milestone in NATO's deliberations about a missile defence system for the Alliance's European territory. In line with a decision made at NATO's Prague summit, the Missile Defence Feasibility Study (MD FS) was completed in 2006. The MD FS appraises the options for protecting Alliance territory, forces and population centres against the full range of missile threats.

The Czech Republic supports much closer and more diverse cooperation between NATO and the EU, but any breakthrough in the current situation is outside the purview of Czech foreign policy. The only path now consists of informal political dialogue, practical cooperation, contacts between governments and the pressure of external circumstances on the need to cooperate.

NATO also began to discuss the issue of energy security in 2006, largely in response to the crisis in Russian supplies of gas and oil to Ukraine at the turn of 2005 and 2006. Despite some initial problems, this theme became relatively pronounced during the year, with a number of sessions and seminars organised, not just for NATO member states but for Russia as well in the NRC format.

The Czech Republic considers this issue important for the future and regards energy security as an important element of international security in the broader sense. It is convinced that the Alliance creates an added value in this respect.

In 2006, the Czech Republic continued to play an active role in a number of regional groupings it is a member of. The Visegrad Group (V4) experienced one of its most intensive periods of cooperation in 2006, characterised by the principle of voluntariness, responsibility and solidarity. Since its inception, the Visegrad Group format has become a natural component of regional policy in Central Europe; following the Visegrad Group countries' accession to the European Union, EU issues have also become a standard part of consultations in the V4 format.

In the foreign policy dimension, in 2006 the Visegrad Group focused mainly on supporting the democratisation process in Belarus; continuing with Visegrad-Benelux cooperation, particularly in interministerial contacts; re-establishing contact with the Nordic Council; and concretising cooperation with Japan, which should focus principally on tourism, cultural and economic cooperation and political consultations on selected matters. An official summit of presidents of V4 countries was held in the Czech Republic on 15-16 September 2006. In October 2006, an official summit of prime ministers in Visegrad, Hungary, celebrated the 15th anniversary of the founding of the Visegrad Group.

Montenegro's accession to the Central European Initiative on 1 August 2006 increased the number of member states to 18 (moreover, the CEI was one of the first international organisations Montenegro joined after it became independent). In any case, 2006 was something of a milestone for the CEI in terms of achieving its original purpose, i.e. bringing its countries closer to the EU and preventing the creation of any new dividing lines in Europe: following Bulgaria's and Romania's accession to the EU exactly half the members of the CEI are in the EU.

Cooperation in the Regional Partnership format (Czech Republic, Hungary, Poland, Austria, Slovakia and Slovenia) was launched in 2001 in order to jointly resolve questions of internal security, frontier and consular matters, and to develop cultural cooperation and create joint infrastructure projects.

Recently, the basic scope of cooperation between Regional Partnership countries has been broadened by new common themes, such as the question of the future development of the Western Balkans, EU issues and energy security. The area of cooperation displaying the best development and best concrete results has in recent years been internal security.

As in the Visegrad Group context, the Czech Republic is in favour of cooperation based on the common denominator of cooperating countries' interests and developing specific projects on the condition that all the participants are on an equal footing. The Czech Republic does not view the question of developing regional cooperation as necessitating a choice between one form of cooperation or another; more important is the effort to combine both forms of cooperation as effectively as possible.

In 2006, the Czech Republic continued to actively support the work of the Stability Pact for South East Europe (SESP), which focused on supporting regional cooperation in

southeast Europe and overcoming the negative consequences of the conflicts of the 1990s. The region made substantial progress towards stabilisation and in developing cooperation: one achievement brought about by SESP activities was the accession by Western Balkans countries to an enlarged Central European Free Trade Agreement (CEFTA).

The Organisation for Security and Cooperation in Europe (OSCE) is an important component of Europe's 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 a flexible organisation that is capable of adapting to current challenges and tasks and, if necessary, 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.

In the Czech Republic's view, 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.

Election monitoring remained a key area of the OSCE's work in the human dimension. In 2006, the *Office for Democratic Institutions and Human Rights (ODIHR)* sent election observers chiefly to countries in South East Europe and CIS countries. The Czech Republic was actively involved in monitoring elections in OSCE participating states; a number of elections were monitored by members of the Czech delegation to the OSCE Parliamentary Assembly.

Belgium held the OSCE chairmanship in 2006. The culmination of its chairmanship was the 14th session of the Council of Ministers in Brussels (4-5 December 2006).

The 116th session of the Council of Europe's Committee of Ministers was held in Strasbourg on 18-19 May 2006. The head of the Czech delegation, Deputy Minister of Foreign Affairs P. Svoboda, gave an address on the theme of the Council of Europe's relations with the EU, in which he focused mainly on cooperation in the human rights agenda and questions related to the nascent Human Rights Agency.

One practical application of the results of the 3rd summit was the launch of a Council of Europe campaign to combat violence against women. The campaign opened with a conference on this subject in Madrid in November 2006.

The Czech Republic's involvement in UN activities in 2006 took place largely through the EU's coordination mechanism, i.e. via working groups that formulate the EU's positions on individual UN matters. The Czech Republic acts independently in matters where a common EU position is not required.

The 60th session of the UN General Assembly (GA) continued in the first half of 2006. One of the principal themes was the effort to reform the UN by making the organisation's functioning more efficient and strengthening the work of newly created institutions – the Peacebuilding Commission and the Human Rights Council. The main (autumn) part of the 61st session of the UN GA was held in New York from 12 September to 22 December 2006. Particular attention was paid to questions of international peace and security, international economic and development cooperation, human rights and implementation of the conclusions of the Outcome Document from the UN's 2005 summit. A *High-level Dialogue on International Migration and Development* took place on 14-15 September 2006; and on 18-19 September there was a high-level meeting on implementation of the *Programme of Action for the Least Developed Countries*. There was also a meeting of NATO member state foreign affairs ministers on the sidelines of the session on 21 September 2006.

The general debate ran from 19 to 27 September 2006; 191 countries gave addresses, many of them at the level of heads of state or government. The opening speeches, delivered by UN Secretary-General K. Annan and the president of the 61st UN GA, contained calls for acceleration of the UN reform effort, eradication of poverty and improvement of the protection of human rights, for cooperation in the fight against terrorism and prevention of armed conflicts, and for coordination of renewal efforts in conflict-hit countries and regions. Ban Ki-moon was elected as the new UN secretary-general. Talks on reform and enlargement of the UN Security Council made no headway.

Minister of Foreign Affairs A. Vondra, the head of the Czech delegation, gave an address on 27 September 2006, focusing on security and the fight against terrorism, disarmament and non-proliferation of weapons of mass destruction, development cooperation,

humanitarian aid and human rights. He welcomed the adoption of the *Global Counter-Terrorism Strategy* and also the dissolution of the Commission on Human Rights and its replacement by the Human Rights Council, which is intended to help improve the protection of human rights in countries such as Myanmar/Burma, Cuba and Belarus. He expressed his appreciation for the founding of the UN Peacebuilding Commission, designed to support countries in post-conflict areas. To conclude his address, Mr Vondra mentioned the Czech Republic's candidacy for a non-permanent seat on the UN Security Council for the 2008-2009 term.

The Czech Republic contributed financially to the UN Democracy Fund for projects to support political reforms and democratisation in various parts of the world and provided a voluntary contribution to the Peacebuilding Fund. Through the EU presidency, the Czech Republic associated itself with more than 180 addresses given on individual items of the UN agenda; and independently it presented its positions on questions of global security and the fight against terrorism, on humanitarian and human rights issues, and on the enlargement of the UN Security Council, where it supported the aspirations of Germany and Japan to gain a permanent seat under the model enlarging the Security Council by six permanent and four non-permanent seats.

In 2006, the UN Security Council adopted 89 resolutions, issued 57 presidential statements and released 51 press statements. Besides extending the mandate of a number of peace operations and responding to events in the Middle East, its agenda also covered the imposition of sanctions against DPRK and Iran, the worsening security and humanitarian situation in Sudan and Somalia, developments in Afghanistan, and the situation in Lebanon.

In 2006, the Czech Republic participated in activities taking place in the context of the 2nd phase of the World Summit on the Information Society (WSIS). In November 2006, the Czech Republic attended the Internet Governance Forum in Athens and the Plenipotentiary Conference of the International Telecommunication Union (ITU) in Antalya (Turkey), where the Czech Republic was elected as a member of this organisation's Council.

The Czech Republic attended a number of other conferences and sessions of various UN bodies, including the 2nd conference of parties of the Stockholm Convention on Persistent Organic Pollutants; the 8th meeting of the parties to the Convention on Biological Diversity in

Curitiba, Brazil; and the 18th meeting of the parties to the Montreal Protocol, which was held in Delhi and where the Czech Republic was re-elected to the executive committee of the Multilateral Fund for Implementation of the Montreal Protocol for 2007.

The 53rd meeting of the Standing Committee of the Convention on the International Trade in Endangered Species was devoted to at-risk species of wild fauna and flora. The Czech Republic participated in the 12th conference of parties to the Framework Convention on Climate Change and 2nd meeting of the parties to the Kyoto Protocol, which were held in Nairobi. One of the central topics was a discussion on further action to be taken in the process of reducing greenhouse gas emissions after 2012. The address given by the head of the Czech delegation, Minister of the Environment P. Kalaš, dealt with implementation of the Czech national commitment under the Kyoto Protocol.

In 2006, the Czech Republic also played an active role in the work of the UN Industrial Development Organisation (UNIDO), which specialises in assistance to developing and transforming countries. The Director-General of UNIDO K. Yumkella made a visit to the Czech Republic in November 2006. Other key UN events in 2006 at which the Czech Republic was represented included the convening of the FAO Regional Conference for Europe and the 131st meeting of its Council. Geneva hosted the 59th session of the World Health Assembly, which discussed the question of compliance with international health regulations concerning avian influenza and the threat of an influenza pandemic. At a special session, Margaret Chan from the People's Republic of China was elected Director-General of the World Health Organization.

The 95th session of the International Labour Conference (ILO) was held in Geneva in June. Topics discussed included the “Global Report on the ILO Declaration on Fundamental Principles and Rights at Work for 2006”, which focused on child labour. Deputy Minister of Labour and Social Affairs of the Czech Republic Č. Sajda was elected president of the conference and the Czech Republic also took part in both regular sessions of the Governing Body. The 58th session of the executive council of the World Meteorological Organisation (WMO) was also held in Geneva; Mr I. Obrusník, director of the Czech Hydrometeorological Institute, has represented the Czech Republic on the executive council since 2004.

In the International Civil Aviation Organisation (ICAO), there was a change of president of the organisation's Council in 2006, with R. K. González from Mexico elected to

the post. T. Chérif from Algeria was re-elected as secretary general of the ICAO. Civil aviation safety and security remained at the centre of attention of the Council and the entire ICAO in 2006. In 2006, the ICAO confirmed that the Czech Republic had successfully passed a safety audit.

The 174th and 175th sessions of the UNESCO Executive Board, where the Czech Republic is a member and held the post of one of the vice-chairpersons for the 2003-2007 term, were held in 2006. Based on a Czech initiative, World Audiovisual Heritage Day was for the first time commemorated worldwide on October 27. The 300th anniversary of the death of botanist J. J. Kamel, the 100th anniversary of the birth of J. Ježek and the 150th anniversary of the founding of the Secondary School of Glassmaking in Kamenický Šenov were added to the list of UNESCO cultural anniversaries for 2006-2007. In 2006, the Czech Republic provided UNESCO with a voluntary financial contribution of CZK 4.8 million. The Czech Commission for UNESCO assumed patronage of twenty events related to implementation of the approved UNESCO programme in the Czech Republic. Professor RNDr. Helena Illnerová, DrSc., became the Czech Commission's chairwoman at the end of 2006. A total of twelve Czech heritage sites are inscribed on the UNESCO World Heritage List and a decision to inscribe or nominate two more properties is pending.

Through its involvement in the UN Development Programme (UNDP), the Czech Republic again assisted countries of Eastern Europe, the Balkans and CIS countries in environmental protection, efficient energy use, the fight against HIV/AIDS and other areas. The UNDP Executive Board had two regular sessions in 2006. The Czech Republic was also actively involved in the work of the UN Conference on Trade and Development (UNCTAD). The 53rd regular session of UNCTAD's Trade and Development Board, devoted to questions related to implementation of the programme of action for the least developed countries and economic development in Africa, took place in Geneva.

In 2006, the Czech Republic continued to actively engage in UN activities related to the fight against international organised crime and drugs. As an observer, it attended a session of the UN Commission for Narcotic Drugs (CND) focusing on the eradication of illicit drugs crops and alternative development. The Czech Republic provided a voluntary contribution of CZK 3 million for an anti-drug project in Tajikistan and CZK 2 million towards the Commission's budget.

Up to the end of 2006, the Czech Republic was a member of the UN Commission for Crime Prevention and Criminal Justice (CCPCJ), whose April session focused on strengthening technical assistance and development cooperation in the fight against corruption, organised crime and terrorism. 2006 also brought the launch of a project for developing capacities to combat trafficking in human beings, to which the Czech Republic had already contributed a sum of EUR 30,000 in 2004. The second session of the Conference of the Parties to the Convention on Transnational Organised Crime was held in Vienna in October 2006; the Czech Republic attended the session as an observer/signatory.

In June, the Czech Republic took part in the 49th session of the United Nations Committee on the Peaceful Uses of Outer Space (COPUOS). Czech representatives also participated in the work of “action teams”, e.g. with a view to creating a single integrated system for the prevention of natural disasters. The Czech Republic also attended the 50th session of the Commission for the Status of Women (CSW) as an observer. In New York, the 14th session of the UN Commission on Sustainable Development (CSD) was held, as well as the 37th session of the UN Statistical Commission. The 4th session of the parties to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes took place in Bonn in November. In 2006, the Czech Republic continued to donate to the World Food Programme and remained active in the steering bodies of a number of UN funds and programmes: the UN Environment Programme (UNEP), the UN Institute for Training and Research (UNITAR), the UN Programme for Human Settlements (UN-HABITAT), and the International Research and Educational Institute for the Advancement of Women (INSTRAW).

The Czech Republic was strongly involved in activities concerning the world economy in 2006. The 61st annual plenary session of the UN Economic Commission for Europe (UNECE) was attended by a Czech delegation. On the occasion of the 2nd part of the 14th OSCE Economic Forum in Prague, which was organised by the Czech Republic, Prague was visited by UNECE Executive Secretary M. Belka, who held talks on certain questions of mutual cooperation.

The Czech Republic was involved in a number of areas of the work of the Organisation for Economic Cooperation and Development (OECD). The Czech Republic attended several conferences, committees and working bodies and took part in preparing documents and materials and resolving current questions stemming from the economic

development of member countries and the world as a whole. The OECD Ministerial Council Meeting was held in May and focused on the economic situation in member countries, economic stability, improving economic performance, and economic reforms for growth and employment. After the session, Angel Gurría from Mexico took over the post of OECD secretary-general. The OECD Forum, devoted especially to questions of globalisation and its influence on the world economy and the further development of the world trade system, ran concurrently with the Ministerial Council Meeting. In April, the OECD's Economic and Development Review Committee (EDRC) discussed the seventh Economic Survey of the Czech Republic, which, among other things, drew attention to fundamental problems and challenges for the future and recommended courses of action for the Czech Republic to follow.

Internal coordination of the Czech Republic's work in the OECD was guaranteed by the Inter-ministerial Working Group for Cooperation with the OECD, which is composed of representatives of all central bodies of state administration involved in the OECD's work. The Ministry of Foreign Affairs has the overall coordinating role for the Czech Republic's membership of the OECD. During 2006, the working group concentrated on preparations for key OECD sessions, the ongoing assessment of the Czech Republic by the OECD and implementation of instruments adopted by the OECD in 2006. Representatives of the OECD Working Group on Bribery in International Business Transactions undertook an on-site visit to Prague in May. The OECD team mapped the state of implementation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The OECD's report, which was discussed at the working group's October session, contained recommendations for further action in the fight against corruption. In June 2006, a team of specialists from the International Energy Agency (IEA) scrutinised the Czech Republic's readiness to respond to oil emergencies. The results of the inspection were extremely favourable for the Czech Republic and the Czech model for creating the government's emergency reserves was described as an inspiration for other countries. The Czech Republic also received a positive assessment at the 8th regular meeting of the National Contact Point, which declared that no new instances of breach of the OECD Guidelines for Multinational Enterprises had been brought to its attention.

In 2006, the Czech Republic provided voluntary contributions to OECD projects in line with its interests and OECD priorities. Most contributions were provided by the Ministry

of Foreign Affairs. These were channelled into education, e-Government, tourism, cooperation with emerging donors of development assistance, etc.

As the European Community has exclusive competence in the area of (common) trade policy, the Czech Republic promoted its interests in the World Trade Organisation (WTO) through EU bodies, most notably Committee 133 and other working bodies of the Council of the EU and European Commission, and in coordination meetings of the WTO's working bodies. The Czech Republic appealed for trade liberalisation and for multilateral trade rules to be finalised. Contrary to expectations, however, talks on the Doha Development Agenda (DDA) did not make any progress in defining and adopting modalities for trade liberalisation. In fact, disagreements between the partners caused the DDA talks to break down; they were subsequently stopped. Informal consultations on the principal themes of the DDA were only resumed at the end of the year. The Czech Republic supported the call for these talks to be resumed as soon as possible and in Committee 133 actively backed the European Commission's cooperative and flexible approach.

In 2006, the Czech Republic also called for its representation in the International Monetary Fund (IMF) to be strengthened: its voting power is currently 0.39%, making it an "under-represented" country. The conclusions on more commensurate representation were summarised in a resolution on quotas adopted at the IMF annual meeting in Singapore and should be implemented by autumn 2008. At present, cooperation takes the form of regular annual IMF missions to the Czech Republic. These missions result in recommendations for the Czech government's economic policy. The last such mission took place in November 2006 and focused on assessing developments in the fiscal and monetary area, financial sector developments, and progress in structural changes.

The Czech Republic's improving position in the world economy was also reflected in its change of relationship with the World Bank (WB) in March 2006. Prague hosted an official event marking the Czech Republic's graduation from borrower status to developed country status, which means that the Czech Republic is no longer authorised to draw loans from the WB and will instead provide more financial and technical aid to client countries. The graduation event was accompanied by an international conference entitled "Institutional Foundations for Sound Finance". The Czech Republic will continue to make use of the WB's technical cooperation and advice services, though. One significant event, held in Prague in March 2006 and co-organised by the Czech Ministry of Finance and the World Bank, was the

“Knowledge Economy Forum”, which was attended by representatives of 27 countries. The Czech Republic’s successful cooperation with the WB in the area of the environment also went ahead. The Czech Republic contributed a sum of CZK 142.9 million to the Global Environment Facility.

The work of the European Bank for Reconstruction and Development (EBRD) in the Czech Republic in 2006 was governed by the EBRD Strategy for the Czech Republic for 2006 and 2007. In line with this strategy, the Czech government approved a paper on the Czech Republic’s graduation from EBRD operations. The presentation of this move at the annual meeting of the EBRD Board of Governors in London in May 2006 was very well received by EBRD member countries, as the Czech Republic was the first country to publicly express its intention in this way. Graduation is envisaged for October 2007; one upshot will be the Czech Republic’s engagement in EBRD donor activities under the Western Balkans Fund. The Czech government decided to contribute a sum of EUR 500,000 to the fund, making it one of the founding countries. Four projects and two regional projects were signed under the *EU/EBRD Facility* in 2006. The Czech Republic also gained a representative on the European Investment Bank (EIB) Management Committee, where I. Pilip became vice-president, and signed two new loan contracts with EIB: one contract for a Water Sector Framework Loan II (CZK 3 billion) and the other for Accelerated Flood Protection (CZK 9 billion).

The Czech Republic continued to work successfully with the European Organisation for Nuclear Research (CERN), which has helped more than 40 young Czech scientists and technicians improve their qualifications and helped train secondary school teachers and students and the lay public. The unique scientific results that were achieved with the participation of Czech scientists have been published in 101 works and 88 contributions to the proceedings of international conferences and expert meetings within the framework of cooperation on experiments. Much expectation surrounds the planned activation of the world’s biggest particle accelerator, scheduled for November 2007. Czech firm Vakuum Praha s.r.o. will supply high-precision detectors for accelerators. Supplies by Czech firms to CERN had attained a value of CHF 2.42 million by the middle of 2006, meaning that the Czech Republic was one of those member countries that achieved an above-average return on their financial contribution. Cooperation with the Joint Institute for Nuclear Research (JINR) was equally successful. The Czech Republic took part in 44 joint target projects and hosted

five international conferences, schools and working meetings. The Czech Republic also achieved the appointment of two of its representatives to senior posts in JINR. R. Lednický was elected vice-director of JINR and I. Wilhelm was elected co-chairman of the JINR Scientific Council.

The revised Convention concerning International Carriage by Rail, known as the Vilnius Protocol (1999), entered into force on 1 July 2006. This marked the start of a new stage in the life of the Intergovernmental Organisation for International Carriage by Rail (OTIF). The Czech Republic was elected as a member of the OTIF Administrative Committee for a term running from 1 October 2006 to 30 September 2009.

In 2006, the European Civil Aviation Conference (ECAC) concentrated mainly on integrating new member countries and their aviation sectors into this organisation's operations. Special attention was paid to the transfer of the responsibilities of Joint Aviation Authorities (JAA), including questions of civil aviation safety, to the European Aviation Safety Agency (EASA). With the participation of the Czech Republic, ECAC was also active in the field of protection of civil aviation against unlawful acts and conducted intensive dialogue with the USA's aviation authorities on harmonisation measures, e.g. in the area of security, protection against unlawful acts, environmental protection, and reform of the ICAO.

The 90th session of the Council of Ministers of the European Conference of Ministers of Transport (ECMT) was held in Dublin in May. The meeting dealt with internal transformation, sustainable development, sustainable urban travel, transport and the environment, transport accessibility, etc. In 2006, Czech Railways, which is a shareholder in the European Company for the Financing of Railroad Rolling Stock (EUROFIMA), continued to draw competitive (compared to commercial terms) loans for the purchase of railway carriages for public rail transport.

Talks on non-proliferation of weapons of mass destruction (WMD), arms control, and disarmament are an important element of Czech foreign policy. Attention was focused on these issues in the UN Security Council, the 1st Committee (for disarmament and international security) of the 61st General Assembly of the United Nations, the UN Disarmament Commission in New York, the Conference on Disarmament in Geneva, the Resolution 1540 Committee on Non-proliferation of WMD, and other international organisations and international control regimes and initiatives. The Czech Republic was an active participant in

their work. The Czech Republic was also actively involved in implementation of the *European Union Strategy against Proliferation of WMD*.

The International Atomic Energy Agency (IAEA) occupies a central place in the nuclear non-proliferation effort, particularly in connection with the Treaty on the Non-proliferation of Nuclear Weapons. States' implementation of their commitments arising from "safeguards agreements" is particularly important in this regard. Even after three years of IAEA verification activities, doubts about the aims of Iran's nuclear programme have still not been dispelled. As a result of Iran's failure to fulfil its commitments stemming from an IAEA Board of Governors' resolution, the UN Security Council adopted resolution 1737(2006), imposing sanctions on Iran. The DPRK also made no progress in implementing its safeguards agreement. The Czech Republic subsequently fulfilled its obligation to inform the UN Security Council about the implementation of sanctions against the DPRK. The 50th General Conference of the IAEA took place in 2006. The Czech Republic, along with other EU countries, co-sponsored a resolution on the fight against nuclear terrorism and a "safeguards resolution" and, in addition to its contribution to the IAEA Technical Cooperation Fund, the Czech Republic provided an extra voluntary contribution totalling CZK 13.8 million. These contributions helped cover selected activities of the fund set up to support activities of the fund under the Action Plan to Combat Nuclear Terrorism, the Programme of Action for Cancer Therapy and the IAEA Safeguards Support Programme.

At the 2006 plenary session of the Nuclear Suppliers Group (NSG) in Brasilia, a Czech proposal shortening the timeframe for publication of new items on NSG lists was approved. The Czech Republic chaired the working group for information exchange regarding licensing and customs control and expressed its readiness to participate in the possible opening of peaceful nuclear trade with India. An exemption from the NSG conditions of supply necessary for cooperation with India was not granted in 2006. The Czech Republic also added its voice to the calls for the DPRK to honour its nuclear commitments. In October 2006, Ministry of Foreign Affairs representative P. Klucký was elected to the chair of the Zangger Committee (ZC), which constitutes an internationally recognised control regime for the nuclear area. The Czech chairmanship managed to secure approval of a procedure that will enable swifter publication of new items on the ZC lists. The Comprehensive Nuclear-Test-Ban Treaty (CTBT) is a key instrument of nuclear non-proliferation. As the Czech Republic supports all activities designed to bring the CTBT into force, in 2006 it was one of the

signatories of a joint ministerial statement calling for early ratification of the CTBT by key countries, whose ratifications are required for the treaty to enter into force.

In line with its foreign policy priorities and security interests, in 2006 the Czech Republic remained an active participant in informal initiatives of the international community designed to strengthen the fight against WMD proliferation and terrorism (e.g. the Hague International Code of Conduct against Ballistic Missile Proliferation) and engaged in the fight against the proliferation of chemical, biological and other WMD. The 11th session of the Conference of the States Parties to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction was held in December 2006. One important point was the preparations for the celebration of the 10th anniversary of the founding of the Organisation for the Prohibition of Chemical Weapons (OPCW) in 2007. The Czech Republic was elected as a member of the OPCW Executive Council for the May 2007 – May 2009 term. A review conference of the States Parties to the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction was held in November and December 2006; the conference proposed measures for the 2007-2011 period. The 20th plenary session of the Missile Technology Control Regime took place in October 2006.

In line with the operative legislation and the EU Code of Conduct on Arms Exports, the Ministry of Foreign Affairs issued opinions on the export of weapons, ammunition and explosives in 2006, consistently applying the principles of national control policy. The transparency of the entire system for controlling the arms exports of EU member states was successfully improved in 2006. The 6th meeting of states parties to the Convention on the Prohibition of the Use, Stockpiling, Production, and Transfer of Anti-personnel Mines and on their Destruction, what is known as the Ottawa Convention, took place in September 2006. In 2006, the Ministry of Foreign Affairs again contributed a sum of CZK 11 million towards humanitarian mine clearance and aid for mine victims (Lebanon, Croatia, Afghanistan); the Czech Republic also continued to implement the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Forms and was involved in the work of the Wassenaar Arrangement.

The fight against international terrorism is one of the most important priorities of Czech foreign policy. 2006 saw another increase in the number of terrorist attacks; the

number of victims of terrorism also rose. 5,985 terrorist incidents were registered around the world, claiming the lives of 11,252 people and leaving 19,211 injured. Worst-hit was the Middle East and Gulf area, but no regions, and neither western nor eastern Europe, were unaffected. There is a growing threat in the form of the increasing radicalisation of Islamist terrorism and the emergence of terrorist cells within certain Euro-Atlantic states, and in the fact that terrorists are using state-of-the-art technologies and communications devices for their attacks. Terrorism respects no borders or cultural differences and alleviating terrorist threats has become a long-term task that is acutely dependent on international cooperation, public support and improved awareness.

As a member of the EU and NATO, the Czech Republic is part of a broad international anti-terrorism coalition. Accordingly, in 2006, the Czech Republic continued to advocate a comprehensive approach to the fight against terrorism, stressing international cooperation and respect for human rights and seeking to identify and alleviate factors that contribute to radicalisation and the growth of terrorism. The International Convention for the Suppression of the Financing of Terrorism (ratified on 27 December 2005) entered into force for the Czech Republic on 26 January 2006. The Czech Republic ratified the International Convention on the Suppression of Acts of Nuclear Terrorism on 25 June 2006. That step made it a state party to all thirteen of the UN's universal counter-terrorism instruments.

The Czech Republic was actively involved in formulating the EU Common Foreign and Security Policy, which is founded on mutual solidarity and support among member states. In 2006, the Czech Republic became a state party to the European Convention on Mutual Assistance in Criminal Matters, the Protocol to the European Convention on Mutual Assistance in Criminal Matters and the Second Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters. In May 2006, the Czech Republic and the United States of America signed the Second Supplementary Treaty on Extradition and the Supplementary Treaty on Mutual Legal Assistance in Criminal Matters. Both treaties have already been approved by Czech parliament.

Part of NATO's counter-terrorism strategy, which is fully supported by the Czech Republic, is strengthening cooperation with partners and developing contacts with regions that can provide significant cooperation in detecting the activities of terrorist organisations. The Czech Republic also focused on the terrorism issue as part of NATO transformation activities and operations. The Czech Republic's contribution in Afghanistan was particularly

substantial, with 120 special forces personnel of the Army of the Czech Republic taking part in the anti-terrorism operation Enduring Freedom.

The Czech Republic contributed to the fight against international terrorism by passing two statutes: Act No. 69/2006 Coll., on implementation of international sanctions, and Act No. 70/2006 Coll., amending acts related to the act on international sanctions. In the International Atomic Energy Agency the Czech Republic co-sponsored a resolution on the fight against nuclear terrorism. The National Plan of Action against Terrorism for 2005-2007 underwent its third update.

Following up the conclusions from the UN summit in 2005, during the plenary session of the 60th UN GA on 2 May 2006 UN Secretary-General K. Annan presented his report entitled “Uniting against Terrorism: Recommendations for a Global Counter-Terrorism Strategy”. Further to the UN secretary-general’s report, on 8 September 2006 the first-ever UN Global Counter-Terrorism Strategy was adopted by consensus at the 61st UN GA. This fact was welcomed by minister of foreign affairs A. Vondra in his address. Annexed to the Strategy is an Action Plan denouncing terrorism in all its forms. In July 2006, the Czech Republic submitted to the secretariat of the UN’s Counter-Terrorism Committee national reports containing additional information on implementation of UN Security Council resolutions 1373(2001) and 1624(2005). On 25 July 2006, the Czech Republic became the fourth country in the international community to deposit with the UN secretary-general its instruments of ratification of the International Convention for the Suppression of Acts of Nuclear Terrorism.

As a member of the international community of democratic and economically developed countries, the Czech Republic 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. The Czech Republic undertakes and provides FDC on both a bilateral and multilateral basis, in line with international principles and its own interests.

The fundamental strategic document governing FDC is the Concept of Foreign Development Aid of the Czech Republic for 2002-2007. The principal objective is to help reduce poverty in less developed parts of the world by means of sustainable economic and social development. The Czech Republic fully supports the international development goals

that took shape during UN international conferences in the 1990s and were confirmed by the UN summit in the year 2000.

In line with the Principles of Foreign Development Cooperation after the Czech Republic's Accession to the EU in 2004, the Czech Republic continued to provide FDC to the following priority countries: Bosnia and Herzegovina, Republic of Angola, Republic of Moldova, Mongolia, Republic of Vietnam, Republic of Yemen, Republic of Zambia, and Serbia and Montenegro. The government also approved programmes of development cooperation between the Czech Republic and these countries for 2006-2010. In 2006, the Ministry of Foreign Affairs prepared the outline of a bill on foreign development cooperation and humanitarian aid, which places increased emphasis on the involvement of the non-government sector and the public. In collaboration with Palacký University in Olomouc, the 9th Development Aid Summer School took place in 2006.

In addition to bilateral development cooperation, the Czech Republic also provided humanitarian aid, transformation aid and multilateral development aid via the EU budget, UN agencies and international financial institutions. The total volume of these activities in 2006 amounted to CZK 3.5 billion, which represents 0.12% of GNI.

Humanitarian aid provided by the Czech Republic in 2006 was worth a total of CZK 80 million. Most extensive was the aid provided to Afghanistan (CZK 25 million) and to Lebanon to deal with the consequences of the Middle East conflict (CZK 15 million); the Czech Republic also provided humanitarian aid to Vietnam, Cambodia, Angola, Tanzania, Indonesia, Thailand, the Philippines, Sri Lanka, Kenya and Ethiopia. In 2006, the Czech Republic also officially adopted to the Good Humanitarian Donorship principles approved in Stockholm in 2003. It now ranks among developed humanitarian aid providers both in the EU and on a worldwide scale.

Transformation cooperation is an equally important part of the Czech Republic's foreign development cooperation. Its aim is to help ensure that ongoing or possible future changes in the countries concerned should lead to democracy and the rule of law, and not to chaos, conflict and destabilisation. Transformation cooperation consists in supporting democracy and defending human rights; it concentrates on creating and strengthening democratic institutions, the rule of law, civic society and the principles of good governance. It is a significant complement to the Czech Republic's other foreign policy activities and is

characterised by systematic cooperation with civic society groups and non-governmental organisations. In 2006, transformation cooperation targeted Czech foreign policy priority countries (Belarus, Bosnia and Herzegovina, Cuba, Georgia, Iraq, Moldova, Myanmar/Burma, Serbia and Ukraine), where a total of 45 projects of Czech non-governmental institutions and independent activities of the Czech Ministry of Foreign Affairs were financed. Over and above the current budget, CZK 20 million was earmarked for extraordinary aid to Belarus in response to events associated with the presidential elections. Total expenditure on transformation cooperation projects and activities in 2006 amounted to CZK 49.9 million.

During 2006, the Czech Republic's foreign policy again demonstrated that the country has become a full and active member of the international community, a stable democracy, a pillar of support for its allies and a credible partner. It is an incontestable achievement of the Czech Republic that it is clearly perceived, in the economic sense and the broader sense, as a developed country that has to shoulder an increasingly large portion of responsibility as a donor country. In line with its capabilities, the Czech Republic made substantial contributions to ensuring security and peace in the world and played a significant role in supporting new democracies and in the fight to promote and secure inalienable human rights and the principles of civic society in countries still ruled by dictatorial regimes. At the same time, through its active membership of the EU, NATO and other international organisations and institutions and via its political and economic activities on the international stage, the Czech Republic made a substantial contribution to the security and prosperity of all Czech citizens.

I. MULTILATERAL COOPERATION

1. The Czech Republic and the European Union

In 2006, the Czech Republic's activities in the European Union strengthened its position in the EU's political, economic and institutional structures. Its relatively liberal and flexible approach earned it the reputation of a generally respected and constructive partner supporting the reform steps that are required if the EU is to improve its competitiveness on the world stage and function effectively.

Though the year 2006 brought no momentous events in the European integration process, it did confirm that the EU is capable of operating effectively within the possibilities offered by the current treaties, even after enlargement to 25 member states. One of the key achievements in the first half of 2006, when Austria held the presidency of the Council of the EU, was the approval of the financial perspective after a compromise was reached with the European Parliament. As part of the quest for a new institutional framework, a decision was also reached on a "two-track" approach, consisting in an endeavour to achieve concrete results in the context of existing treaties while simultaneously advancing the EU's reform process. The Finnish presidency in the second half of 2006 focused on specific EU projects and policies, particularly in the areas of competitiveness, energy, justice and home affairs, external policy and the transparency of the decision-making process. The agreement on a legislative framework for chemicals (REACH) and the Directive on Services in the Internal Market can be viewed as two concrete results.

The EU's external activities in 2006, i.e. the further development of the Common Foreign and Security Policy, including several operations under the European Security and Defence Policy, contributed positively to the EU's image as a respected global actor.

European Union enlargement

2006 marked the successful completion of the fifth EU enlargement. Bulgaria and Romania joined the European Union on 1 January 2007, thus increasing the number of member states to 27. At the same time, accession talks with Croatia and Turkey continued. The Former Yugoslav Republic of Macedonia (FYROM) was called on by the European Council to speed up the pace of reforms in the context of its candidate status.

Based on a European Commission document of 8 November 2006 “Enlargement Strategy and Main Challenges 2006-2007”, member states also conducted a strategic debate on EU enlargement. The Union’s capacity to integrate new members (“integration capacity”) was also discussed. The conclusions reached by the European Council in December 2006 confirmed the overall benefit of the enlargement process and reiterated the three basic principles: consolidation, conditionality and communication. (These are the principles that the Commission had proposed member states should apply in their approach to further EU enlargement back in November 2005.) The principles of consolidation (implementing the EU’s existing, mainly political commitments and not adopting new commitments) and conditionality are taken into account in the current “rules of the game” of the Croatian and Turkish accession process, among other things by means of *benchmarks*, i.e. conditions for opening/closing individual negotiation chapters. The Council’s conclusions also indicated that the EU’s ability to integrate new members is conditional on the effective functioning of the EU as a whole, effective institutions and the securing of financing for common policies.

The Czech Republic supported the confirmation of the EU’s existing commitments towards “countries involved in the enlargement process”. At the same time, it advocated that a differentiated approach be applied according to the progress that individual candidate and potential candidate countries make in their reforms (what is known as the “own merits” principle). As far as “integration capacity” is concerned, the Czech Republic emphasised that this should not constitute a new criterion for candidate countries – above all, it should be the responsibility of the EU itself.

Bulgaria and Romania

Ratification of Bulgaria’s and Romania’s EU accession treaty went ahead in 2006. At the end of November, Germany became the final member state to ratify the accession treaty.

On 26 September 2006, the European Commission issued a report on the state of preparedness for EU membership of Bulgaria and Romania. In the report, the Commission confirmed both countries’ preparedness to join the EU as of 1 January 2007; nevertheless, it also drew attention to persisting problems in certain areas. In the case of Bulgaria, these areas were the justice system, the fight against corruption, organised crime, money laundering, the Integrated Administration and Control System in agriculture, the treatment of dead animals and animal by-products (in connection with transmissible spongiform encephalopathies

/TSE/), and financial control. Romania's problem areas were identified as being the justice system, the fight against corruption, the Integrated Administrative and Control System in agriculture, paying agencies, the treatment of dead animals and animal by-products, and the interconnectivity of IT taxation systems.

Based on the Commission's report, the October meeting of GAERC (General Affairs and External Relations Council) supported the establishment of a monitoring regime, referred to as a mechanism for cooperation and verification of progress in the identified problem areas. Under this mechanism, both countries will have to submit progress reports on the said areas.

Leonard Orban was appointed European Commissioner for Romania – he will be responsible for multilingualism and intercultural dialogue. Bulgaria's European Commissioner is Meglena Kuneva, who will be responsible for consumer protection.

The Czech Republic has for long supported both countries' accession to the EU as of 1 January 2007. It was one of nine member states that fully opened its labour market to Romanian and Bulgarian citizens. The other member states to do so were Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Slovakia, and Slovenia.

Croatia

The EU's accession talks with Croatia continued in 2006. Croatia closed two chapters of these talks, namely Science and Research, and Education and Culture. At the same time, three new chapters – Economic and Monetary Union, Enterprise and Industrial Policy, and Customs Union – were opened.

In its Croatia 2006 Progress Report, published on 8 November 2006, the European Commission appreciated the progress Croatia had made as regards the Copenhagen criteria and implementation of the Stabilisation and Association Agreement. On the other hand, it drew attention to the need to accelerate judicial, administrative and economic reforms, as well as the need to intensify the fight against corruption. The Commission believes that Croatia may be regarded as possessing a functioning market economy that should be able, in the medium-term horizon, to cope with competitive pressures in the EU, provided that a reform programme to eliminate fundamental weaknesses is implemented. The Commission's report also mentioned that progress had been made in implementing EU standards in the area of human rights and protection of minorities. However, the Commission continues to regard the

slow progress in the return of refugees as a serious problem, with programmes for approximately 9,000 refugees remaining a fundamental unresolved issue. Other priorities for Croatia must be addressing its bilateral disputes, with particular regard to the demarcation of the border, and continuing to cooperate fully with the International Criminal Tribunal for the Former Yugoslavia.

In the European Council's conclusions from December 2006, member states appreciated Croatia's progress to date and reiterated, in conformity with the assessment in the regular Commission report, that Croatia should step up its efforts in the reform of the justice system and public administration, in economic reform, and in the fight against corruption. The conclusions confirmed Croatia's full cooperation with the ICTY.

The Czech Republic's has for long supported Croatia's accession to the EU and is prepared to offer its own experiences of the accession process.

Turkey

The EU's accession talks with Turkey also went ahead in 2006. Turkey closed one chapter of these negotiations, namely Science and Research. No new chapter was opened.

In its Turkey 2006 Progress Report, published on 8 November 2006, the European Commission declared that Turkey has continued to sufficiently meet the Copenhagen political criteria and has continued to make progress in reforms, with the qualification, however, that the overall pace of reforms has slowed. Improvements are necessary in the areas of freedom of speech, the rights of non-Muslim religious groups, the rights of women and trade unions, and in civil-military relations. The report stated that the ability to assume the commitments arising from membership has improved in most areas, but it also drew attention to the lack of progress in implementation of short-term priorities under the Accession Partnership in a number of areas (e.g. free movement of goods and capital, public contracts, competition policy, taxes, employment and social policy, the environment, free movement of workers and services, and fisheries). The Commission also drew Turkey's attention to the fact that failure to implement the Additional Protocol extending the Ankara (Association) Agreement to all ten new member states would have an impact on overall progress in accession talks and that Turkey should take concrete steps for the normalisation of bilateral relations with all member states.

At a session of the European Council on 14-15 December 2006, member states responded to the failure to implement the Additional Protocol to the Ankara Agreement by deciding to suspend the opening of those negotiation chapters that are directly connected to implementation of this document and to Turkey's transport embargo on Cyprus. That comprises the following 8 chapters: Free Movement of Goods, Right of Establishment and Provision of Services, Financial Services, Agriculture and Rural Development, Fisheries, Transport Policy, Customs Union, and External Relations.

In line with the Commission's recommendations, the Council also decided that no chapters would be provisionally closed until Turkey had implemented the Additional Protocol without qualification. A chapter may be opened if analytical comparison of the compatibility of the Turkish national legislation with EU law has been successfully completed.

The Council also called on the Commission to appraise Turkey's implementation of its commitments in its regular annual reports, i.e. in 2007, 2008, and 2009. Contrary to suggestions made by certain member states, the Council did not set a new deadline for member states to re-assess Turkey's progress in normalising its relations with Cyprus.

It is in the interest of the Czech Republic that Turkey becomes a full member of the European Union. The Czech Republic regards Turkey as a strategic ally of the EU and is in favour of maintaining the pace of accession talks, which are an important stimulus for the continuation of the transformation process in Turkey. In EU negotiations, the Czech Republic advocated pushing ahead with talks, as Turkey will only be able to enter the EU once it has reformed itself and resolved the Cyprus problem.

Former Yugoslav Republic of Macedonia (FYROM) and other countries in the region

In Salzburg in March 2006, the EU reaffirmed the decision reached at the Thessaloniki summit in 2003 that the future of Western Balkans countries lies in the European Union and called on these countries to engage more closely in the regional cooperation process.

FYROM, which obtained the status of candidate country in December 2005, slowed down its pace of reforms in connection with the July parliamentary elections; that fact was confirmed by the European Commission's regular report from November 2006. In December 2006, the European Council called upon FYROM to step up its reform efforts in key areas

and to implement the priorities defined in the European Partnership if it wanted to continue down the road to European integration.

Talks on a Stabilisation and Association Agreement (SAA) with Bosnia and Herzegovina went ahead in 2006; and talks were opened with independent Montenegro. Talks on an SAA with Serbia were suspended on 3 May 2006 as a result of insufficient cooperation with the ICTY (failure to surrender R. Mladic). The Stabilisation and Association Agreement with Albania was signed in Luxembourg on 12 June 2006.

The Czech Republic supported the confirmation of the EU's existing commitments towards Western Balkans countries. The European prospects of countries in this region will most likely be one of the priority themes of the Czech presidency of the Council of the EU in the first half of 2009.

Treaty establishing a Constitution for Europe and discussions on a new institutional framework for the EU

The ratification process of the Treaty establishing a Constitution for Europe went ahead in 2006 in parallel with the “period of reflection” that member states agreed on at the European Council in June 2005 following the rejection of the Constitutional Treaty in referenda in France (29 May 2005) and the Netherlands (1 June 2005). In line with the conclusions reached at an informal summit at Hampton Court, Great Britain, on 27 October 2005, the EU focused its attention on the implementation of specific policies/projects – i.e. on matters related to improving the EU's competitiveness in the globalised world; research, development and education; common energy policy; common migration policy, etc. In 2006, Estonia and Finland became the 13th and 14th member states to ratify the Treaty establishing a Constitution for Europe. In both countries ratification took place in parliament, without a referendum being called (in Estonia on 9 May 2005; and in Finland on 5 December 2006, at the end of its presidency of the Council of the EU). Moreover, the ranks of member states that have ratified the European Constitutional Treaty were swelled by Bulgaria and Romania (15th and 16th member states respectively), which approved it on signing their accession treaties.

One of the priorities identified by the Austrian presidency of the Council of the EU in the first half of 2006 was to draw up a “road map” for ratification of the European Constitutional Treaty; the road map was to be ready by the EU's June summit. However, an

informal meeting of foreign affairs ministers, known as *Gymnich*, in Klosterneuburg, Austria, (27-28 May 2006), and the subsequent June session of the European Council (15-16 June 2006) showed that pronounced differences of opinion persisted between member states regarding the continuation of the European Constitutional Treaty ratification process and the further course of the EU's institutional reform. A compromise proposed by the Austrian presidency, according to which the EU would focus on achieving concrete results within the framework of the existing treaties (referred to as a "Europe of Projects") in parallel with the process of Constitutional Treaty ratification, was thus approved at the Council session. Another of the Council's conclusions was that the German presidency of the Council in the first half of 2007 would examine the "state of play" with regard to the European Constitutional Treaty and its report would serve as a basis for further decisions on how to continue the EU reform process. A decision on the future of this process should be taken by the end of 2008 at the latest. The Council also demanded that a "Berlin Declaration" be adopted in Berlin on 25 March 2007 on the occasion of the 50th anniversary of the signing of the Treaties of Rome. The purpose of the Berlin Declaration would be to assess the results achieved to date in European integration, confirm the EU's values and also set new EU goals for the future.

At this European Council meeting, the Czech Republic placed the emphasis on pragmatic solutions designed to implement specific projects and expressed support for prolonging the period of reflection and for postponing the final decision on the European Constitutional Treaty until the end of 2008.

The Finnish presidency in the second half of 2006 focused on specific EU projects and policies, particularly in the areas of competitiveness, energy, justice and home affairs, external policy, and the transparency of the decision-making process. In connection with the institutional reform of the EU, Finland held confidential consultations with individual member states and passed on the results of these consultations to the German presidency.

There was a brief discussion on the institutional reform of the EU at the European Council's meeting in Brussels on 15 December 2006. The presidency conclusions confirmed the conclusions of the Council's June session. The period of reflection can be regarded as having finished at the end of 2006: in the first half of 2007, the German presidency will conduct concrete consultations and negotiations, at both working and political level, with a

view to reaching consensus among member states on the new institutional arrangement of the European Union.

EU financial framework for 2007-2013

Building on the results of its three-year diplomatic efforts, in 2006 the Czech Republic continued with its active approach to promoting its interests in the financial field. At the European Council in December 2005, member states reached a political agreement on the EU's financial perspective for 2007-2013, which fixed EU expenditure for the years 2007 to 2013 at EUR 862 billion. This was followed up in 2006 by further negotiations with a view to concluding an Interinstitutional Agreement between the European Parliament, Council and European Commission. This agreement defines how the Parliament, Council and Commission will work together in the 2007-2013 period during the annual preparation of budgets and when responding to unforeseen events. The agreement was a necessary precondition for the approval of all subsequent legislation for individual EU policies in the upcoming seven-year period.

In February 2006, the Commission submitted a draft of the agreement modified in line with the conclusions of the Council from December 2005. Besides the revised draft of the agreement, in the first quarter of 2006, the Commission also submitted a proposal for the distribution of finances between individual programmes, and a proposal for a new decision on own resources incorporating the Council's conclusions from December 2005, most notably reducing contributions by major net contributors and correcting the calculation of the UK rebate.

After protracted negotiations, a compromise was struck in the fourth round of the "trialogue" between representatives of the Parliament, Council and Commission on 4 April 2006. The principal points of contention where agreement had to be reached between the Parliament and the Council were the increase in the volume of the financial perspective, more substantial enhancement of the financial framework's flexibility, and a declaration on review of the financial perspective.

Under the Interinstitutional Agreement, the total level of expenditure was increased (over and above the framework agreed in December 2005) by EUR 4 billion – this money is earmarked primarily for implementation of the Lisbon goals. The net increase in the volume

of the financial perspective is just under EUR 2 billion, however: the financial framework was increased from EUR 862.4 billion to 864.3 billion. The remaining approx. EUR 2 billion were obtained by removing the Emergency Aid Reserve (approx. EUR 1.5 billion) from the financial perspective and reducing the heading for administrative expenditure by EUR 0.5 billion over the seven-year period.

From the Czech Republic's point of view, the increased financing for two important items of the EU budget, lifelong learning and the Common Foreign and Security Policy, is positive. A text on Sound Financial Management was added to the Interinstitutional Agreement (Part III), containing, among other things, provisions on control of the management of EU funds by member states. The Czech Republic also welcomes the fact that this part included a provision about the possibility of deferring 2007 budgetary commitments to following years if structural funds or operational programmes legislation is not adopted until after 1 January 2007.

The Czech Republic also managed to push through the transfer of Cohesion Fund commitments that were suspended by the EU under the excessive deficit procedure and could be transferred to the following two years (and not just the following year). This will ensure that the Czech Republic will not lose its entitlement to Cohesion Fund finances if these are suspended for budgetary reasons.

Annexed to the agreement is a declaration on a review of the financial perspective that should cover all aspects of EU spending, including the Common Agricultural Policy and own resources system. This review should be set in motion by a European Commission report that is scheduled to be submitted in 2008-2009, a period which encompasses the Czech Republic's presidency of the Council of the EU (first half of 2009).

The European Union's economic and social cohesion policy

As mentioned above, in 2006 the principal goal of Czech foreign policy with regard to economic and social cohesion was the approval of the Interinstitutional Agreement on the EU's financial perspective for 2007-2013. Attaining consensus on the substance of this agreement also made it possible for the texts of five related regulations to be approved.

These regulations create the legislative framework for the Czech Republic's use of finances from the structural funds and Cohesion Fund in the 2007-2013 period. The five regulations are:

- Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund;
- Council Regulation on the Cohesion Fund;
- Regulation of the European Parliament and of the Council on the European Regional Development Fund (ERDF);
- Regulation of the European Parliament and of the Council on the European Social Fund (ESF);
- Regulation of the European Parliament and of the Council on a European grouping of territorial cooperation (EGTC).

One significant event of the year was an informal meeting of regional policy ministers held in Brussels on 21 November and focusing on the incorporation of innovations in the process of preparing national programming documents. A new initiative, "Regions for Economic Change", was presented at this meeting. Its aim is to create a network of cooperating regions that will be able to develop good practices and disseminate them among the regions.

The successful outcomes of these negotiations, achieved in part thanks to efforts by Czech diplomats, will have a positive impact on the Czech Republic's economy, improve its competitiveness and reduce differences between regions.

The European Union's agricultural policy

During 2006, there was increased pressure to accelerate the reform of the Common Agricultural Policy (CAP). Debate on this matter revealed persisting differences of opinion between key member states on the reduction of large agricultural subsidies and on the abrogation or reduction of the British rebate discussed in this context. The principal driving force behind the reform effort has been the pressure exerted by countries of the "northern

wing” and their strongly pro-reform (liberal) attitude, as well as the position of the European Commission and presidency countries.

As in 2005, in 2006 the Czech Republic supported essentially greater liberalisation of agriculture and CAP reform comprising an overall simplification of the legislation and reduced administrative burden – in this sense it was close to the liberal wing in the EU. Regarding the further evolution of the EU’s agricultural policy in respect of the WTO, one can expect changes designed to improve market access for third countries, major reductions in all forms of export subsidies by 2009, including their complete abolition by 2013, and a fundamental decrease in trade-disrupting domestic aid.

The question of rural development is coming to the fore of the European Union’s CAP. It is fair to assume that its significance will continue to grow. A new fund – the European Agricultural Fund for Rural Development – will start operating in 2007, under which the financial rules and control and management of rural development programmes will be simplified. The priority area for the Czech Republic is financial support designed to keep farmers in the countryside and less favoured areas (LFAs) through “agro-envi” programmes and support for farming in LFAs, or in Natura 2000 areas. Support for young farmers to curb the migration of young people to towns and cities is also important. Support for regional diversity, crafts and agrotourism is equally significant.

With a view to simplifying the legislation, work started in 2006 to prepare a single common market organisation regulation to consolidate the existing 21 commodity-specific Common Market Organisation regulations (reports, refunds, tariffs, etc.). It should lead to hundreds of existing regulations and rules being scrapped. Individual commodity-specific Common Market Organisation (CMO) regulations are also undergoing separate reforms, however. The approved sugar market reform entered into force on 1 July 2006, with very painful consequences for the Czech Republic. Transnational company *Eastern Sugar* announced that it would leave the Czech Republic, close down 3 refineries and give up its sugar quota, which represents almost a quarter of the Czech Republic’s entire sugar quota, and in return for financial compensation from the EU. The European Commission’s proposed reform of the wine CMO started to be addressed and discussed at the end of 2006. The proposed reform of the fruit and vegetables CMO, which was originally also meant to be discussed in the second half of the year during the Finnish presidency, was postponed to 2007.

Energy

2006 was a fundamental year for the future of European energy policy. Events on the European scene were substantially influenced by international developments, and in particular the New Year's dispute between Russia, Ukraine and Moldova about prices for natural gas supplies and transit. Energy thus became a central topic in discussions at the highest political level, both within the Community and in other forums. It was one of the principal topics at, among other things, all sessions of the European Council in 2006 (March, June, and December in Brussels; October in Lahti), the EU-Russia summit in Sochi in May 2006, and the G8 summit in St Petersburg in July 2006.

In March 2006, the European Council adopted far-reaching conclusions concerning energy; these conclusions can be viewed as the basis of European energy policy. One important source material for this session was the Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy, which was approved by the European Commission on 8 March 2006. Subsequent sessions of the European Council focused on selected aspects of energy policy, most notably external relations. At the informal summit in Lahti, the energy discussions were attended by President of the Russian Federation V. Putin as well as by heads of state and government of EU member states. Among other things, the establishment of an EU network of energy security correspondents was approved; the network should start operating at the beginning of 2007.

The Czech Republic engaged actively in the discussions on European energy policy, both at meetings at the level of the European Council and the Transport, Telecommunications and Energy Council by issuing a written statement on the Green Paper as part of public consultations organised by the European Commission.

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, will be applied in the Czech Republic on the basis of a decision of the European Council, issued after consultation with the European Parliament, on the Czech Republic's full inclusion in the Schengen system.

A salient feature of 2006 was the completion of preparations by both member states and the Commission for the enlargement of the Schengen area by new member states as per the approved timetable, i.e. in 2007. In September 2006, though, the European Commission informed about a substantial delay in the development of the Schengen Information System II (i.e. a modernised and expanded version of the existing Schengen Information System I+), saying that it should be launched in summer 2008, with the Schengen area only to be enlarged at the start of 2009.

Portugal presented an alternative proposal in autumn 2006, offering the possibility of new member states' joining the existing Schengen Information System I+ (SIS I+). This Portuguese project (referred to as *SISone4All*) is intended to enable the enlargement of Schengen by the originally scheduled time (October 2007).

The implementation of *SISone4ALL* and the deadlines for Schengen enlargement (i.e. the abolition of controls at land and sea borders as of 31 December 2007 and the lifting of controls at airports by the end of March 2008 at the latest) were approved at the 5 December 2006 session of the Justice and Home Affairs Council. The Council's conclusions stated that land borders should be abolished at the end of 2007 on condition that *SISone4ALL* is developed in time and new member states satisfy all the requirements of the Schengen *acquis*.

The preparedness of member states, including the Czech Republic, was assessed during 2006. The assessment of the Czech Republic during 2006 covered four areas: police cooperation, data protection, air borders, and visas. The Czech Republic thus confirmed its ability to fulfil all the requirements of the Schengen *acquis*.

Lisbon Strategy

During 2005, individual member states formulated National Reform Programmes for 2005-2008 to ensure that the goals of the Lisbon Strategy are achieved. In autumn 2006, the Czech Republic, like other member states, drew up its first annual Implementation Report on the National Reform Programme, which was submitted to the European Commission. In December 2006, the European Commission published its Annual Progress Report. The overall tone of the Report is optimistic, particularly as regards the progress made in the area of support for research, development and innovation, and the improvement in regulation and the business environment.

The European Union's internal market

Since its accession to the EU, the Czech Republic has been part of the internal market enabling the free movement of goods, capital, services and persons. In 2006, the internal market comprised the markets of the 28 members of the EU and the European Economic Area (EEA). The basic precondition for the successful functioning of the internal market is consistent application of EU legislation, and, in particular, transposition of internal market directives. The state of transposition is regularly monitored by the European Commission. The Czech Republic's deficit in the transposition of internal market directives was reduced to 1.6% in 2006.

The SOLVIT network of contact points established in 1997 helps to resolve disputes out of court and to overcome obstacles in the internal market. The Czech SOLVIT centre started work on 1 May 2004. It is one of the most active in the entire European Union: during 2006 it dealt with a total of 51 cases, 85% of which were successfully concluded. Most cases concerned social security, access to the services market, access to the products market, recognition of professional qualifications, taxes, border controls, and the issuing of visas.

During 2006, some member states continued to apply to the Czech Republic transitional restrictions on the free movement of workers. 1 May 2006 marked the end of the first phase of the transitional period, which may be applied for a maximum of 7 years with evaluations after 2, 3 and 2 years. (Accordingly, the transitional measures against the Czech Republic must be lifted by 1 May 2011 at the latest.) Ireland, Sweden, and Great Britain did not apply any transitional period as of the date of the Czech Republic's accession to the EU. During the first two-year phase of the transitional period, the labour market was opened in Finland, Portugal, Greece, and Spain (and of EFTA/EEA countries in Iceland as well); Italy followed suit in July 2006. A number of other EU member states decided to keep the transitional restrictions on the free movement of labour in place after 1 May 2006, but at the same time to facilitate and shorten administrative procedures associated with awarding work permits (Denmark) or to open local labour markets only in sectors with a pronounced shortage of labour (Belgium, France, Luxembourg, the Netherlands). Germany and Austria continue to apply the transitional period in its full scope.

Two of the most important pieces of EU internal market legislation in 2006 were REACH (*Registration, Evaluation, Authorisation of Chemicals*), and the Directive on

Services in the Internal Market. The final wording of REACH from 18 December 2006 was only agreed on after several years of complicated and tough negotiations. The agreement still has to be approved by the governments and parliaments of EU member states. The final form of the legislation may be regarded as a slight victory for representatives of the chemicals industry.

The services directive is one of the most important points of the Lisbon Strategy. It is a horizontal instrument designed to facilitate establishment for services providers and the cross-border provision of services. In the Czech Republic, this draft directive had always been regarded as a document that was crucial to competitiveness and was thus included among the country's top national priorities. After lengthy negotiations, the directive was adopted at a session of the EU Council for Transport, Telecommunications and Energy on 11 December 2006 and entered into force on 28 December 2006. A three-year transposition deadline was set for the directive.

Trade with European Union countries

The promotion of the Czech Republic's trade and economic interests in the European Union is based on the approved strategy. Following the Czech Republic's accession to the EU in May 2004, its independently conceived trade policy towards third countries has been subordinated to the EU's common trade policy.

In terms of the volume of exports and imports, trade relations with EU member states are crucial to the Czech economy. The increase in exports by Czech firms to EU countries is aided by the transport accessibility of individual markets, the non-existence of trade barriers, the recognition of Czech norms, the enforcement of law, fair competition, and the growing prestige of the Czech Republic. Most of the business community believes that the EU market will continue to be the primary destination for the export of goods and services, cooperation, and the establishment of joint ventures.

In the past three years, exports to EU countries accounted for around 80% of the Czech Republic's total exports. For Czech exporters, the EU market presents an opportunity to test the competitiveness of their products, increase their production potential and innovate their production programme. Foreign companies have been making increased use of cheaper domestic inputs by transferring complete production programmes or operations to the Czech Republic.

The majority of products heading from the Czech Republic onto the common market are products with higher value added, such as transport equipment, sophisticated machine engineering products, computer technology, processing industry products, and special technologies. As the overall competitiveness of the European Union grows, the services market will in future also grow, which will confront Czech firms with the challenge of actively influencing the formation of the EU's trade policy.

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 states. The EEA Agreement integrates 25 EU member states and three EEA/EFTA countries (Iceland, Liechtenstein and Norway) into a single internal market.

In 2006, attention was paid to the question of Bulgaria's and Romania's integration into the EEA in connection with their prepared accession to the EU as of 1 January 2007. Other discussed topics were mutual cooperation with the Principality of Liechtenstein and Swiss Confederation in the fields of Schengen cooperation, asylum issues and the fight against financial fraud. Last but not least, attention focused on the question of financial instruments, most notably the Swiss financial instrument (to reduce economic and social disparities in the ten new EU member states, including the Czech Republic). A referendum was held in Switzerland on this question on 26 November 2006: the result was positive.

The European Union's external relations with third countries in the area of the first and third pillars

Multilateral trade talks on the Doha Development Agenda (DDA) had been meant to be the key area of the EU's multilateral trade policy and, by extension, the Czech Republic's policy in 2006. Contrary to expectations, however, no progress was made in defining individual modalities for trade liberalisation, particularly in the area of improving the conditions for non-agriculture market access (NAMA) and reducing support for domestic agricultural producers. The DDA talks were effectively frozen in July 2006. The Czech

Republic supported and continues to support the idea that these talks, which it regards as one of its chief priorities in international trade policy, should resume as soon as possible.

In connection with the Doha Development Agenda, talks went ahead in 2006 on Economic Partnership Agreements (EPAs) with countries of the African, Caribbean and Pacific Region (ACP); these EPAs are necessary for ACP countries' gradual integration into the world economy. The Czech Republic was actively involved in these negotiations and supported the Republic of South Africa's inclusion in the EPAs on the condition that a separate trade regime was created. The Czech Republic fully supported the basis and goals of the EU's cooperation with ACP countries in the trade and economic area as they are defined in the Cotonou Agreement and its revised version.

Another area where the Czech Republic played a significant role was the preparation of free trade agreements with ASEAN countries, the Republic of Korea and India, and association agreements with the Andean Community and Central America. The most significant event in bilateral relations between the EU and Latin American countries in 2006 was the Vienna summit of heads of state and foreign affairs and trade ministers from 60 countries of the EU, Latin America and the Caribbean, held in May.

Trade relations were also one aspect of the discussion concerning the harmonisation of the texts of stabilisation and association agreements with Serbia, the recently declared independent Montenegro, and Bosnia and Herzegovina.

The Czech Republic supported the integration process in the Balkans and the strengthening of Balkan countries' European prospects. One of a number of measures was the negotiation of a new Central European Free Trade Agreement (CEFTA), which was signed in Bucharest on 19 December 2006. It superseded a considerable quantity of bilateral and often functionally disparate free trade agreements between individual Balkan states. As a contribution to ensure the successful implementation of this agreement, the Czech Republic offered its own experiences from the formulation of the original CEFTA in the mid 1990s. The agreement was signed by Albania, Bosnia and Herzegovina, Bulgaria, Croatia, FYROM, Moldova, Montenegro, Romania, and Serbia. Bulgaria and Romania withdrew from the agreement in view of their EU accession. After ratification by member states the agreement should enter into force on 1 May 2007.

The Czech Republic and the European Union's development policy

The European Union is currently the world's biggest provider of aid to developing countries. After 2005, during which several key decisions and commitments determining the further development of aid provision were adopted, efforts in 2006 were concentrated on implementing these commitments.

Member states and the European Commission jointly reaffirmed the commitments to increase aid that were adopted in connection with the conclusions of the 2005 UN World Summit. For the Czech Republic, this means striving to raise the level of funding earmarked for foreign development cooperation to 0.17% of GNI by 2010 and 0.33% of GNI by 2015. Furthermore, in the Council's conclusions on this issue the EU committed itself to gradually implementing the principles of the Paris Declaration on Aid Effectiveness. Agreement was reached on the way forward in questions of harmonisation and unification of development cooperation procedures, improvement of coordination among donors, and division of labour and complementarity between donors.

The policy coherence for development was an important theme, particularly during the Finnish presidency. Several concrete measures designed to strengthen the coherence of other – non-development – policies with development policy were adopted during 2006. Besides the general dimension of this issue, the Finnish presidency also devoted attention to the links between development cooperation and selected EU external policies. Under this initiative, the General Affairs and External Relations Council held the first ever joint session of trade and development ministers, which adopted "Aid for Trade" commitments. Another current theme of policy coherence in 2006 was the relationship between migration and development, particularly in connection with UN high-level dialogue conducted in New York and the EU-AU (African Union) conference on migration and development in Libya (Tripoli).

In addition, the ambitious reform of the structure of the financial instruments for the European Union's external action was completed in 2006. In line with efforts to make the work of European Union institutions more effective, drafts of new regulations that would cut the number of external action instruments to less than ten were submitted. After long discussions between member states and in the context of the joint decision-making procedure with the European Parliament, all the regulations necessary for establishing the EU's new external action instruments were adopted by the end of 2006. The most important instruments include the development cooperation instrument, which is designed for all developing regions

of the world except African, Caribbean and Pacific (ACP) countries; the European neighbourhood and partnership instrument; the instrument of pre-accession assistance for candidate and associated candidate countries; the instrument to support human rights and democracy in the world; the stability instrument; the humanitarian aid instrument, etc.

Upon joining the EU, the Czech Republic also took on commitments concerning development policy towards ACP countries. Accession to the Cotonou Agreement gave the Czech Republic a platform for its relations with ACP countries, especially smaller countries in the Caribbean and Pacific, with which it did not previously have treaty-based relations (in the past the Czech Republic only had treaty-based relations with 37 of the 79 ACP states). The Cotonou Agreement builds upon several decades of cooperation between Europe and ACP countries. The Agreement's central objective is to reduce poverty; its other aims include strengthening the political dimension, extending partnership towards civic society, enhancing the system of trade and economic cooperation, and improving the financial aspects of cooperation. More than half the 79 ACP countries rank among the world's least developed countries.

Development programmes in ACP countries are financed from the European Development Funds (EDF). An Internal Agreement on the financing of the 10th EDF was signed in 2006. This fund, which will be the first to receive contributions from the EU's new member states, will start to operate on 1 January 2008. The total volume of the 10th EDF is EUR 22.7 billion for the 2008-2013 period. The Czech Republic's contribution to the 10th EDF's financing will be EUR 115.678 million (approx. CZK 3.5 billion). At the same time, this will provide the first opportunity for the Czech Republic – or, more precisely, Czech private companies, non-governmental organisations etc. – to take part in the implementation of EDF-financed development projects in all ACP countries.

Seeing that these instruments are financed out of EU resources that the Czech Republic contributes to, it is also in the Czech Republic's interest to ensure their effective working and implementation, through the greater involvement of Czech private and non-governmental entities, for example.

Representation of the Czech Republic before the Community's judicial bodies

The Czech Republic's representation before the Community's judicial bodies, i.e. the Court of Justice, the Court of First Instance, and the Civil Service Tribunal (jointly referred to

hereafter as the European Court of Justice), has been the responsibility of the Ministry of Foreign Affairs, within which this task is assigned to a government agent (T. Boček was appointed to this post by the Czech government resolution No. 422 of 5 May 2004). His work is defined by the Czech government resolution No. 113 of 4 February 2004 on the Statute of Government Agent for Representation of the Czech Republic before the Court of Justice of the European Communities and the Court of First Instance. The Czech government resolution No. 435 of 13 April 2005 extended his powers to representing the Czech Republic before the Court of the European Free Trade Association.

The Committee of the Government Agent, an inter-ministerial advisory and consultation body, met at regular sessions in 2006, approximately once a month. Through the Committee, the government agent informs individual ministries about developments in cases before the Community's judicial bodies and about observations presented by the Czech Republic in individual cases. At its sessions, the Committee also discussed questions concerning difficulties in transposing Community law and the planned reform of the European Community's judicial bodies.

In 2006, 64 new Treaty infringement proceedings, through which the Commission ensures compliance with the *acquis communautaire* by member states, have been initiated against the Czech Republic. That represented a slight decrease in the number of new proceedings from 2005 (when 72 were initiated); the total number of proceedings initiated against the Czech Republic from the accession to the EU to the end of 2006 was 281. A considerable number of these cases were stopped before they reached the phase of an action before the European Court of Justice. At the end of 2006, there were thus 45 ongoing proceedings: 23 of them were in the first procedural phase (formal notice), 19 in the second phase (reasoned opinion) and 3 in the phase of an action before the European Court of Justice.

The first proceedings against the Czech Republic entered the phase of an action in 2006 – in one of the four cases the Czech Republic managed to achieve a withdrawal of the action. No judgments had been issued in any of the 3 ongoing actions before the European Court of Justice as of 31 December 2006.

In two-thirds of the cases, the reason for the initiation of new proceedings against the Czech Republic in 2006 was failure to perform timely transposition of Community legislation (43 cases in total); the other third concerned a substantive breach of Community law.

Significant proceedings on substantive grounds initiated in 2006 include the alleged faulty application of VAT rate for children's nappies; alleged discriminatory approach during a tender for a public contract to supply trams for statutory city of Brno; stipulation of the citizenship condition for exercise of the profession of notary; alleged discrimination against foreigners in admission to museums; faulty application of the ban on advertising tobacco products; or the alleged faulty implementation of directives concerning liberalisation of the electricity and gas market or concerning the environment in national legal order.

In references for a preliminary ruling, by means of which member states' national courts turn to the European Court of Justice with a query regarding interpretation of a particular provision of Community law, in 2006 the government agent received a total of approximately 500 submissions in approximately 350 proceedings. The government agent actively participated in a number of proceedings that somehow concerned the legal or factual situation in the Czech Republic, by presenting observations (from total of 18 proceedings: written observations were presented in 14 cases and statements were delivered in oral proceedings in 4 cases). The observations dealt with, *inter alia*, general principles of Community law, public contracts, criminal law, the environment, and the internal market. The year 2006 was also the first year in which Czech courts submitted references for a preliminary ruling to the European Court of Justice, doing so in 4 cases (the reference for a preliminary ruling in the case of C-437/05 *Vorel* was submitted by the Český Krumlov district court at the end of 2005, but it was not published in the Official Journal of the European Union and delivered to the government agent until the beginning of 2006). In all these cases, the government agent submitted observations on behalf of the Czech Republic.

The Czech Republic and the European Union's Common Foreign and Security Policy

The Czech Republic regards its involvement in the EU's Common Foreign and Security Policy (CFSP) as an integral part of its membership of the EU. During 2006, the Czech Republic was fully involved in the formulation and implementation of the EU's foreign policy, doing so at the level of working groups, in the EU's Political and Security Committee (PSC/COPS), in the Committee of Permanent Representatives (COREPER), and at meetings of political directors and European correspondents. The Czech Republic took part in sessions of the General Affairs and External Relations Council (GAERC) at the foreign affairs ministers level, informal meetings of foreign affairs ministers (Gymnich), and certain EU

meetings with third countries, e.g. Russia, USA, Latin American countries, or in the context of the Euro-Mediterranean Partnership.

In all these forums, the Czech Republic sought to make full and constructive use of its status as an EU member. In working groups, it took part in the preparation of materials for the Council of the EU and in information exchange; in PSC it helped prepare positions on current foreign policy questions. It also participated in preparing and subsequently implementing CFSP instruments, i.e. presidency declarations and demarches, and common positions and joint actions of the Council of the EU. The Czech Republic was involved in cooperation between EU member states' embassies in third countries and helped draw up assessment, situation and recommendatory reports on third countries. Intensive political dialogue also took place in international organisations (primarily the UN and OSCE), where the Czech Republic coordinated its positions with those of other EU member states in order to promote EU policies.

In 2006, the EU continued to implement the key EU document in the CFSP, the European Security Strategy (ESS), which formulates the EU's view of security challenges and how to resolve them. Substantial attention in the implementation of the ESS was paid to terrorism as a growing strategic threat for the whole of Europe. Another important theme of the year 2006 was human rights and their effective integration into the CFSP. In the case of second-pillar activities, this primarily concerned spreading general awareness about human rights directives, dialogue with third countries, the incorporation of human rights clauses into bilateral agreements and, last but not least, the political will to implement them.

Strengthening the transatlantic partnership was one of the top priorities of both the Austrian and Finnish presidencies. Both placed emphasis on improving relations between the EU and the USA, strengthening mutual cooperation in the economic field, in the fight against terrorism while respecting human rights, in responding to climate change, in the approach to energy, and, last but not least, in joint action to resolve international crises and conflicts and support the spread of democracy.

The high point of the Austrian presidency in this regard was the EU-USA summit (21 June 2006, Vienna), at which agreement was reached on, among other things, resuming dialogue with the USA on climate change and strengthening strategic cooperation in the fields of energy security and economic partnership. Implementation of these activities began during

the Finnish presidency (the first high-level dialogue on climate change and energy issues, the second talks between economic ministers).

One question discussed at the EU-USA summit and also during contacts with Canada was the problem of the non-reciprocal visa system that both countries apply to certain EU member states (including the Czech Republic). The Czech Republic successfully pushed for this question to be broached at all suitable opportunities, including summits, and for the USA's and Canada's commitments to abolish visa requirements to be as concrete as possible.

During both presidencies, relations with Canada were marked by the cancellation of the EU-Canada summit. In May 2006, talks on an agreement on support for trade and investments were also suspended until the status of Doha Development Agenda talks within the WTO is clarified.

The year 2006, and especially its first half, was significant for the further development of the European Union's relations with Western Balkans countries. The EU focused primarily on the continuation of the Stabilisation and Association Process. The Austrian presidency sought to complete negotiations on a Stabilisation and Association Agreement (SAA) with Serbia and Montenegro. However, the talks were suspended in May 2006 in response to the Serbian side's failure to cooperate fully with the International Criminal Tribunal for the Former Yugoslavia (ICTY). Following the break-up of the Serbian and Montenegrin state union, separate mandates for negotiating SAAs with Serbia and with Montenegro were approved; negotiations with Montenegro were in fact completed during the Finnish presidency. During the autumn, the EU Council dealt with the question of supporting democratic forces in Serbia in the run-up to the elections, but there was no change in the EU's attitude to resuming SAA talks. The Union completed talks on a Stabilisation and Association Agreement with Albania (signed in June 2006); and negotiations with Bosnia and Herzegovina, which started at the end of 2005, went ahead.

Kosovo was another significant CFSP priority in the Western Balkans context. The European Union supported the efforts of M. Ahtisaari, the UN secretary general's special envoy for the future status of Kosovo. It started preparatory work on the future international structure in Kosovo, in which the EU should play the lead role, and an ESDP mission to support the rule of law. The Czech Republic seconded its representative to the International

Civilian Office Preparation Team. With regard to Kosovo, the Czech Republic emphasised the need for the European Union to adopt a uniform and balanced approach.

In March 2006, the Austrian presidency organised informal talks between foreign affairs ministers from the EU and Western Balkans in Salzburg, at which the commitments from the Thessaloniki summit in June 2003 regarding the European perspective of Western Balkans countries were reaffirmed. In November 2006, the conclusions of this informal meeting were followed up by the official start of talks on visa facilitation and readmission agreements with Western Balkans countries; the Czech Republic strongly advocates concluding such agreements as soon as possible.

The Czech Republic was intensively involved in creating and implementing the EU's foreign policy towards East European countries, which has for long been a priority area. In EU-Russia relations, the strategic plans for four common spaces of mutual cooperation were implemented. A discussion was started on a new framework for the bilateral basis of relations after the existing Partnership and Cooperation Agreement terminates. However, a negotiating mandate could not be adopted by the end of 2006. The European Union continued dialogue with the Russian Federation on current political questions, including energy security; a considerable part of mutual contacts also focused on internal political questions, most notably democracy, human rights, and freedom of the media.

The EU started to prepare for talks on an "enhanced agreement" with Ukraine in 2006; under the approved mandate the talks should start in March 2007. The agreement should include a comprehensive agreement on free trade, but talks on that area can only begin once Ukraine's accession process to the WTO is completed.

The Union paid substantial attention to its European Neighbourhood Policy (ENP), under which new Action Plans with South Caucasus countries (Armenia, Azerbaijan, and Georgia) were concluded. The European Neighbourhood and Partnership Instrument (ENPI) was adopted during the year to implement the ENP; this financial instrument will be effective from 2007. At the end of the year, the European Commission presented a plan to strengthen both bilateral and regional relations in the context of the ENP. One aspect of this plan is the concept of regional cooperation, which stands on the principle of a common approach to resolving problems that cross national boundaries (energy, the environment, etc.). Talks on visa facilitation and readmission also went ahead successfully with countries in the region.

Following President A. Lukashenko's victory in undemocratic presidential elections on 19 March 2006, the EU extended the validity of restrictive measures against Belarus. With a view to supporting positive change in this country, during the Finnish presidency a document was published describing what the EU could bring to Belarus in the event of a change to the existing political regime there (the outline of an ENP action plan).

In the light of Uzbekistan's willingness to commence a human rights dialogue and an inquiry into the events in Andijan, a meeting of the Cooperation Council was held on 8 November 2006, based on which the restrictive measures were relaxed slightly.

Although the Middle East was not one of the Austrian presidency's priorities, the European Union was compelled to address developments in this region. The January elections to the Palestinian Legislative Council were won by Hamas, which features on the EU's list of terrorist organisations. For that reason, the Council re-assessed the EU's position in January 2006 and decided to suspend its direct financial assistance to the Palestinian government. It made normalisation of this financial assistance conditional on the fulfilment of the Middle East Quartet's three principles (recognition of the right of Israel to exist, renunciation of violence, and acceptance of all agreements signed between the Palestine Liberation Organisation and Israel). To prevent a humanitarian disaster, a Temporary International Mechanism (TIM) was established to enable direct financing of various components of Palestinian society without direct contacts with the Hamas government. Discussions on the financing of assistance to the Palestinian government continued during the Finnish presidency as well.

The Finnish presidency had to respond flexibly to the war in Lebanon. UN Security Council Resolution 1701(2006) called for a full cessation of hostilities in Lebanon, extended UNIFIL's mandate, and increased its troop strength. EU member states' contributions made it possible to strengthen the UNIFIL mission.

Talks with Lebanon on an ENP Action Plan were completed during the Finnish presidency. 2006 brought significant progress in the negotiation of an Action Plan with Egypt. Finland hosted a regular Euro-Mediterranean Conference of Ministers of Foreign Affairs (Tampere, 27-28 November 2006), where, though not planned for, agreement was reached with Mediterranean partners on the final documents, i.e. a declaration and work programme that determines the priorities for implementation of the 2005 Barcelona summit commitments

for 2007. Despite this outwardly pleasing result, this is something of a Pyrrhic victory, as the approved document is less rigorous than the Five-year Work Programme adopted at the Barcelona summit.

Considerable attention was devoted to Iraq throughout the year. The Finnish presidency supported the international plan for the reconstruction of Iraq under the aegis of the UN (International Compact for Iraq), which was elaborated in greater detail, primarily by the Iraqi side, in the second half of the year. In December 2006, during the Iraqi prime minister's visit to Brussels, the first expert talks were held between the EU and Iraq on a trade and cooperation agreement.

The EU's relations with Iran were reduced to the Finnish presidency's fruitless efforts to resume human rights dialogue with another round of talks that was cancelled by Iran at the turn of November and December 2006. Both presidencies sought to monitor negotiations in the IAEA and later in the UN Security Council; the principal actor in relation to Iran was "E3+1". The EU will transpose the restrictive measures adopted by the Security Council on 23 December 2006 at the start of 2007.

Africa was not a central theme of either presidency in 2006. However, both presidencies implemented the EU Strategy for Africa, that was adopted by the European Council in December 2005, and both worked to prepare a joint EU-Africa strategy that should be adopted at the second EU-Africa summit. The search for ways to overcome problems with the participation of Zimbabwean representatives in the summit was an important theme between the EU and Africa throughout the year. Both Finland and Austria focused primarily on current African crisis areas and ongoing transformation processes, i.e. Sudan/Darfur, Democratic Republic of the Congo, Somalia, Zimbabwe, Ivory Coast, Ethiopia, Uganda, and Guinea-Bissau.

European Union membership has helped the long-term endeavour to strengthen Czech policy on Asia: one contributing factor is the Czech Republic's accession to ASEM (*Asia-Europe Meeting*, formally institutionalised dialogue between Europe and Asia established in the 1990s). Although the Asian region was not a significant priority in 2006, there was a considerable strengthening of contacts and numerous high-level meetings, primarily during the Finnish presidency. At the 6th ASEM summit marking the forum's 10th anniversary (10-11 September 2006, Helsinki), the Czech Republic was represented by a delegation headed by

Prime Minister M. Topolánek. In accordance with its principles, the Czech Republic promoted the inclusion of a substantive discussion on human rights as a condition for the participation of official representatives of Myanmar/Burma at ASEM forums in Europe.

At the EU-China summit (9 September 2006, Helsinki), political agreement was reached on the early opening of talks on a new Partnership and Cooperation Agreement. In October, the European Commission issued a communication entitled “EU-China: Closer partners, growing responsibilities”; the Council subsequently adopted comprehensive conclusions on China. As regards the European Union’s arms embargo against China, its lifting continues to be conditional on improvement of the human rights situation in that country; similarly, there was no change as regards the granting of market economy status to China.

Against the backdrop of the continuous deterioration of the security situation in Afghanistan in the second half of 2006, the European Union held intensive discussions on ways the EU could contribute more effectively to the stabilisation of the situation in the country. In December 2006, the EU sent a fact-finding mission to Afghanistan to evaluate the feasibility of an ESDP mission to support the rule of law there. The Czech Republic repeatedly supported the sending of an ESDP mission and the EU’s greater engagement in the fight against the narcotics trade.

The Finnish presidency also had to react to the military coup in Thailand in September 2006, and to the escalating situation on the Korean peninsula after the DPRK carried out a test of a nuclear explosive device in October 2006: the EU responded by imposing sanctions against the DPRK regime.

Relations with Latin America culminated during the Austrian presidency with the 4th EU-Latin America and Caribbean summit (12-13 May 2006, Vienna), which adopted a decision to begin talks on an association agreement with Central America and, at a later date, with the Andean Community. The European Commission submitted mandates for talks on these agreements in December 2006.

In June 2006, the Czech Republic, in cooperation with other member states, successfully promoted the need to formulate a medium-term and long-term EU strategy on Cuba. The Czech Republic advocated that the strategy should be drawn up swiftly, with the understanding that it was necessary to prepare a list of immediate measures intended to assist

transformation in Cuba. In June 2006, the Council reaffirmed the relevance and validity of its 1996 Common Position on Cuba; one of the adopted conclusions was that the EU should draw up the aforementioned strategy on Cuba. Based on this assignment, discussions on the preparation of the strategy were held during the Finnish presidency. In the light of the different views of individual EU states, the discussion could not be completed in 2006, despite the Czech Republic's systematic efforts; the only outcome was the formulation of the underlying tenets of the future document.

The Czech Republic and European Security and Defence Policy

The European Security and Defence Policy (ESDP) continued to develop in 2006. The European Union conducted an autonomous military operation in the Democratic Republic of the Congo (EUFOR RD Congo); launched a new civilian mission in the Palestinian Autonomous Territories (EUPOL COPPS); extended a number of existing missions; and started to prepare civilian missions in Kosovo and Afghanistan. It also developed its key concepts and activities in the military and civilian dimension, such as the "battle groups" concept, the European Defence Agency (EDA), the civilian/military planning cell, and the integration of civilian/military activities. The Czech Republic's approach was based on the conviction that the ESDP should be complementary to NATO. The Czech Republic emphasised the development of both the military and civilian capabilities that the EU needs if it is to achieve its ambitions as declared in the European Security Strategy of December 2003.

NATO remained the EU's key partner in the ESDP. Nevertheless, relations between EU and NATO stagnated on the political level and were confined mostly to practical cooperation. The civilian/military ALTHEA operation in Bosnia and Herzegovina, conducted by the EU since December 2004, tested "Berlin Plus" cooperation mechanisms, i.e. the use of NATO assets and capabilities for EU-led operations. Opportunities to develop substantive cooperation between the two organisations were presented by the need to coordinate their contributions to the African Union's AMIS II mission to support conflict resolution in the Darfur region of Sudan, and the preparation of civilian missions in Kosovo and Afghanistan.

Contacts between the EU and UN in 2006 concentrated on the question of the possible provision of EU forces at the UN's request. The most significant activity in this area was the implementation of the EUFOR RD Congo military operation, which took place on the basis of a UN request and was intended to strengthen MONUC (Mission de l'Organisation des

Nations Unies en République Démocratique du Congo) units in the period surrounding the Congolese elections. Other important events in EU-UN relations were cooperation in the preparations for placing the African Union's AMIS II mission in the Darfur region of Sudan under the UN banner, and preparation of an ESDP civilian mission in Kosovo to take over part of the mandate of UNMIK (United Nations Mission in Kosovo). The EU's relations with the African Union grew in significance, mainly thanks to the EU's support for AMIS II and assistance in the building of AU crisis management capabilities.

The scope of ESDP activities continued to stretch beyond the immediate vicinity of the European Union in 2006. The mandates of missions in the Middle East and in Africa were extended; in the Democratic Republic of the Congo, moreover, the EUFOR RD Congo autonomous military operation took place. However, the priority for the Czech Republic continued to be the EU's engagement in the Western Balkans, Middle East, and post-Soviet area. These territorial priorities informed the Czech Republic's decisions on engagement in ESDP missions as well as discussions and decisions on the overall focus of the ESDP and its activities.

ESDP missions

In 2006, the European Union continued in its most extensive military operation to date, ALTHEA in Bosnia and Herzegovina, which was launched in December 2004 as a follow-up to NATO's SFOR operation. In cooperation with NATO, the EU put the "Berlin Plus" mechanism into practice and applied civilian/military cooperation mechanisms in a situation where there is the EUPM police mission and the Special Representative of the EU and European Commission operating simultaneously in the area. One of ALTHEA's principal tasks is to ensure stability and security in the country, including combating organised crime. In view of the positive development of the security situation in Bosnia and Herzegovina, a decision was made in 2006 to gradually reduce the number of personnel in the operation and transfer competences in the fight against organised crime to the EUPM civilian mission. During the year, the Czech Republic's principal involvement in the operation was the sending of servicemen of the Army of the Czech Republic. The mandate for the Czech Republic's participation in ALTHEA limited its involvement to 70 personnel. At the end of 2006, there were 57 servicemen of the Army of the Czech Republic in the operation, forming a joint guard unit with Slovakia, Austria, and Estonia in Tuzla, and 8 officers at various operational command levels.

The EU also went ahead with its EUPM police mission in Bosnia and Herzegovina, which in 2006 concentrated on supporting the formation of an effective multiethnic police system in Bosnia and Herzegovina through the provision of advice, training and instruction to policemen. The mission's competences in the fight against organised crime were also strengthened – EUPM should take over the lead role in this area from EUFOR ALTHEA. Five Czech policemen were engaged in EUPM in 2006.

The civilian mission in Iraq, launched in July 2005 (EUJUST LEX), went ahead; on 11 April 2006 it was decided that the mission would be extended until the end of 2007. The mission's objective is to help reform Iraq's criminal justice system by giving expert training to senior state officials, policemen, judges, public prosecutors, and officials in the penal system. The mission takes the form of training courses held in EU member states. In the Iraqi capital, the mission only has a liaison office, where there were two officers of the Police of the Czech Republic operating as police coordinators as of the end of 2006. Another representative of the Czech Republic works as a courses coordinator in Brussels.

In the Middle East, the EU continued with its EU BAM Rafah civilian mission and, in January 2006, launched the EUPOL COPPS civilian mission. Launched in November 2005, the EU BAM Rafah mission's purpose is to actively monitor, verify and evaluate activities by the Palestinian police and customs officers in administering the border crossing between Gaza and Egypt. The mission is not executive, i.e. its staff in no way replace Palestinian personnel in controlling the crossing point. The original mandate was meant to expire in November 2006, but, in October 2006, a decision was taken to extend it by a further six months. In the second half of June 2006, the border was closed entirely; since the start of August, it has functioned in limited scope. The Czech Republic does not participate in the mission.

The police advisory mission EUPOL COPPS, launched in January 2006, is designed to support the development of the Palestinian police. Its work was affected by Hamas's election victory. As a result, the mission was no longer able to use important advisors at the interior ministry; cooperation with the Palestinian authorities remains limited to lower tiers (mobile teams serving local police management levels). In the light of the current security and political situation, all new projects were suspended and the start of work of some personnel was postponed. It also affected the sending of one officer of the Police of the Czech Republic, who was originally supposed to work in EUPOL COPPS from the end of February 2006.

The EUPOL Kinshasa police mission, launched in April 2005 to advise and monitor the work of the Congolese integrated police unit, went ahead in the Democratic Republic of the Congo. On 7 December 2006, a decision was made to extend the mission to 30 June 2007. The other ESDP civilian mission in the country, that was launched on 8 June 2006 to support security sector reform (EUSEC Congo), went ahead in 2006. In June 2006, the EUFOR RD Congo military operation was launched, at the UN's request, to support UN MONUC units during the elections. EUFOR RD Congo was successfully concluded upon the expiry of its mandate on 30 November 2006; most units had been pulled out by the end of 2006. In Africa, the EU was also active in respect of the conflict in the Darfur region of Sudan: its civilian/military assistance operation supporting the African Union's AMIS II (AMIS EU Supporting Action), launched in July 2005, went ahead. In view of the difficulties that AMIS II is encountering, in 2006 the EU cooperated with UN to bring the mission under a United Nations mandate. The Czech Republic did not participate in the ESDP missions in Africa.

The EU's monitoring mission in Aceh, Indonesia (AMM), was concluded at the end of 2006. The mission had monitored the state of affairs following the signing of a memorandum of understanding between the Indonesian government and the rebel Free Aceh Movement (GAM), assisted in the collection and destruction of arms and monitored the demobilisation and reintegration of GAM members.

Outside the ESDP, the EU BAM mission on the Moldova-Ukraine border continued in 2006. The mission works on the basis of the Commission's "rapid reaction mechanism", with the assistance of seconded experts from member states. Its key tasks include expert assistance and the provision of training for border guards and customs officers actually on border crossings, strengthening an integrated approach to border administration and supporting cooperation and information exchange between the Moldovan and Ukrainian authorities. At the end of 2006, the Czech Republic had three policemen and eight customs experts participating in the mission.

Preparations were launched for ESDP civilian missions in Kosovo and Afghanistan in 2006 – the Czech Republic supports the implementation of these missions.

ESDP capabilities

In the area of military capabilities, the EU continued to implement the Headline Goal 2010 (HG 2010). Under this process and based on the agreed road map for the Progress

Catalogue, the Forces Catalogue 2006 (FC 06) was completed in the second half of the year. The FC 06 lists forces and capabilities contributed by member states and compares them with the required capabilities defined in the Requirements Catalogue 2005 (RC 05). New member states Bulgaria and Romania were also included in this commitments process.

Formal approval was given in 2006 to the Strategic Airlift Interim Solution (SALIS) involving fifteen EU member states with Canada and Norway; SALIS is designed to ensure timely access to sufficient capabilities for transporting “outsized” cargo. It represents a milestone in the improvement of strategic airlift capabilities, as SALIS can keep developing and will in future remain open to the involvement of other EU and NATO member states.

Another move to improve European strategic airlift capabilities was the launch of the “Development of Strategic Airlift Capabilities in Europe” initiative. In this context, the European Defence Agency was called on to define possible airlift solutions in the context of the ongoing activities and to coordinate the requirements of involved member states and regularly to inform the EU Military Committee.

There were two battle groups coordination conferences in 2006, at which member states confirmed the provision of sufficient capabilities for 2007, 2008, and partly 2009. The development of a joint Czech-Slovak battle group went ahead in 2006. The battle group should be ready in the second half of 2009; the decision to form it was made in 2005.

In its second year of existence, the European Defence Agency’s work started to bring significant results – these are most evident in connection with the European defence equipment market, the creation of an initial long-term vision for European defence capability and capacity needs, and defence research and technologies. However, it was not possible to reach a satisfactory agreement defining a three-year financial framework, with the Council merely adopting an EDA budget for 2007.

In 2006, the EDA made further progress in implementing the Hampton Court agenda (from October 2005: “spend more, spend better and spend more together”) in the area of defence research and technologies. In May, the EDA published a list of member states’ expenditure on defence research and technologies; and in November, the EDA Steering Board launched the first “joint investment programme” in the field of defence research and technologies.

Work on the Code of Conduct on Defence Procurement was completed in 2006, with the Code entering into force on 1 July that year. This opened the European defence equipment market to suppliers from the whole of Europe. So far, 22 member states have joined this voluntary regime, which is expected to create new opportunities for companies from all over Europe, strengthen the European defence technological and industrial base, and ensure more efficient use of defence-related finances.

Work to implement the Civilian Headline Goal 2008 remained the priority in the civilian ESDP in 2006. The Czech Republic, which ascribes considerable importance to this area, declared that it would be able to provide approximately 80 experts to participate in ESDP civilian missions in 2008-2009. There were fifteen Czech civilian experts serving in Union missions in 2006. During 2006, the Czech Republic concentrated on building a basic national mechanism for sending civilian experts and on the mechanism's funding. In this context, the Czech government passed the following resolutions: No. 391/2006 of 12 April 2006 on "The Rules for Sending Czech Citizens to Civilian Missions of the European Union and Other International Governmental Organisations (Financing)"; No. 515/2006 of 10 May 2006 on "Implementation of Expenditure Item: Resources for Financing the Involvement of Czech Citizens in Civilian Missions of the European Union and Other International Governmental Organisations in the Universal Treasury Administration Budget Heading, in the Draft State Budget of the Czech Republic for 2007 and Subsequent Years"; and No. 853/2006 of 12 July 2006 on "Labour-law Solution to the Issue of the Involvement of Czech Citizens in Civilian Missions of the European Union and Other International Governmental Organisations".

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

The North Atlantic Alliance is the cornerstone of the Euro-Atlantic security architecture, and the Czech Republic's membership of this collective defence organisation is of primary importance for ensuring its national security. From the Czech Republic's point of view, NATO also plays an indispensable role as a transatlantic consultation forum and through its operations and various forms of partnership cooperation it projects security outside NATO's geographical borders.

In line with the Czech Republic Security Strategy from 2003, security cooperation with European and North American countries through NATO membership is one of the Czech Republic's foreign policy priorities. This tenet remained intact even after parliamentary elections and the formation of a new governing coalition in 2006.

The most important event of 2006 in NATO was the November meeting of the North Atlantic Council (NAC) at the level of heads of state and government in Riga. This summit marked the culmination of an important stage in the transformation of NATO that had begun at the Prague summit in 2002. NATO meetings throughout 2006 were influenced by the preparation of the summit and its outputs and by the performance of tasks stemming from earlier decisions. Other important NATO high-level meetings in 2006 were the meeting of foreign ministers in Sofia in April and at an informal meeting on the sidelines of the UN General Assembly in September, and meetings of defence ministers in Taormina, Sicily, in February, in Brussels in June, and in Portorož, Slovenia, in September.

It was confirmed in 2006 that the Alliance's next summits will take place in 2008 (venue as yet undecided – candidate countries are Portugal and Romania) and in 2009, the year marking the 60th anniversary of the founding of NATO (probably in Germany). It was also confirmed that the central theme of the 2008 summit should be the question of further NATO enlargement. The dates of ministerial meetings in 2007 were also approved: foreign affairs ministers will meet in the Norwegian capital Oslo in April and in Brussels in December (an additional meeting was held in Brussels in January 2007); defence ministers will meet in Brussels in May and at an as yet unspecified location in October. Last but not least, the Euro-Atlantic Partnership Council Security Forum, which is in fact a ministerial meeting in the EAPC format, will take place in Ohrid, Macedonia, in June 2007.

In October 2006, the Czech Republic was visited by NATO Secretary General Jaap de Hoop Scheffer as part of his pre-summit tour of the capital cities of member countries. In his talks with the president, prime minister, foreign and defence ministers, and representatives of the Senate of Parliament, the Secretary General dealt mainly with questions expected to dominate the agenda of the summit, i.e. the political and military transformation of NATO and the operations in Kosovo and Afghanistan.

In 2006, the Czech Republic actively contributed to shaping NATO policy in line with its foreign policy and security priorities as defined in the Czech foreign and security policy

strategic documents (Concept of the Foreign Policy of the Czech Republic /2003-2006/, the Czech Republic Security Strategy /2003/, and the Czech Republic Military Strategy /2004/). In the spirit of solidarity with its Allies, the Czech Republic contributed, in line with its capabilities, to NATO collective defence and other NATO security tasks based on the principle of the indivisibility of security. Its involvement in NATO activities in 2006 was intensive at both the political and military levels. Through its resources and capabilities, the Czech Republic played a substantial part in operations in Kosovo and Afghanistan and contributed to the humanitarian operation in Pakistan and training mission in Iraq. It also contributed to the sixth and seventh NRF rotation. The deployment of forces and assets of the Army of the Czech Republic in NATO military operations and missions in 2006 was based on political and security priorities and corresponded to the available resources.

The Czech Republic contributed financially to the Trust Funds for Serbia and Montenegro (Trust Fund for landmine destruction), for Albania (Trust Fund for landmine destruction), for Iraq and for Moldova, and also contributed to certain projects in the context of the ISAF operation out of finances earmarked for humanitarian assistance.

In 2006, the Czech Republic paid approx. CZK 43 million into NATO's civil budget, approx. CZK 228.6 million into NATO's military budget and approx. CZK 128.9 million into the Infrastructure Fund (NSIP – NATO Security Investment Programme).

The Czech Republic promoted its interests in the areas of military infrastructure funding and the involvement of Czech firms in NATO tenders. More Czech companies were registered in the NATO Maintenance and Supply Agency (NAMSA) database and in the NATO Consultation, Command and Control Agency (NC3A) database.

In political consultations in NATO in 2006, the Czech Republic was active primarily in the following areas:

- Alliance operations;
- cooperation with partner countries and transformation of partner formats;
- NATO-Russia cooperation;
- concerted planning and action, approved at the Riga summit as NATO's policy of "Comprehensive Approach".

NATO summit in Riga, 29 November 2006

An event of cardinal significance for NATO in 2006 was the meeting at the level of heads of state and government held in Riga, Latvia, on 28-29 November. The Czech Republic was represented at the summit by a delegation headed by the president, accompanied by the prime minister and foreign and defence ministers.

The principal theme of the summit, designated a “transformation” summit, was the political and military transformation of the Alliance. Political transformation was taken to mean primarily the future of NATO’s partner formats, enlargement of the Alliance and strategy regarding the Western Balkans; while military transformation meant the transformation of NATO’s defence capacities, a process set in motion at the Prague summit in 2002. NATO’s ISAF mission in Afghanistan and KFOR in Kosovo were also key themes.

The summit’s most visible political result was the offer of the Partnership for Peace programme to Bosnia and Herzegovina, Montenegro, and Serbia. Other results included the Alliance’s pledge to continue with its “open door” policy and broaden cooperation with Contact Countries and the approval of a training initiative for Mediterranean and Middle East countries. In the military dimension, the summit approved the Comprehensive Political Guidance (CPG), declared the NATO Response Force (NRF) fully operational, and approved a project for the protection of theatres of conflict from ballistic missiles (TMD). The Allies also significantly reduced or removed their national restrictions (“caveats”) regarding the ISAF mission in Afghanistan and pledged additional forces and resources (ISAF now has 90% of the required force level).

The summit brought a fairly unexpected breakthrough in the question of the opening of Alliance’s Partnership for Peace (PfP) programme to Western Balkans countries – Montenegro, Serbia, and Bosnia and Herzegovina – even though the latter two countries in particular continue to be hindered by insufficient cooperation with the International Criminal Tribunal for the Former Yugoslavia. It was this fact that had previously prevented NATO from formally offering the PfP programme to these countries, primarily owing to the USA’s unyielding position. Right from the start, the Czech Republic has been an advocate of the “regional approach” and PfP membership for all three countries.

Although the next round of NATO enlargement is not envisaged until after the 2008 summit, the talks in Riga gave some indication of the Allies’ preferences and ideas about the

scale of enlargement. The Allies supported the continuing open door policy, which, in the case of Albania, Croatia, and Macedonia, might – depending on their progress – lead to one or more of them being offered full membership as early as at the 2008 summit. The Czech delegation backed an ambitious text confirming the open door policy for all European countries that satisfy the membership criteria.

One significant question of recent years, and one the summit suitably reflected, was cooperation with Contact Countries (countries that are not linked to the Alliance by any of the institutionalised partner formats, e.g. Japan, South Korea, Australia, and New Zealand) and the reform of existing partner formats. The globalisation of the security threats the Alliance has to confront compels it to look for cooperation partners outside the traditional Euro-Atlantic area as well. There is therefore growing interest in cooperation with the Contact Countries in particular, which share with the Alliance's values as well as its security interests and are already making substantial contributions to NATO operations. The summit declared itself in favour of strengthening relations with these countries and also of opening certain partnership tools. Consequently, the reform of the partner formats themselves was somewhat overshadowed, however. There was no major change here. Most notably, there was agreement on, the need for more intensive (and more substantive) political dialogue, greater flexibility of individual instruments and their greater openness to countries outside the PfP.

Deeper cooperation with partner countries associated in the Mediterranean Dialogue and Istanbul Cooperation Initiative should not be achieved solely via the new Partnership initiative, but also via the Training Cooperation Initiative that the Alliance adopted at the summit for partners in the broader Middle East region and, in future, possibly Africa as well. The Training Cooperation Initiative represents NATO's first comprehensive conceptual approach to training projects. (The Czech Republic's tradition of military training may mean it too has something to offer in this field in future.)

At the summit, the concept of Comprehensive Planning was transformed into a joint NATO policy. Comprehensive Planning was originally a Danish initiative from 2005 presented under the name Concerted Planning and Action (CPA). During the first phase in April 2006, the Czech Republic, Canada, Hungary, the Netherlands, Norway, and Slovakia supported this Danish initiative; the USA added its support in the subsequent phase.

The purpose of Comprehensive Planning is to attain the closest possible coordination between the Alliance and governmental and non-governmental organisations taking part in operations, starting at the planning phase. The conflicts that NATO is currently helping manage are often internal conflicts with international overspill, where a military presence is just one of the international community's instruments in its efforts to achieve a "stable peace". However, the key to a successful reconstruction effort is to combine and strike the right balance between all instruments, military and civilian (political, economic and social). As, according to NATO's strategic documents, it is not envisaged that the Alliance will develop purely civilian capabilities, there must be timely and close coordination between all participating actors (international government organisations, international and national non-governmental organisations, and local institutions) so that maximum use is made of the international community's potential and the instruments that NATO has at its disposal.

The Alliance made substantial progress in the area of military transformation. One of the summit's principal successes was the declaration that NATO's rapid response force (NRF), the "showcase" of the Alliance's new military capacities, had reached full operational capability. Of equal importance are the progress achieved in developing strategic airlift capabilities, the approval of the project for the protection of theatres of conflict from ballistic missiles (TMD), the expression of support for joint training as well as the activities of member countries' elite special forces. The Alliance Ground Surveillance (AGS) system also moved into the project preparation phase.

The NATO summit adopted and published a new strategic document, the Comprehensive Political Guidance (CPG), which will provide a political framework to support the implementation of the NATO Strategic Concept and contribute to the streamlining of the Alliance's planning disciplines. The CPG provides a political framework and direction for the continuing transformation of NATO, setting out, for the next 10 to 15 years, the priorities for all Alliance capability issues. The Czech Republic was actively involved in drawing up the CPG and expects that its rigorous implementation will help solve political-military problems and streamline the individual disciplines of NATO's defence planning.

NATO regards the possibility of a ballistic missile attack against the territory of member countries as one of the gravest security threats of the present day. For that reason, the summit also constituted a milestone in NATO's deliberations about a missile defence system for the Alliance's European territory. In line with a decision made at NATO's Prague summit,

the Missile Defence Feasibility Study (MD FS) was completed in 2006. The MD FS appraises the options for protecting Alliance territory, forces and population centres against the full range of missile threats. Based on the MD FS, the Alliance declared that missile defence is technically feasible and decided to go ahead with the work, which will centre on assessing the political and military implications of missile defence, including an update on missile threat developments. The summit also adopted a classified report on NATO missile defence containing the first indications of the political and military implications of building the system.

The third theme of the summit was the Alliance's operations: NATO currently has over 50,000 armed forces personnel deployed in six diverse operations on three continents. NATO's biggest operation is the mission in Afghanistan (ISAF), which was the most widely discussed operation at the summit. The vast majority of Allies regard NATO's Afghanistan mission as its key operation. Uniform support was expressed for its continuation, and the importance of Allied solidarity and the need for deeper cooperation with other international actors were emphasised. The Allies stressed the need for a significant reduction/removal of national restrictions by member states in Afghanistan and for the provision of additional forces and resources.

The summit appreciated the extensive restructuring of the Alliance's mission in Kosovo (KFOR) and the creation of a "task-force" structure enabling the KFOR commander to respond more flexibly to any adverse developments on the ground in Kosovo. Several Allies supported the idea of creating a political contact group to coordinate essential political steps with military steps and ensure that military operations are coordinated with other activities. (For more detailed information on the Alliance's operations, see below.)

These conclusions and the appraisal of a number of other particular security questions (e.g. NATO-Russia relations, NATO-EU, cooperation with civilian actors through Comprehensive Planning, energy security) were reflected in the adopted Riga Summit Declaration, which summarises and defines the bases of NATO policy for the period up to the next summit in 2008.

The 2006 summit was an important milestone in the process of adapting the Alliance to the new security environment after 11 September 2001 and confirmed that NATO is able to confront the challenge presented by the new security threats.

From the Czech Republic's point of view, the summit can be described as a success. Both the Alliance's future strategic direction and the security questions that the Czech Republic regards as priorities were discussed and decided in line with the Czech Republic's long-term positions.

NATO operations and missions

Afghanistan, ISAF

The ISAF operation in Afghanistan continues to be the Alliance's biggest and most significant operation. Its primary objectives are to ensure peace and stability in its areas of operation and to assist in building the Afghan security sector and expanding the authority of the central Afghan government in the regions. ISAF also represents an Alliance contribution to the fight against international terrorism.

Having expanded ISAF into the south and east of the country in 2006, the Alliance completed its assumption of responsibility for the entire territory of Afghanistan. The total number of NATO troops rose from 20,000 to 32,000, and the number of Provincial Reconstruction Teams (PRTs), the main instrument for implementing ISAF's mandates under the NATO banner, rose to 25.

The Czech Republic was active in several localities in Afghanistan during 2006: in a German-led PRT in Faizabad in the northern province of Badakhshan (protection and escorts platoon with light equipment) and at Kabul International Airport (KAIA). At KAIA, the Czech Republic took over the role of lead nation for air traffic control for the period from 1 December 2006 to 31 March 2007. Based on the positive experiences from deployment in Afghanistan in 2004, a special forces contingent numbering up to 120 servicemen from the 601st Special Forces group also served in the anti-terrorism Operation Enduring Freedom (not a NATO operation) in Afghanistan in 2006.

In autumn 2006, a further increase in forces and resources of the Army of the Czech Republic in Afghanistan to as many as 225 personnel was approved by the Czech government and Parliament for 2007. In line with NATO's request for as yet unfilled ISAF forces capacities to be met, the sending of a light chemical reconnaissance unit to operate throughout ISAF's operational areas is also being considered. The activity of Czech units in Afghanistan is not restricted by any national caveats.

The Czech Republic supports broader NATO involvement in dealing with so-called soft security threats and greater involvement in the civilian area – particularly for PRT related tasks. For the future, the Czech Republic is considering further stepping up its engagement in Afghanistan, including the possibility of taking over the role of lead nation in one of the Provincial Reconstruction Teams.

The London Conference in January had a fundamental significance for the development of the situation in Afghanistan, approving the “Afghanistan Compact”, a programme of political and security steps for the next several years. Based on the conclusions of the London Conference and at the request of the Afghan president, the Alliance agreed to create the Afghan Cooperation Programme, offering the Afghan government assistance and support in the following areas:

- development of transparent, effective and democratically controlled defence institutions;
- creation of the conceptual foundation of security and defence (security strategy);
- development of effective defence planning and budgeting processes under democratic control;
- stockpiling and safe destruction of surplus stocks small arms and light weapons, munitions, anti-personnel landmines and MANPADS (Man-Portable Air Defence Systems) (here the option of establishing Trust Funds was agreed on);
- facilitating contacts, cooperation and exchange of experience to support monitoring and implementation of arms control agreements and treaties and accession to multilateral treaties on export control regimes applicable to military equipment and dual-use technologies – the Alliance offers this cooperation through the national institutions of individual Allies;
- assistance in training and creating units assigned to control borders;
- developing cooperation in the area of civil emergency planning (CEP);
- language training;
- support for counter-narcotic efforts (in conformity with the approved Operational Plan (OPLAN));
- development of cooperation in efforts to combat human trafficking in line with the agreed Alliance policy;
- development of effective civil/military coordination of air traffic management;
- public diplomacy regarding security and defence questions;

- maintenance and development of the Virtual Silk Highway (a NATO project for internet connectivity between universities and research centres in Central Asia) in Afghanistan.

Kosovo, KFOR

The KFOR multinational forces operation in Kosovo (Joint Enterprise) is NATO's second biggest operation after ISAF. The primary objective of the 16,500 KFOR personnel is to ensure security for all inhabitants of the province, whose final status was the subject of discussions running practically throughout 2006. The transformation of KFOR from a multinational brigades structure to a multinational task-force structure was completed in May 2006. This restructuring was designed to strengthen KFOR's most essential capabilities (flexibility, mobility and intelligence) while preserving the number of tactical units. NATO expects to maintain a robust KFOR presence in Kosovo at least for the initial phase of implementation of its new status. KFOR units should remain here at least until the right conditions are in place for a change of its role, which could be either a radical improvement of the security situation or if another entity is capable of doing a better job than KFOR.

With roughly 500 servicemen of the Army of the Czech Republic in KFOR, this represents the Czech Republic's biggest military contingent abroad to date. The Czech Republic commanded the Multinational Task Force – Centre until 31 July 2006. Sweden took over command in August. This was the culmination of the Czech Republic's activities in KFOR to date and was in fact a test of the entire Army of the Czech Republic, which thus demonstrated its ability to participate in command and control of a NATO-led multinational operation. Additionally, the Czech army was strongly represented in the KFOR command. The mandate of the Army of the Czech Republic for the entire operational area of the Western Balkans has been increased from 660 to 730 personnel for 2007.

Iraq

The international community takes part in the stabilisation and democratisation of Iraq on the basis of a UN Security Council decision. The Multinational Forces (MNF-I) coalition has operated in Iraq since March 2003, when operation Iraqi Freedom started (it ended in May 2003). At present, the principal tasks of MNF-I are to stabilise the security situation and

renew the country's security sector and basic administrative functions. Furthermore, a decision was adopted at the Istanbul summit (2004) to create a NATO Training Mission in Iraq (NTM-I), which concentrates on the training of Iraqi armed forces' command structures.

A resolution of Parliament of the Czech Republic from autumn 2005 defined the strength of the Czech army's deployment of forces and resources in the context of multinational measures in Iraq in 2006 at up to 100 personnel. The Czech army's contingent consists of Military Police, a representation in the command of the British Multinational Division – Southeast, a national support component and five Czech army officers who worked as instructors under NTM-I. The main part of the Czech army contingent was situated at the British Shaibah base.

Sudan

In connection with the decision to extend the AMIS mandate, several times during 2006 the Alliance extended its logistical support for the African Union's (AU) AMIS operation in the Darfur region of Sudan. In addition, a decision was made in April 2006 to provide assistance to the AU in building the capacities of the Joint Operations Centre, unit pre-deployment certification, and capacity-building for AMIS. NATO coordinates its support with the UN and EU to prevent duplications in the international community's efforts. Until 31 March 2006, the Alliance also took part in training African Union personnel in crisis management.

Although the Czech Republic does not contribute resources to the operation, it does support it politically.

Operation Active Endeavour

Operation Active Endeavour (OAE) in the Mediterranean was launched in 2001 as NATO's response to the terrorist attacks of 11 September 2001. It is the only NATO operation conducted under Article 5 of the Washington Treaty. In this operation, the Alliance's Mediterranean fleet has been tasked to monitor, board and search any shipping in the Straits of Gibraltar and the Mediterranean Sea that is suspected of collusion with terrorists – e.g. smuggling people, arms, dangerous cargo, money, etc. for terrorist organisations. The operation went ahead in 2006.

A number of non-NATO countries have expressed interest in providing capacities to support OAE in recent years. 2006 was thus a breakthrough year for the operation: for the first time, albeit briefly, it involved a non-NATO state, namely Russia, whose navy ship participated in the operation for a week in September. Participation modalities have already been agreed with Ukraine and Israel. Other countries that have an expressed interest are Morocco, Algeria, Sweden, Croatia, Albania, and Georgia.

Although the Czech Republic has not contributed resources to the operation, it does support it politically.

Pakistan

NATO's humanitarian operation in Pakistan to help eliminate the consequences of the earthquake in autumn 2005 was concluded and evaluated in 2006. The operation in Pakistan was in some sense historical for NATO, as it represented both the Alliance's first humanitarian operation and the first operational deployment of the NRF.

The Czech Republic sent a medical team to the operation, which served as part of the field hospital set up by the Netherlands.

NATO partner formats

Partnership for Peace

The biggest breakthrough in 2006 concerned three Western Balkans countries: Serbia, Bosnia and Herzegovina, and Montenegro (which declared independence from Belgrade in May 2006 and immediately took steps towards Euro-Atlantic structures). Throughout the summer of 2006, the Allies discussed NATO's new comprehensive strategy towards the Western Balkans; their efforts culminated at NATO's Riga summit in November, which extended a long-deliberated invitation to all three countries to join the EAPC/PfP. The Czech Republic was one of the strongest advocates in NATO of a "regional approach" to the Western Balkans, under which all three countries should be admitted to the PfP as a "package". It therefore welcomed the results of the Riga summit.

On the other hand, the International Criminal Tribunal for the Former Yugoslavia in the The Hague (ICTY), dissatisfied with the cooperation it has received from Serbia and

Bosnia in particular, expressed disappointment over this move by the Alliance. NATO, however, justified its decision mainly as an expression of support to democratic forces in Serbia, which are going through a difficult period as a result of the expected developments in Kosovo. This is a situation that substantially strengthens the position of Serb radicals. Even after admission to the PfP, however, pressure has been exerted on both Serbia and Bosnia and Herzegovina to cooperate fully with the ICTY and to apprehend the former Bosnian Serb leader Radovan Karadžić and Bosnian Serb General Ratko Mladić. The only one of the three countries cooperating fully with the ICTY is Montenegro.

In February 2006, the North Atlantic Council also decided to strengthen cooperation by establishing two new NATO entities to deal with Belgrade: the Military Liaison Office (MLO) and the Defence Reform Group (DRG).

Transformation of the Partnership

In the 1990s, the Partnership for Peace (PfP) and its political dimension, the Euro-Atlantic Partnership Council (EAPC), were a major contribution to the building of stability in the Euro-Atlantic area.

The transformation of the EAPC/PfP, initiated at the 2002 Prague Summit, continued in 2006. The aim of this transformation is to ensure that the partnership is oriented more towards specific problems and that a more individual approach is taken towards the Partners. The Riga summit opened a new chapter in the development of NATO's partner formats, even though the impact of its conclusions will probably not surpass the conclusions from Prague and Istanbul. The reform approved in Riga focuses mainly on contributors' engagement in operations and is another step on the road towards practical, flexible and open cooperation, whose principal motive and goal will be the defence of shared values without strict geographical delimitation.

In practice, this will involve the development of existing formats (EAPC, MeD, ICI) and instruments (PfP), the strengthening of political dialogue and, first and foremost, the strengthening or establishment of cooperation (including the opening of certain PfP tools) with Contact Countries that share the Alliance's values and are willing and able to participate in operations and other NATO activities ("global partners" such as Australia, New Zealand, South Korea, etc., and also neutral European countries).

NATO enlargement

NATO enlargement is a strategic political question with a long-term impact on member countries' ability to defend Allied territory as well as on the Alliance's global security and political role. The Riga summit in November confirmed NATO's "open door" policy and also the fact that new invitations are very likely to be extended in 2008. However, the Alliance repeatedly stressed that it will be able to accept new members as soon as they are ready, but candidates will be assessed individually and on the merit of the results they have achieved. Nevertheless, the Allies generally welcome candidates' activity and will use it to support democratic and security reforms and strengthen security cooperation.

In 2006, the Czech Republic continued to engage in intensive cooperation and shared its experience of accession to NATO and its work within the organisation with countries seeking membership, primarily with candidates from South and East Europe. Five countries are currently seeking to join NATO. In the Western Balkans, three countries associated under the Adriatic Charter – Albania, Croatia, and Macedonia – are making preparations in the context of the Membership Action Plan (MAP). Last year's round of MAP assessments confirmed that, as expected, Croatia is the best-prepared of these three aspirants to join NATO. Zagreb has satisfied the condition of full cooperation with the ICTY; but the low level of support among the Croatian public for joining the Alliance remains a problem. Croatia has taken part in foreign military missions led by NATO, the EU and UN. Croatia's most significant participation in NATO operations is in ISAF in Afghanistan, where Croatian army personnel, along with their Czech colleagues and other nationals, serve in the German-led Provincial Reconstruction Team in Faizabad.

Euro-Atlantic integration also remains a high priority for the Former Yugoslav Republic of Macedonia. There continues to be a high level of public support in the country for joining the Alliance, but problems persist in the areas of the justice system, the law on the police and the election law; economic reforms and security sector reforms are also proceeding slowly.

The Alliance has confirmed its support for Albania's membership of NATO and appreciates its participation in NATO operations. By NATO's assessment, however, Tirana lags behind the other candidates in the MAP, especially as regards the implementation of a number of adopted reform measures. The biggest problems are the persisting corruption, organised crime, and smuggling of goods and people. Albania is involved in NATO

operations in Afghanistan, Bosnia and Herzegovina, and Iraq. It also participates in the EU's ALTHEA operation in Bosnia.

The two other countries aspiring to join NATO are Georgia and Ukraine. Interest in joining NATO grew mainly after the political changes that occurred in 2003 and 2004 respectively. Yet while 2005 marked a new level of NATO-Ukraine relations, 2006 showed that Ukraine's possible NATO membership or its inclusion in the MAP is a matter for the more distant future, considering the foreign policy direction taken by the new Ukrainian government, the differing views of the government and the president, and the continuing constitutional reforms.

Ukraine has an undisputable geo-strategic significance for the Alliance, partly from the point of view of energy security. It is in the interest of the Allies (including the Czech Republic), to anchor this country in Euro-Atlantic structures and thus help curb tendencies that might give the upper hand to pro-Russian forces. Although the current developments in Ukraine mean a slowdown in integration, they will probably not cause a fundamental turnaround.

Georgia is a NATO Partner both in the PfP and its political dimension the EAPC. The countries of South Caucasus and Central Asia are areas of strategic interest for the Alliance, partly in the context of the fight against terrorism. NATO offered countries in both regions enhanced cooperation. The activities of the current Georgian leadership have been a positive signal. Georgia was the first partner country to approve and present its Individual Partnership Action Plan (IPAP) and has declared its interest in joining the MAP. For the time being, the Allies commenced "intensified dialogue" with Georgia in September 2006, similarly as in the case of Ukraine.

Generally, the Czech Republic has supported and still supports the Alliance debate on NATO's geographical and functional scope for the coming years. From the Czech Republic's point of view, NATO enlargement is directly linked to the Alliance's principal function, which is joint defence pursuant to Article 5 of the Washington Treaty. The Czech Republic wants Article 5 to remain at the heart of the Alliance. The next round of enlargement should therefore be preceded by a strategic discussion on NATO enlargement. This discussion should not have any time constraints and should not take place under pressure from candidates and or according to the timetable for NATO summits.

NATO-Russia Council (NRC)

In the first half of the year, the NRC focused on updating its activities so far and looking for new cooperation possibilities and priorities. A document on updated priorities was approved by foreign affairs ministers at their April meeting in Sofia.

The principal themes of NRC practical cooperation continue to be the fight against terrorism, the interoperability of military forces, and joint training exercises. The fight against terrorism was one of the driving forces behind the establishment of the NRC and is potentially an area of mutually beneficial cooperation. Greater development of activities on a practical level is hindered by the fact that Russia has not yet ratified the PfP SOFA (Agreement among the States Parties to the North Atlantic Treaty and the other States Participating in the Partnership for Peace regarding the Status of their Forces – signed in April 2005).

The Czech Republic supports NATO in its efforts to conduct practical and mutually advantageous cooperation with Russia and, in particular, to continue active cooperation in the fight against terrorism, in defence reforms, in conducting joint peace and humanitarian operations, and in coordinating civil emergency planning. At the same time, however, the Czech Republic stresses the need to respect the independence of NATO's decision-making processes and its security interests.

Miscellaneous

Extension of the NATO Secretary General's term of office

At the end of 2006, states discussed the possible extension of the mandate of the present NATO Secretary General Jaap de Hoop Scheffer until spring 2009, i.e. for roughly an extra year and a half. This decision was driven by the intention that the present secretary general should steer the Alliance through the anticipated summit marking NATO's 60th anniversary. A final decision to extend the mandate was then adopted on 10 January 2007.

NRF exercises in Cape Verde

A NATO Response Force certification exercise took place in Cape Verde in June 2006. Although a military exercise, it was also significant politically, both because it allowed the Alliance to establish a closer relationship with another country – Cape Verde – and

because the exercise's success was a necessary condition for declaring the NRF fully operational.

The Czech Republic participated in the exercise through its contribution to the seventh rotation of the NRF.

Defence Group on Proliferation (DGP)

In June 2006, the Czech Republic became a co-chair country (the USA is the other) of the DGP for a one-year term. The programme of its chairmanship is relatively ambitious, focusing mainly on strengthening external cooperation (in particular NATO-Ukraine and NATO-EU relations) in the field of protection against WMD. The Czech Republic's representation in this group comes under the authority of the Ministry of Defence.

NATO-EU relations

Regrettably, the stalemate in NATO-EU relations continued in 2006. The two organisations only managed to conduct official joint talks on a few occasions about the operation in Bosnia and once, informally, about the situation in Darfur. The Czech Republic supports much closer and more diverse cooperation between the two organisations, but any breakthrough in the current situation is outside the purview of Czech foreign policy. The only path now consists of informal political dialogue, practical cooperation, contacts between governments, and the pressure of external circumstances on the need to cooperate (primarily Kosovo, but also Darfur and Afghanistan).

"Letter of Intent" to purchase C-17 aircraft

As part of the development of the Alliance's military capabilities, an American initiative was launched in 2006 to improve strategic airlift capability, consisting in the joint purchase of Boeing C-17 aircraft. On behalf of the Czech Republic, the Letter of Intent regarding the American initiative was signed by the Czech ambassador to NATO on 31 August 2006.

APAG

In February 2006, the Czech Republic indicated its interest in organising a meeting of the Atlantic Policy Advisory Group (APAG) in September 2007. This NATO advisory body,

chaired by the Assistant Secretary General for Political Affairs, meets every year at the level of deputy permanent representatives and heads of security or analytical divisions of member countries' foreign ministries. The Czech Republic is one of the few member countries not to have hosted this event yet.

The APAG meeting will take place in Český Krumlov in September 2007.

Energy security

Largely in response to the crisis in Russian supplies of gas and oil to Ukraine at the turn of 2005 and 2006, NATO started to discuss a new issue in 2006 – energy security. Despite some initial problems, this theme became relatively pronounced during the year, with a number of sessions and seminars organised, not just for NATO member countries but for Russia as well in the NRC format.

The Czech Republic considers this issue important for the future and regards energy security as an important element of international security in the broader sense. It is convinced that the Alliance creates an added value in this respect.

NATO Contact Point Embassies

Another two-year cycle of NATO Contact Point Embassies ended in 2006. During this period, the Embassy of the Czech Republic in Tel Aviv acted as a NATO Contact Point Embassy, and the Embassy of the Czech Republic in Belgrade was a candidate for this role in the subsequent cycle. Here, the Czech Republic's most serious rival candidate was Italy, which was ultimately selected to run the Contact Point Embassy in Belgrade. The Czech Republic will thus continue to run the Contact Point Embassy in Tel Aviv in 2007 and 2008 and expects to apply for the Belgrade Contact Point Embassy for the subsequent 2009-2010 cycle.

Crisis management exercise

In 2006, as in almost every year, the Alliance organised crisis management exercise CMX 06. This time the exercise was confined to the NATO "26" format and tested the reaction to asymmetric threats leading to the invocation of Article 5 and the deployment of rapid response forces in the crisis area.

The satisfaction at the successful organisation of CMX 06 was, however, followed by disappointment that a way could not be found to organise the preparation of a joint NATO and EU exercise in 2007. Though planned for, this joint exercise will therefore not take place; a joint crisis management seminar in autumn 2007 could be a possible alternative.

New headquarters

Talks on the building of a new NATO headquarters went ahead in 2006. The new headquarters should start to operate in 2012. The ambitious plans are falling somewhat behind schedule, however, so the deadline may be postponed.

A decision was made in 2006 about the division of the new headquarters' usable space among individual national delegations, the Alliance's Secretariat and communal spaces; construction financing mechanisms were finalised; and a decision was made to draw up a study concerning the implementation of information and communication technologies in the main project of the new NATO headquarters.

3. The Czech Republic and Regional Cooperation

Visegrad cooperation

The Czech Republic regards the Visegrad Group as a key grouping developing the regional cooperation in Central Europe. It sees the Visegrad Group's role in developing concrete projects, most notably inter-ministerial cooperation and strengthening relations between the citizens of Visegrad countries, and in political cooperation wherever and whenever the Visegrad countries have the will to agree on common positions. Visegrad cooperation respects the entitlement to protect and promote individual interests and does not preclude independent foreign policy activities. The honouring of this principle of voluntariness is one reason that Visegrad cooperation is considered a modern and very useful instrument of the Czech Republic's foreign policy. V4 cooperation can do more than simply help strengthen mutual cooperation within the Central European region: it can also help formulate and defend regional interests in the context of the enlarged European Union.

The Visegrad Group (V4) experienced one of its most intensive periods of cooperation in 2006, characterised by the principles of voluntariness, responsibility and solidarity. Since its inception, the Visegrad Group format has become a natural component of regional policy

in Central Europe; following the Visegrad Group countries' accession to the European Union, EU issues have also become a standard part of consultations in the V4 format. The Visegrad Group achieved consensus on several significant questions of EU policy, such as the preparation of the Financial Perspective (2007-2013), free movement of labour, and the services directive; its activities, e.g. as regards the enlargement of the Schengen area, contributed to the process of putting all EU countries on the same footing. The unique regional and historical experiences that V4 countries can bring to the formulation and implementation of the EU's policy on the Visegrad Group's non-EU neighbours also provide large room for cooperation.

The goals set by the Hungarian presidency of V4 (2005/2006) included following up the activities of the Polish presidency and, in particular, developing the civil dimension of Visegrad cooperation; conducting regular consultations of V4 countries on their positions on EU affairs; continuing to expand cooperation in V4+ formats in line with the EU's European Neighbourhood Policy and with the emphasis on countries undergoing political and social transformation; and strengthening inter-ministerial cooperation within the V4. V4 prime ministers and ministers – especially foreign affairs ministers – met regularly, with additional meetings occurring outside the specified framework. Several meetings of prime ministers helped create consensus among Visegrad Group countries on how to proceed in negotiating the EU's new financial perspective and on opinions concerning further development in the Union. An official summit of presidents of V4 countries took place in the Czech Republic on 15-16 September 2006. The official summit of prime ministers in Visegrad, Hungary, in October 2006, celebrated the 15th anniversary of the formation of the Visegrad Group. A book about the Visegrad Group and a new V4 web site (www.visegradgroup.eu) were presented to mark the anniversary. The summit also marked the official start of the Slovak Republic's presidency of V4.

The priorities of the Slovak V4 presidency (2006/2007) include firmly establishing V4 as a dynamic regional forum within the EU; continuing to strengthen the coordination and consultation mechanism of Visegrad cooperation in order to find common positions and opinions on issues of common interest; and, last but not least, helping, through the International Visegrad Fund (IVF), to raise public awareness about V4. Among other things, two ministerial meetings of foreign ministers from V4 countries and Baltic States – the Coalition for Visa Equality – took place during the Slovak presidency.

In the foreign policy dimension, in 2006 the Visegrad Group focused mainly on supporting the democratisation process in Belarus; continuing with Visegrad-Benelux cooperation, particularly in inter-ministerial contacts; re-establishing contact with the Nordic Council; and specifying cooperation with Japan, which should focus principally on tourism, cultural and economic cooperation and political consultations on selected issues. Besides political cooperation, the IVF also provides scholarship and grant programmes for citizens of East European countries neighbouring V4.

In 2006, the IVF (www.visegradfund.org) continued to finance scholarship programmes and to support the civil dimension of Visegrad cooperation by financing the activities of – predominantly – non-governmental entities. A decision was made in 2006 to increase the Fund's budget to a total of EUR 5 million per annum, i.e. EUR 1.25 million for each V4 country. In 2006, some changes were also made to the programme of “Visegrad strategic projects”; the purpose of the strategic projects programme is to actively take part in the process of defining topics and areas for cooperation for the Fund to support. The strategic topics are defined on the basis of the V4 presidency's principal priorities and are designed to strengthen ties within V4 and support V4 countries' activities towards their eastern and southern neighbours as activities complementary to the European Neighbourhood Policy.

In addition to the launch of the V4 web site, the V4 information and communication policy project for 2006 included the establishment of the post of “V4 PR coordinator”, based with the IVF in Bratislava. The V4 PR coordinator manages the Visegrad Group's web site, handles communication with both the general and expert public and with the media, and works to enhance the V4's public relations work in general. The external information strategy project and high-quality internet presentation should help improve awareness of the V4's work in a way that meets the present demands of both the expert and general public, and the internal dimension of this policy should enhance the effectiveness of communication channels within the group of Visegrad countries. The drive to improve standards of mutual awareness should be targeted mainly at the broad public, both in V4 countries and beyond.

Meetings of representatives of Visegrad Group states in 2006:

- 19 January 2006 – meeting of defence ministers of V4 countries in Budapest;
- 27 January 2006 – meeting of labour ministers of V4 countries in Budapest;

- 3 February 2006 – summit of speakers of parliament of V4 countries in Prague;
- 8 March 2006 – meeting of foreign affairs ministers of V4 countries in Budapest;
- 23-25 March 2006 – International V4 Project Fair in Budapest;
- 24-25 April 2006 – meeting between V4 regional development ministers and their counterparts from Bulgaria and Romania;
- 4-5 May 2006 – meeting of environment ministers of V4 countries in Košice;
- 10-12 May 2006 – colloquium of library experts from V4 countries on the subject of “Libraries in the Knowledge Society” in Banská Bystrica;
- 30 May – 2 June 2006 – international border police conference initiated by V4 countries in Siófok, Hungary;
- 26-28 June 2006 – international conference “Deployment of Armed Forces in Peacekeeping Operations”, attended by armed forces experts from V4 countries;
- 3-4 September 2006 – meeting of culture ministers of V4 countries in Kraków;
- 5 September 2006 – meeting of foreign affairs ministers of V4 countries and Ukraine in Bratislava;
- 15-16 September 2006 – meeting of presidents of V4 countries at Lány;
- 29 September – 1 October 2006 – meeting of justice ministers of V4 countries in Mariánské Lázně;
- 10 October 2006 – meeting of prime ministers of V4 countries in Visegrád;
- 13 November 2006 – summit of speakers of parliament of V4 countries in Košice;
- 13 November 2006 – meeting of foreign affairs ministers of V4 countries and Baltic States (the Coalition for Visa Equality) in Brussels (ahead of GAERC);
- 10 December 2006 – meeting of foreign affairs ministers of V4 countries and Baltic States (the Coalition for Visa Equality) in Brussels (ahead of GAERC);
- 11 December 2006 – meeting of foreign affairs ministers of V4 countries + Romania and Bulgaria in Brussels (ahead of GAERC);
- 14 December 2006 – meeting of foreign affairs ministers of V4 and Benelux countries in Brussels (ahead of the European Council).

Central European Initiative (CEI)

Montenegro’s accession to the Central European Initiative on 1 August 2006 increased the number of member states to 18 (moreover, the CEI was one of the first international organisations Montenegro joined after it became independent). In any case, 2006 was

something of a milestone for the CEI in terms of achieving its original purpose, i.e. bringing its countries closer to the EU and preventing the creation of new dividing lines in Europe: following Bulgaria's and Romania's accession to the EU exactly half the members of the CEI are in the EU. Consequently, the CEI could not avoid a debate about its future direction, all the more because the CEI presidency was held last year by Albania, a CEI member "in special need" (formerly used term). The changes in the CEI's scope were reflected in a new "Plan of Action 2007-2009"; the major part of the past year was devoted to its formulation, both at the level of CEI working groups and by national coordinators and the executive secretariat. The Plan of Action is structured around three fundamental programmatic areas: economic, human and institutional development. Its final form was approved by the CEI Heads of Governments at their November meeting in Tirana, but the fundamental reform measures are yet to be implemented.

In 2006, the CEI registered a record number of project proposals for "cooperation activities": financial support requested five times exceeded the level of available resources, which necessitated the introduction of preliminary evaluation and selection of projects, a mechanism that had previously not been required. On the other hand, this also meant that financial support from CEI funds was channelled into the very best and, in terms of practical impacts, most beneficial cooperation projects. Over a 12-month period (from the summit of CEI prime ministers in Piešťany in November 2005), the CEI supported 94 projects of a total value of EUR 5.4 million, the CEI accounting for 26.7% of that amount, i.e. EUR 1.5 million. What is more, the CEI provided finances of over EUR 550,000 from its Trust Fund at the EBRD for technical cooperation projects (in this context the CEI national coordinators repeatedly addressed negative consequences of the imminent depletion of the CEI Trust Fund at the EBRD and possible ways to avert it; regrettably, however, no workable solution or alternative could be found in 2006). The CEI also took part in the implementation of seven EU-funded programmes worth a total of EUR 7.5 million, providing a contribution of EUR 700,000. All that confirms the CEI has not lost its' significance and viability in the current conditions of a highly competitive environment of multifarious international institutions in the European area. The CEI comparative advantage still remains its accent on bottom-up initiatives and flexibility of reaction to the changing needs of both the member countries and their mutual cooperation.

Substance-wise, the CEI attention in 2006 was focused primarily on the areas of transport, energy (with the emphasis on the use of renewable energy sources), agriculture, small and medium-sized enterprises, local development, tourism, cross-border cooperation, and human resources. It was here that the Czech Republic significantly enhanced its profile in 2006 with an international CEI conference entitled “Forum on Human Resource Development”, devoted specifically to the financing of further professional training. The organisation of this conference – which has been categorised as a CEI “feature event” since 2006 – represents the Czech Republic’s concrete contribution to the pursuit of the CEI original objectives: facilitating exchanges of experiences and know-how to spur economic growth (in the given case by strengthening the workforce employability and competitiveness on the changing labour market) and assist the integration efforts of the CEI member states, including bringing them closer to the EU. The conference was organised by the National Training Fund and held under the aegis of the Ministry of Foreign Affairs of the Czech Republic at Czernin Palace on 10 November 2006; it was attended by the Minister of Education, Youth and Sports M. Kopicová. The quality of both international and Czech speakers and the relevance of the chosen theme aroused a level of interest that exceeded the available capacities. The conference was preceded by a meeting of the CEI Working Group on Human Resources Development and Training, which the Czech Republic co-chairs.

As the CEI presidency country, Albania reflected its own priorities in the calendar of significant CEI events in 2006 that Albania itself organised. Besides traditional events, such as the Summit Economic Forum, the Youth Forum, and the regular institutional meetings of heads of governments, foreign ministers, parliamentarians and, of course, CEI national coordinators, Albania also hosted meetings of agriculture ministers, transport ministers, a Journalists’ Forum, and a Forum on Renewable Energy Sources. The renewable energy forum has established a new partnership between the CEI, the business community and non-governmental entities active in the given area and has now been classified as a CEI feature event. As Albania also held the presidency of the Adriatic-Ionian Initiative in 2006, it organised several parallel events enabling a comparison of the activities of both sub-regional formations. On the other hand, for logical reasons (Albania does not have the advantage of EU membership that the previous CEI presidency country, Slovakia, enjoyed), there was less dialogue between the CEI and the EU, or European Commission, on possible ways to institutionalise mutual relations; the Commission’s representative took part in the CEI key events, however.

Regional Partnership

Cooperation in the Regional Partnership format (Czech Republic, Hungary, Poland, Austria, Slovakia, and Slovenia) was launched in 2001 in order to jointly resolve questions of internal security, frontier, asylum and consular matters, and to develop cultural cooperation and create joint infrastructure projects.

In recent years, cooperation has consisted primarily in meetings of prime ministers and speakers of parliament, foreign affairs, interior, agriculture and environment ministers. One parallel of Regional Partnership cooperation is the Central European Cultural Platform, which is part of a Central European cooperation project initiated by Austria.

Fundamental cooperation between Regional Partnership countries has recently been extended to other issues of common interest, such as the further development of the Western Balkans, the EU, and energy security. In recent years, the area of cooperation displaying the best development and best concrete results has been internal security.

In the area of external cooperation, attention was focused mainly on the Western Balkans countries, where the experiences that most of the Regional Partnership's members have with this territory can help develop the southeastern dimension of the EU's external policy. Following up the conclusions adopted on Western Balkans issues at the 6th regional conference of the foreign affairs ministers of Regional Partnership countries, held in Budapest in October 2005, Regional Partnership countries continued to assist Western Balkans countries in their integration efforts in 2006. Every Regional Partnership member country became the coordinator of assistance in one of the predefined areas. The Czech Republic is the coordinator for cooperation in the transfer of experiences in matters concerning the application of internal market principles and is gradually implementing this task in cooperation with other institutions.

As in the Visegrad Group context, the Czech Republic is in favour of cooperation based on the common denominator of cooperating countries' interests and developing specific projects on the condition that all the participants are on an equal footing. The Czech Republic does not view the question of developing regional cooperation as necessitating a choice between one form of cooperation or another; more important is the effort to combine both forms of cooperation as effectively as possible.

Stability Pact for South East Europe

In 2006, the Czech Republic continued to actively support the work of the Stability Pact for South East Europe (SESP), which focused on supporting regional cooperation in southeast Europe and overcoming the negative consequences of the conflicts of the 1990s. The region made substantial progress towards stabilisation and in developing cooperation: one achievement brought about by SESP activities was the accession by Western Balkans countries to an enlarged Central European Free Trade Agreement (CEFTA). Additionally, the EU accession of two SESP beneficiary countries – Bulgaria and Romania – on 1 January 2007 brought them a step closer to donor status. Consequently, the SESP concentrated on transferring the management of individual initiatives to countries of the region, with a view to achieving “regional ownership”, and preparing the formation of a Regional Cooperation Council, which should take over the SESP’s tasks from 2008.

Czech diplomacy supported the SESP and the achievement of its objectives in many ways, at multilateral and bilateral level and also directly (by sending a Czech expert to the Office of the Special Coordinator of the SESP in Brussels – the expert is in charge of the questions of small arms and transformation of the armed forces and defence industry). The Czech Republic focused its efforts mainly on the transfer of experiences concerning the process of socio-economic transformation and preparations for joining the European Union and North Atlantic Alliance.

Within *Working Table I for democratisation and human rights*, the Czech Republic supported a Caritas Czech Republic project designed to help integrate Roma citizens into Serbian society, using training courses and solving problems with personal documents, and also a project to develop interreligious dialogue in Serbia.

The Czech Republic’s supported the parliamentary dimension of cooperation both by providing, through the OSCE, a financial contribution for the Legal Office of the Parliament of Serbia dealing with European legislation, and through its own project, initiated by the Parliamentary Institute of the Chamber of Deputies of Parliament, designed to train experts from the Parliament of Serbia on European integration issues.

Within *Working Table II for economic cooperation, renewal and development*, the Czech Republic concentrated, on the basis of a Regional Partnership initiative, on the transfer of experiences with preparations for EU accession, focusing on the issue of standardisation

and normalisation, holding an expert seminar and follow-up study stays for experts from Croatia, Bosnia and Herzegovina, Montenegro, Serbia, Macedonia/FYROM, and Albania, organised by the Czech Office for Standards, Metrology and Testing (ÚNMZ) in cooperation with the Ministry of Foreign Affairs. ÚNMZ also went ahead with a project of technical assistance to Albania targeting the food industry, which is designed both to raise standards and to strengthen Albania's export potential. The Czech Republic also supported a project to create a database for the Albanian Property Restitution and Compensation Agency; the project was initiated by the head of the OSCE office in Tirana, Czech ambassador P. Vacek. The purpose of the project was to help make property relations in Albania more transparent and to make Albania more attractive to foreign investors.

The Czech Republic's activities concentrated on the issue of stabilisation, with the emphasis on transformation of the security and military sector and supporting activities *within the Third Working Table for defence and security*. To this end, it contributed Czech experts to an EUPM project in Bosnia and Herzegovina to equip the local police with trained police dogs. In Bosnia and Herzegovina the interior ministry, in cooperation with the Embassy of the Czech Republic in Sarajevo, implemented a "Little Policeman" project to support the police through children's education. The Czech Republic continued to provide financial and expert support to the continuation of military and defence conversion in the Western Balkans, an area covered by the Zagreb-based Regional Arms Control Verification and Assistance Centre.

As part of the transfer of experiences in the field of preparation for NATO membership, the Czech Republic supported training for university teachers from Serbia and Bosnia and Herzegovina, organised by the Jagello 2000 society. In view of Serbia's security sector problems, the Ministry of Foreign Affairs supported the spring cycle of the security studies school, organised by the International and Security Affairs Centre in Belgrade, and a seminar devoted to the achievements and errors identified to date in the reform of the Serbian armed forces, organised by the Centre for Civil-Military Relations in Belgrade. The Ministry of Interior of the Czech Republic continued to implement a project to develop cooperation in the fight against organised crime in Serbia and Montenegro.

With a view to achieving stabilisation, the Czech Republic paid considerable attention to Kosovo, both sending a military contingent and supporting UNMIK and UNESCO projects. Specifically, the assistance went towards improving the water supply in Zvečan municipality, completing the construction of a sports centre for young people in Zubin Potok,

and renovating an Orthodox church destroyed during the period of interethnic conflict. In this context, the Czech Republic opened a liaison office to UNMIK in Priština.

The Czech Republic provided direct contributions of CZK 12 million to support SESP activities. It also supported it in international institutions and organisations, most notably the European Union, the North Atlantic Alliance, and the Organisation for Security and Cooperation in Europe.

4. The Czech Republic and other European international organisations and forums

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

The OSCE is an important part of the 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, if necessary, 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 accordingly. In the Czech Republic's view, 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.

In 2006, the Czech Republic was fully involved in cooperation and coordination with other EU member states within the OSCE framework, where EU members account for almost half the participating countries (now 27 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 questions and specific problems discussed by the OSCE.

In its political and military dimension, the OSCE constantly seeks to implement existing confidence and security building measures as contained in the 1999 Vienna Document, 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 it assumed in respect of Georgia and Moldova at the OSCE Review Conference in Istanbul in 1999.

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.

The OSCE Human Dimension Annual Implementation Meeting was held in Warsaw on 2-13 October 2006. The talks centred on the issue of respect for fundamental democratic freedoms. The issue of tolerance, in all its various aspects, was the central theme.

Election monitoring remained a key area of the OSCE's work in the human dimension. In 2006, the Office for Democratic Institutions and Human Rights (ODIHR) sent election observers primarily to countries in South Eastern Europe and CIS countries. The Czech Republic was actively involved in monitoring elections in OSCE participating states; a number of elections were monitored by members of the Czech delegation to the OSCE Parliamentary Assembly.

In 2006, the OSCE registered positive results in its field missions, particularly in southeastern 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 has 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 2006. The Czech Republic continued to actively send its experts to these missions. Ambassador P. Vacek remained in office as head of the OSCE presence in Albania.

Regrettably, 2006 brought no real progress in settling the Transnistrian conflict in Moldova. In the OSCE, the Czech Republic supported the strengthening of international involvement in resolving the Transnistrian 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 Russia's will to complete its military withdrawal from the country and to make the Transnistrian regime adopt a constructive attitude.

Similarly, in 2006 there were no fundamental developments in the OSCE-sponsored talks on Nagorno-Karabakh taking place in the Minsk Group format between Armenia and Azerbaijan. The Czech Republic again declared its readiness to host talks between the personal envoys of the two countries' presidents in Prague.

The annual OSCE Economic Forum is probably the most important joint event of the UN Economic Commission for Europe and the OSCE. 2006 was the first year in which the first part of the 14th OSCE EF was held in Vienna on 23 and 24 January and the second part in Prague on 22-24 May – Prague had previously hosted the entire event. The theme was a review of the situation and cooperation in the area of transport: “Transportation in the OSCE area: Secure transportation networks and transport development to enhance regional economic co-operation and stability”. Hosting the OSCE Economic Forum is the Czech Republic's concrete contribution to the efforts to strengthen the OSCE's economic and environmental dimension and find an appropriate balance between all three of the organisation's dimensions. Although the OSCE is not an economic organisation, its role in preventing security risks stemming from economic and environmental problems is indispensable.

Belgium held the OSCE chairmanship in 2006. The culmination of its chairmanship was the 14th session of the Council of Ministers in Brussels (4-5 December 2006). The Czech Republic's delegation was headed by Minister of Foreign Affairs A. Vondra. The meeting as a whole was dominated by debate on OSCE reform, frozen conflicts, and the Russian Federation's Istanbul commitments. There was also frequent criticism of the regimes in Belarus and Uzbekistan.

During the meeting, the Czech Republic drew attention to the Russian Federation's unfulfilled Istanbul commitments concerning the withdrawal of military munitions and units from Moldova, at the same time appreciating the progress achieved in the process of closing the Russian Federation's military bases in Georgia. In its address, it also drew attention to the link between the Russian Federation's fulfilment of its Istanbul commitments and ratification of the adapted Treaty on Conventional Armed Forces in Europe. The Czech Republic went on to speak about the ongoing OSCE reform, highlighting the need to preserve the autonomy of those institutions that deal with monitoring elections and compliance with the organisation's standards.

The talks on the Russian Federation's failure to fulfil its Istanbul commitments affected the meeting to such an extent that consensus on the traditionally adopted communiqué could not be attained. The Belgian chairmanship, like its Slovenian predecessor in 2005, therefore decided at the close of the session to submit a statement by the Chairman-in-Office summarising the course of the session. The repeated failure to adopt a communiqué reflects the persisting differences of opinion between CIS countries and the EU/USA.

Disagreements concerning a text on the Istanbul commitments and frozen conflicts prevented the adoption of certain regional declarations in which the Ministerial Council as a rule responds to situations in areas of heightened interest – that meant a repeat of the situation in 2005. In the end, only a statement on Nagorno-Karabakh, drawn up by the co-chair of the OSCE's Minsk Group after consultations with both countries involved, and a statement on the presence of the OSCE field mission in Kosovo were adopted.

A highly important report of the Office for Democratic Institutions and Human Rights (ODIHR) was incorporated into a comprehensive text on strengthening the effectiveness of the OSCE. The OSCE Permanent Council will discuss the implementation of the commitments mentioned in the report and will also discuss proposals for possible new commitments. A decision was taken to establish three committees corresponding to the three OSCE dimensions (known as “the decision on improvement of the consultative process”), but only for a trial period of one year. The decision on further strengthening the effectiveness of OSCE executive structures (i.e. the Secretariat, institutions and field missions) reflects the current state of affairs and provides that when selecting heads of field missions the names of the candidates will be publicly known beforehand.

In the effort to combat terrorism, decisions were adopted on organised crime, prevention of the criminal use of lost/stolen passports and other travel documents, prevention of use of the internet for terrorist purposes; and a declaration on criminal justice systems and a statement on supporting and promoting the international legal framework against terrorism were issued.

In the human dimension, decisions were adopted on combating intolerance and discrimination and promoting mutual respect and understanding, on combating sexual exploitation of children, and on combating human trafficking (with the emphasis on labour exploitation).

In the economic dimension, decisions on future transport dialogue and energy security dialogue were adopted, and a statement on migration was issued.

The Czech Republic continues to pay great attention to the work of the Prague office of the OSCE Secretariat. The Ministry of Foreign Affairs is currently offering renovated premises for the office free of charge and seconds the head of this institution. It is the interest of the Czech Republic 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 experts and the general public.

Council of Europe

Political agenda activities

In February 2006, the Minister of Affairs of the Czech Republic and the President of the Parliamentary Assembly of the Council of Europe (CoE) organised an international conference on Belarus in Prague. The aim of the conference was to support the Belarusian public and opposition in the run-up to the presidential elections. The conference organisers published a joint statement, in which, among other things, they call on CoE member states to support democratic forces and end the isolation of the people of Belarus by supporting their access to pluralistic media through broadcasts into Belarus, easing visa requirements for ordinary Belarusian citizens and supporting student exchanges with Belarus.

The 116th session of the Council of Europe's Committee of Ministers was held in Strasbourg on 18-19 May 2006. The head of the Czech delegation, Deputy Minister of Foreign Affairs P. Svoboda, gave an address on the theme of the Council of Europe's

relations with the EU, in which he focused mainly on cooperation in the human rights agenda and questions related to the nascent Human Rights Agency.

The ministers issued a communiqué, divided into priority themes based on the Action Plan of the Third Council of Europe Summit: consolidation of the system of human rights protection (reform of the supervisory system of the European Convention on Human Rights); establishment of a new framework of enhanced co-operation and political dialogue between the CoE and the EU in the form of a Memorandum of Understanding between the two organisations; support for measures to reinforce the CoE's action in favour of democracy and good governance; cooperation to create a new strategy to develop intercultural dialogue; and continuation of the reform of the organisation's work methods in the spirit of the mandate laid down by the Action Plan. A declaration was also adopted on measures to strengthen the execution of judgments of the European Court of Human Rights at national and European levels. Ministers also took note of the new Rules for the Committee of Ministers' supervision of execution of judgments and the terms of friendly settlements.

One practical implementation of the outputs of the Third Summit was the announcement of a CoE campaign to combat violence against women. The campaign was launched with a conference on this theme in Madrid in November 2006. As part of the campaign, eight national experts on preventing and combating violence against women were nominated; their task will be to assess progress at national level and develop instruments to achieve improvements in this area.

In December 2006, the Czech government nominated C. Svoboda as a member of the European Commission for Democracy through Law and E. Wagnerová as his alternate. The Commission is the Council of Europe's independent consultative body on constitutional matters; it assists member states of this organisation, particularly in creating or changing their constitution and election system.

At the end of the year, the CoE budget for 2007 was approved, consisting in a compromise between the long-term position advocated by the Committee of Ministers (zero real growth) and the Secretary General's requested increase. Although the approved budget does not respect zero real growth, room for savings was successfully found, especially in the area of administrative and staff costs, in cultural and social cohesion activities and also through a smaller increase in expenditure on the European Court of Human Rights than had

been originally proposed. The Czech Republic supported this budget; during budget negotiations it proceeds in line with the principle that financing should preferentially be channelled into activities that form the core of the CoE's mandate, i.e. human rights, democracy and the rule of law.

Monitoring and activities in bodies of the Council of Europe

On 10-12 January 2006, experts from the Office of the Commissioner for Human Rights visited the Czech Republic. The aim of the visit was to assess what progress the Czech Republic had made in implementing measures designed to improve the situation in the areas mentioned in the recommendations of the Commissioner's report from 2003. Following this visit, in March 2006, the Commissioner for Human Rights issued a report on the Czech Republic for 2003-2005, which focused primarily on the following areas: the situation of the Roma community; the allegations of forced sterilisation of Roma women; the situation of illegal migrants and asylum seekers; trafficking in human beings; the position of trade union organisations; and the role of the Public Defender of Rights.

In March 2006, the CoE Committee of Ministers adopted a resolution on implementation of the Framework Convention for the Protection of National Minorities in the Czech Republic. The report rated positively the revision of the Czech Republic's integration policy concept for the Roma and the adoption of measures necessary to supplement the legislation on the protection of national minorities, in particular the use of minority languages, as well as the fact that Czech legislation contains provisions on the participation of representatives of national minorities in decision-making at the central, local and regional levels. At the same time, the Czech Republic is invited to adopt an anti-discrimination law and ensure its rapid and effective implementation at local level and to step up efforts to combat racially motivated crime.

The European Committee for the Prevention of Torture undertook its third regular visit of the Czech Republic, which took place from 27 March to 7 April and from 21 to 24 June 2006. During the visit, the delegation visited police stations, prisons, psychiatric hospitals, and social care institutions. Based on the findings made, the CPT issued a report containing recommendations addressed to the appropriate bodies of the Czech Republic. On 6 December 2006, the Czech government issued resolution No. 1392 noting the report and tasking the relevant ministries to prepare information about the planned manner of implementation of the recommendations.

Treaty-related activities

The Czech Republic became a party to three CoE conventions in 2006:

- Protocol No. 14 to the Convention for the Protection of Human Rights and Fundamental Freedoms, amending the control system of the Convention;
- European Charter for Regional or Minority Languages;
- Second Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters.

The CoE and the fight against terrorism

Following a report on the alleged participation of certain countries in the unlawful detention of persons suspected of terrorism and their inter-state transfer with the involvement of agents of a foreign state, the Secretary General of the Council of Europe invoked the powers bestowed on him by Article 57 of the European Convention on Human Rights, requesting that its contracting parties inform him, by February 2006, about the way in which their legal system ensures effective implementation of the Convention in this area.

The Czech Republic was one of the few countries that provided all the required information in its answers to the Secretary General and did not have to be asked to furnish additional details. In its answer, the Czech Republic stated that no information had been found to prove that public officials or other persons acting in official capacity had, in the period since 1 January 2002, participated in the detention or transport of persons deprived of their freedom on Czech territory, including cases that might have resulted from the initiative of agents of foreign states, and provided an overview of the relevant legislation.

Based on the information gathered from all member countries, the Secretary General issued a report identifying the main areas where, in his opinion, further measures needed to be taken at national, European and international levels. He subsequently submitted to the Committee of Ministers proposals for further CoE action in this area.

Office for Democratic Institutions and Human Rights (ODIHR)

The debate on OSCE reform continued in 2006, with the Czech Republic opposing efforts by some countries to use the reform to reduce the OSCE's human dimension and

supporting the preservation of the autonomy of the ODIHR and its election monitoring activities.

The OSCE reform initiated by the ministerial meeting in Ljubljana in 2005 impacted on the ODIHR in 2006: the ODIHR was tasked to draw up a report on its work. Before it was submitted to the Ministerial Council in December 2006, the substance of the report, entitled “Common Responsibility: Commitments and Implementation”, was consulted with member countries. It is a comprehensive report divided into four parts: the implementation of existing commitments, possible supplementary commitments, ways of strengthening and furthering the ODIHR’s election-related activities, and improving the effectiveness of the ODIHR’s assistance to participating States. The report was approved as part of the negotiations on strengthening the effectiveness of the OSCE. One change that has been adopted is that in future the ODIHR will have to inform the Permanent Council about how election monitoring methodology is being improved.

The principal event in the human dimension in 2006 was the 11th implementation meeting (Warsaw, 2-13 October 2006), which reviewed the implementation of member states’ commitments in the following areas:

1) fundamental freedoms – freedom of the media, trafficking in human beings, implementation of the OSCE Action Plan to Combat Trafficking in Human Beings, tolerance and non-discrimination, equal opportunities for men and women, the situation of women in armed conflicts, migrant workers and their integration into society, refugees and displaced persons, the death penalty, the fight against torture, the fight against terrorism;

2) tolerance and non-discrimination – national minorities, Roma and Sinti, implementation of the Action Plan for Roma and Sinti, prevention of aggressive nationalism, chauvinism and ethnic cleansing;

3) fundamental freedoms – freedom of thought, conscience, religion or belief.

During the discussion, the Czech Republic was mentioned by the US delegation, which appreciated its approach to resolving the issue of involuntary sterilisation of women and invited it to proceed consistently in line with the recommendations of the Public Defender of Rights.

The ODIHR's election monitoring and monitoring methodologies were an anticipated theme in the area of human dimension activities, with special emphasis on OSCE institutions' project work and activities. During the discussion, a number of delegations, including the EU, appreciated the ODIHR's professionalism and expressed support for preservation of its autonomy, while certain countries demanded a comparative analysis of election laws in OSCE countries and criticised the ODIHR for a lack of transparency in its work.

Three supplementary implementation meetings were held in 2006, devoted to the following themes: protection of human rights and national human rights institutions (their role in the protection and safeguarding of human rights, assessment of a suitable legislative framework for their work and the influence of the state and non-state sphere on their status and work); freedom of the media (protection of journalists and their access to information); and strengthening democracy (improving legislation, the role of political parties and parliamentary factions).

In November 2006, an Implementation Meeting co-organised by the ODIHR was held in Vienna to address the deficit in data on hate crime. The discussion centred on the search for the best way to improve the current unsatisfactory state of affairs in the gathering and evaluation of such data.

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. Principally the CONUN working group (the EU working group for UN affairs), but also CODUN (EU working group on global disarmament), CONOP (EU working group on non-proliferation of weapons of mass destruction), COHOM (EU working group on human rights), CODEV (EU working group for development cooperation) and COTER (EU working group on terrorism), formulate the EU's positions on those UN-related matters in which the EU coordinates its positions and which the EU Presidency subsequently presents at UN forums. The Czech Republic acts independently in matters where there is no common EU position.

Principal UN bodies

60th session of the UN General Assembly

The 60th session of the United Nations General Assembly (GA), chaired by Swedish diplomat J. Eliasson, continued in the first half of 2006. One of the main topics of the spring part of the session was implementation of the commitments adopted in the Outcome Document of the UN summit in 2005. The effort to reform the UN concentrated more on the area of management, the elimination of duplicative and outdated mandates, making the organisation's working more efficient, and the work of newly created institutions – the Peacebuilding Commission (PBC) and the Human Rights Council (HRC).

61st session of the UN General Assembly

The main (autumn) part of the 61st session of the UN GA took place from 12 September to 22 December 2006 at UN Headquarters in New York, presided over by Bahrain's ambassador Haya Rashed Al Khalifa. During the autumn part of the session, there were 84 ordinary plenary sessions, at which 254 resolutions were adopted. In keeping with tradition, attention was paid primarily to questions of international peace and security, international economic and development cooperation, human rights and implementation of the conclusions of the Outcome Document from the UN's 2005 summit, particularly in the area of UN reform.

During the 61st UN GA, a High-level Dialogue on International Migration and Development took place on 14-15 September 2006; and there was a high-level meeting on implementation of the Programme of Action for the Least Developed Countries on 18-19 September 2006. There was also a meeting of NATO foreign affairs ministers on the sidelines of the session on 21 September 2006. The general debate ran from 19 to 27 September 2006; 191 countries gave addresses during the general debate, many of them at the level of heads of state or government. Minister of Foreign Affairs A. Vondra, who led the Czech delegation at the 61st UN GA, addressed the session on behalf of the Czech Republic on 27 September 2006.

The opening speeches were delivered by UN Secretary-General K. Annan and the president of the 61st UN GA. Both speeches contained calls for acceleration of the UN reform effort, eradication of poverty and improvement of the protection of human rights, for

cooperation in the fight against terrorism and prevention of armed conflicts, and for coordination of the renewal efforts in conflict-hit countries and regions.

Minister of Foreign Affairs A. Vondra's speech focused on security and the fight against terrorism, disarmament and non-proliferation of weapons of mass destruction, development cooperation, humanitarian aid and human rights. He welcomed the adoption of the Global Counter-Terrorism Strategy and expressed the hope that this Strategy would become an effective instrument to counter terrorist threats. He underlined the significance of development and humanitarian cooperation, adding that the Czech Republic's development assistance had increased by 16 percent in 2005, with humanitarian aid growing even more markedly. The Czech Republic was also one of the first countries that contributed to the newly established UN Democracy Fund.

As far as the UN reforms are concerned, Minister Vondra welcomed the dissolution of the Commission for Human Rights and its replacement by the Human Rights Council and expressed the hope that this body would effectively implement its mandate and contribute to the improved protection of human rights in countries such as Burma/Myanmar, Cuba, and Belarus. He also expressed his appreciation for the founding of the UN Peacebuilding Commission, whose primary task as a UN advisory body should be to coordinate international support for countries in post-conflict areas, and thus to prevent new conflicts. The Czech Republic is prepared to become an active member of this commission on 1 January 2007. To conclude his address, Mr Vondra mentioned the Czech Republic's candidacy for a non-permanent seat on the UN Security Council for the 2008-2009 term.

The following main (autumn) part of the 61st UN GA dealt with, among other things, further action to be taken in reforming the UN. In this regard, there is considerable expectation surrounding the newly elected UN Secretary-General, former foreign affairs minister of the Korean Republic Ban Ki-moon (who took office on 1 January 2007). Talks on the reform and enlargement of the UN Security Council made no headway. Here the Czech Republic supported the aspirations of Germany and Japan to gain a permanent seat under the model enlarging the Security Council by six permanent and four non-permanent seats.

Moreover, two UN funds supporting long-term sustainable assistance to countries in conflict and post-conflict situations and supporting countries seeking to adopt democratic forms of governance were launched during the 61st UN GA. Here the Czech Republic profiled

itself twice. It made a financial contribution to the UN Democracy Fund, through which governments, non-governmental organisations, and private entities finance almost 125 projects in Africa, Asia, and the Middle East, concentrating on activities like supporting political reforms and democratisation in society, and provided a voluntary financial contribution to the UN Peacebuilding Fund.

As a member of the European Union, the Czech Republic was actively involved in the preparation and course of the 61st UN GA. It associated itself with over 180 EU addresses given by the Finnish Presidency on individual agenda items at the level of the plenary and UN GA committees. Moreover, the Czech Republic gave three independent addresses to present its positions on areas of international security, the fight against terrorism, humanitarian and human rights issues, and, last but not least, on the enlargement of the UN Security Council.

UN Security Council

In 2006, the UN Security Council adopted 89 resolutions, issued 57 presidential statements and released 51 press statements. Besides extending the mandate of a number of peace operations and responding to events in the Middle East, its agenda also covered the imposition of sanctions against DPRK and Iran, the worsening security and humanitarian situation in Sudan and Somalia, developments in Afghanistan and the situation in Lebanon. One of the most sensitive political questions discussed by the Security Council in 2006 was the situation in Lebanon, primarily in connection with the investigation into the assassination of former prime minister R. Hariri, and the retaliatory military operations by the Israeli army against the Hezbollah movement, which was intensively involved in rocket attacks on the Israeli territory. An Israeli soldier was abducted during one of the attacks on military posts.

Thematic debates were a regular item on the Security Council's agenda in 2006; these represent one possible way for the Security Council Presidencies to reiterate their deeper interest in topics related to the causes of armed conflicts and their impacts on certain social groups such as women and children.

UN Economic and Social Council

The substantive session of the UN Economic and Social Council (ECOSOC) was held in Geneva on 3-28 July 2006. The substantive session was divided into the following

segments: high-level segment (HLS), coordination segment, operational activities segment, humanitarian affairs segment and general segment. The Czech delegation – the Czech Republic is an ECOSOC member for the 2006-2008 term – was led by Deputy Minister of Labour and Social Affairs Č. Sajda.

In line with the conclusions of the World Summit from September 2005 and the UN Development Agenda adopted there, the themes chosen for the HLS were related to creating the right conditions for productive employment and decent work for all. The speech given by the head of the Czech delegation at the plenary session described the social impacts of the transformation of the Czech economy and outlined how the labour legislation and social security system had reacted to these impacts. A ministerial declaration stressing the importance of decent work for all was adopted at the end of the high-level segment. In general terms, the declaration reaffirms all the International Labour Organisation (ILO) conventions concerning respect for fundamental principles and rights and calls on states to ratify and fully implement these conventions.

UN international conferences

World Summit on the Information Society (WSIS) / ITU

In 2006, the Czech Republic participated in WSIS follow-up activities, i.e. a process set in motion by the 2nd phase of the World Summit on the Information Society / WSIS II (Tunis, 16-18 November 2005) and guided by the Action Plan for 2005-2015. Most of the activities were handled by the Ministry of Informatics in cooperation with the Ministry of Foreign Affairs. The aim of the post-WSIS period is to ensure implementation of the conclusions of both phases of WSIS and continuation of the process supporting the creation of a global information society for all, focusing on people and their universal development. The Czech Republic took part in the Internet Governance Forum, whose first session was held in Athens in November 2006, and the Plenipotentiary Conference of the International Telecommunication Union (ITU) (Antalyia, 6-24 November 2006), where it was elected as a member of the Council of this organisation, which plays an important role in the implementation of WSIS outcomes. In 2006, the Czech Republic confirmed its earlier positive position on the vision of a global information society and its readiness to help resolve the “digital divide” issue by implementing another three projects designed to improve computer and internet literacy in Kenya.

Conference of Parties of the Stockholm Convention on Persistent Organic Pollutants (POPs)

The 2nd Conference of Parties of the Stockholm Convention on Persistent Organic Pollutants took place in Geneva on 1-5 May 2006. The Czech delegation was led by Deputy Minister of the Environment J. Dusík. The conference approved the continuation of the work of the Persistent Organic Pollutants Review Committee in its current format and composition. Representatives of the Czech delegation informed the meeting about the state of preparation of the National Implementation Plan in the Czech Republic.

Conference of the Parties to the Convention on Biological Diversity Serving as the Meeting of the Parties to the Cartagena Protocol on Biosafety

The 8th session of the Conference of the Parties to the Convention on Biological Diversity was held in Curitiba, Brazil, on 20-31 March 2006. The Czech delegation was led by Minister of the Environment L. Ambrozek. The core themes of the session were practical questions related to the transboundary movement of live genetically modified organisms (GMOs), the biodiversity of dry and sub-humid lands, the Global Taxonomy Initiative, and the issue of access to genetic resources.

Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer

The 18th meeting of the parties to the Montreal Protocol, which was held in Delhi from 30 October to 3 November 2006, adopted a decision specifying the final exemptions for use of methyl bromide by economically developed states. The Czech delegation was led by departmental director at the Ministry of the Environment J. Hlaváček. At the session, the Czech Republic was re-elected to the executive committee of the Multilateral Fund for Implementation of the Montreal Protocol for 2007.

Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (PIC)

The 3rd Conference of the Parties to the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (PIC) was held in Geneva on 9-13 September 2006.

The Czech delegation was led by deputy departmental director at the Ministry of the Environment K. Quasnitzová. Its central theme was the discussion on and subsequent approval of the inclusion of a further substance – industrial chemical chrysotile asbestos – in Annex III of the Convention.

Convention on the International Trade in Endangered Species (CITES)

The 54th meeting of the Standing Committee of the Convention on the International Trade in Endangered Species was held in Geneva on 2-6 October 2006. The meeting discussed the need to place the international trade in live animals under the control of all the countries in the world. The Czech Republic was represented by an official of the Ministry of the Environment.

Conference of Parties to the Frame Convention on Climate Change (UNFCCC) and Meeting of the Parties to the Kyoto Protocol (KP)

The 12th Conference of Parties to the Frame Convention on Climate Change and 2nd Meeting of the Parties to the Kyoto Protocol (KP), which entered into force on 16 February 2005 following its ratification by the Russian Federation, took place in Nairobi from 7 November to 17 November 2006. The Frame Convention and its follow-up Kyoto Protocol are two of the most important documents on climate change; they are the legal foundation for reducing emissions of greenhouse gases to a level not dangerous to Earth in terms of their interaction with the planet's climactic system. One of the central topics was therefore a discussion on further action to be taken in the process of reducing greenhouse gas emissions after 2012. The address given by the head of the Czech delegation, Minister of the Environment P. Kalaš, dealt with implementation of the Czech national commitment under the Kyoto Protocol. In the Czech Republic, the session's conclusions will be elaborated upon by the inter-ministerial commission on climate change.

Convention on the Transboundary Effects of Industrial Accidents

The 4th session of the Conference of the Parties to the Convention on the Transboundary Effects of Industrial Accidents was held in Rome on 15-17 November 2006. The Czech delegation was led by P. Fořt, departmental director at the Ministry of the Environment.

UN Specialised Agencies

UN Industrial Development Organisation (UNIDO)

UNIDO is a UN organisation specialising in assistance to developing and transforming countries in industry, environmental technologies, energy and agriculture. UNIDO helps these countries build up export capacities and a favourable investment climate and assists their integration into the world economy.

In 2006, the Czech Republic took part in sessions of the Industrial Development Board and Programme and Budget Committee and participated in activities in the context of the EU coordination mechanism. The Czech Republic's provided a voluntary contribution of CZK 2.5 million to the Industrial Development Fund (IDF). Czech institutions were involved in the implementation of cleaner production projects and a "Training Course on Technology Foresight for Practitioners" that was held in Prague. Jointly with Hungary, the Czech Republic also contributed to the "Regional Virtual Centre for Technology Foresight" project.

The Director-General of UNIDO K. Yumkella made a visit to the Czech Republic in November 2006, during which he held talks with senior officials at the Ministry of Foreign Affairs on further possibilities for cooperation between the Czech Republic and UNIDO.

United Nations Food and Agriculture Organisation (FAO)

In 2006, the Czech Republic retained its position as the biggest donor among new European Union members. The Czech Republic is currently represented in the FAO Committee on Constitutional and Legal Matters (2005-2007), co-chairing the Committee until the opening of the session of the FAO Committee on Agriculture (25-28 April 2007).

Among the most significant UN events in 2006 at which the Czech Republic was represented were the convening of the FAO Regional Conference for Europe (5-9 June 2006) and the 131st session of the FAO Council (20-25 November 2006). The Council's conclusions in particular confirmed the current trend of FAO reform intended to result in the organisation's mandate being strengthened in all aspects of its work, institutional structure and decision-making processes, including the FAO's position in the international system.

Voluntary contributions drawn from the development cooperation budget heading of the Ministry of Agriculture of the Czech Republic were again allocated via the joint trust fund; in 2006, a total of CZK 11.5 million was provided to cover the costs of FAO training

courses and seminars organised in the Czech Republic for experts from Eastern European countries, the short-term involvement of young Czech experts in FAO projects and the initiation of a new joint Czech Republic/FAO forestry project in Mali.

The number of Czech experts operating as specialists in the FAO head office remained unchanged in 2006; there are currently three working at FAO Rome.

World Health Organisation (WHO)

The 59th World Health Assembly was held in Geneva on 22-27 May 2006, attended by a Czech delegation led by M. Vít, Deputy Minister of Health and Chief Public Health Officer of the Czech Republic.

The meeting was overshadowed by the sudden death of Dr. Lee Jong-wook, Director-General of the WHO, on 22 May 2006. The most significant point of the programme was the decision on voluntary compliance with provisions of the revised International Health Regulations considered relevant to the risk posed by avian influenza and pandemic influenza.

At a special session on 9 November 2006, Margaret Chan from the People's Republic of China was elected Director-General of the World Health Organisation.

International Labour Organisation (ILO)

The 95th session of the International Labour Conference, the supreme ILO body, was held in Geneva from 31 May to 16 June 2006. In line with the regional rotation system, Deputy Minister of Labour and Social Affairs of the Czech Republic Č. Sajda was elected president of the conference. The principal themes of the session were the report of the Director-General of the International Labour Organisation on implementation of the ILO programme for 2004-2005, with an appendix on the situation of workers in the occupied Arab territories, the "Global Report on the ILO Declaration on Fundamental Principles and Rights at Work for 2006", focusing on child labour, and Director-General's report entitled "Changing Patterns in the World of Work".

Two new instruments were Convention No. 187 and Recommendation No. 197 concerning the Promotional Framework for Occupational Health and Safety Convention and the Labour Relations Recommendation. A separate session of the Committee for Implementation of ILO Conventions and Recommendations discussed Burma/Myanmar's

violation of Convention No. 29 concerning forced labour. The Committee on Safety and Health adopted, among other things, a controversial resolution on asbestos. The Czech Republic played an active role in the work of all committees and the plenary.

The Czech Republic also took part in both regular – spring and autumn – sessions of the Governing Body as a deputy member. The Czech Republic was actively involved in the work of the informal but prestigious Industrialised Market Economy Countries (IMEC) grouping, which debated all the issues under discussion.

World Meteorological Organisation (WMO)

The 58th session of the executive council of the World Meteorological Organisation (WMO) was held in Geneva from 19 June to 1 July 2006; Mr I. Obrusník, director of the Czech Hydrometeorological Institute, was elected to the Executive Council in 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 last congress was held in 2003). The cooperation of the Czech Republic with the WMO is ensured by the Czech Hydrometeorological Institute.

International Civil Aviation Organisation (ICAO)

In 2006, there was a change in the Council of the International Civil Aviation Organisation (ICAO): A. Kotaite (Lebanon) resigned as president of the organisation's key body, the Council, after a record 30 years in office. He was replaced in the post by R. K. González (Mexico). T. Chérif (Algeria) was re-elected as the ICAO general secretary, the head of the organisation's secretariat, in a vote in the Council. The implementation of organisational reform measures was launched in this context.

Civil aviation safety and security remained at the centre of attention of the Council and the entire ICAO in 2006. Audits of implementation of the relevant technical annexes of the Chicago Convention are a tried-and-tested instrument in this regard.

The Czech Republic is one country whose civil aviation has successfully passed through the ICAO's Universal Safety Oversight Audit Programme. Although the Czech Republic is not an elected member of the Council, its interests have been promoted there through the Rotating Group of Central European States (the Czech Republic, Hungary,

Romania, Slovenia, Slovakia) and its current representative, the Hungarian permanent representative. The role of similar special-purpose groupings within the ICAO is gaining in significance: in the absence of geographical quotas or official geographical groupings, the growing interest in civil aviation makes it increasingly difficult to succeed single-handedly in elections to the Council. On the one hand, involvement in the rotating group ensures a seat on the ICAO Council in regular cycles; on the other hand, it makes it possible to maintain continuity at a time when the country itself is not directly represented.

World Tourism Organisation (UNWTO)

The World Tourism Organisation carries out a wide range of activities in all areas of tourism, focusing mainly on strengthening international cooperation in the fields of marketing, development of new forms of tourism (ecotourism and agrotourism), promotion of the ecological and social sustainable development of tourism, and standardisation of tourism facilities and services. Considering the role tourism plays in the Czech economy, these are questions of great significance for the country. The Czech Republic makes use of analytical information and forecasts provided by the UNWTO in the formulation of the relevant policies.

In 2006, this organisation focused primarily on questions of tourism's significance for developing and the least-developed countries, support for sustainable development in tourism in these countries in the context of the Millennium Development Goals, and the issue of international solutions to situations in countries affected by crises, internal political conflicts or natural disasters. One key question that UNWTO addressed was the impact of rising energy prices on tourism. In 2006, the Czech Republic hosted a congress of the American Society of Travel Agents (ASTA).

International Maritime Organisation (IMO)

The Czech Republic's membership of the IMO remains an essential condition for the possible involvement of Czech entities in maritime shipping. Although no commercial tonnage is currently registered under the Czech flag (besides one container ship, only sporting and recreational craft are listed in the national register), several hundred Czech seafarers serve on ships sailing under foreign flags. The adoption of the Maritime Labour Convention (Geneva, 7 February 2006), which consolidates and updates the large body of relevant

instruments of the ILO, IMO and UN in this sphere, is a significant step towards strengthening the protection of seafarers' rights.

Progress was also made in the area of maritime shipping safety, with the adoption of the Long Range Identification and Tracking of Ships and a Global Maritime Distress and Safety System. The IMO assigned these tasks to two international entities: the International Mobile Services Organisation (IMSO) and Inmarsat Global Ltd. (the original INMARSAT had been established directly by decision of the IMO). The EU also attaches special importance to implementation of IMO standards: even its landlocked member states with no maritime fleet are required to have in place all the legislation stemming from IMO membership and the existing legal instruments related to maritime shipping. This principle is applied all the more emphatically given the difficulties that some countries face with ecological removal and recycling of wrecks and the associated negative impacts.

United Nations Educational, Scientific and Cultural Organisation (UNESCO)

The Czech Republic's seat on UNESCO's Executive Board has enabled it to exert significant influence on developments in the organisation. The Czech Republic is not just a board member (for the 2003-2007 term): in the current two-year period it holds the post of one of the Executive Board's vice-chairpersons. The 174th and 175th sessions of the Executive Board were held in 2006; in the debate on the organisation's planned medium-term strategy, the Czech delegation supported initiatives to increase the effectiveness of the UNESCO programme and focus it on priority tasks in each of the programme areas.

Based on a Czech initiative in UNESCO, World Audiovisual Heritage Day was for the first time commemorated worldwide on October 27. Its aim is to help raise international awareness of the need to safeguard this unique and simultaneously highly vulnerable form of cultural heritage. The 300th anniversary of the death of botanist J. J. Kamel, the 100th anniversary of the birth of J. Ježek and the 150th anniversary of the founding of the Secondary School of Glassmaking in Kamenický Šenov were added to the list of UNESCO cultural anniversaries for 2006-2007.

In 2006, the Czech Republic provided UNESCO with a voluntary financial contribution of CZK 4.8 million. The contribution was designed to support projects focusing on the restoration of cultural heritage in Iraq and Afghanistan, HIV/AIDS preventive

education in African countries, a tsunami warning system in the Mediterranean, and a school project as part of post-conflict renewal in Lebanon.

The Czech Commission for UNESCO assumed patronage of twenty events related to implementation of the approved UNESCO programme in the Czech Republic. Professor RNDr. Helena Illnerová, DrSc., became the Czech Commission's chairwoman at the end of 2006. The Czech Commission developed its cooperation with partner organisations and institutions in the Czech Republic and with other national commissions, mainly within the Central European countries group.

There were 48 Czech schools in the network of UNESCO affiliated schools in 2006. Their activities focused on human rights, environmental protection and international cooperation. A team from the Třeboň Grammar School came third in the international Mondialogo competition.

At present, the Czech Republic has a total of 12 heritage sites on the UNESCO World Heritage List. A decision on the inscription of the nominated "Renaissance houses at Slavonice" was postponed at the 30th session of the World Heritage Committee (Vilnius, 8-16 July 2006); UNESCO undertook an expert mission to the Czech Republic in September 2006 to assess the nomination of the "Paper Mill at Velké Losiny"

UN programmes, funds and other specialised bodies

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

The United Nations Development Programme (UNDP) is the principal UN body for coordinating development work. It has global reach and annually administers finances of USD 3.5 billion, making it the biggest provider of grant aid in the UN system.

The Czech Republic provides most of its finances to the UN development system through the UNDP. Thanks to a contribution made to the "trust fund", Czech experts on environmental matters and energy efficiency, economists, medical personnel (primarily in the area of the fight against HIV/AIDS), and specialists on small and medium-sized enterprise or waste and water management, may take part in UNDP projects and programmes in countries of Eastern Europe, the Balkans and the CIS.

Czech membership of the Joint Executive Board of the UNDP and UN Population Fund (UNFPA) expired on 31 December 2004; the Czech Republic therefore continued to attend sessions of the executive board as an observer. In 2006, the UNDP/UNFPA Joint Executive Board had, as usual, two regular sessions (20-27 January and 11-15 September), held in New York.

United Nations Conference on Trade and Development (UNCTAD)

In 2006, the Czech Republic played an active role in UNCTAD, serving as the coordinator of regional group D until the regular autumn session of the Trade and Development Board (TDB) in 2006. The year as a whole was dominated by the Mid-Term Review process, i.e. stocktaking in respect of the implementation of the conclusions of UNCTAD XI in Sao Paolo. Attention was also focused on the work of the Panel of Eminent Persons established by the Secretary-General of UNCTAD and the Panel's report.

There were three executive sessions and one regular session of the Trade and Development Board in 2006. The 53rd TDB session was held in Geneva from 27 September to 10 October 2006 and adopted conclusions concerning implementation of the programme of action for the least developed countries and economic development in Africa. Approval was also given to the organisation of a 40th executive session of the TDB devoted to the report of the Panel of Eminent Persons. Implementation of the Panel's recommendations is expected, in particular by developed countries, among them the Czech Republic, to make UNCTAD's work more effective.

Three special sessions of the TDB were devoted to the Mid-Term Review process (in May, June, and October). The June meeting adopted recommendations for the strengthening of UNCTAD's role in each of the three pillars, which are research and analysis, consensus-building and technical cooperation. The process culminated in high-level political dialogue. A number of ministerial-level representatives of both developing and developed countries delivered speeches on questions of globalisation for development, coherence for development among national development strategies and international economic processes or on UNCTAD's link to UN reform. After complicated and intensive negotiations, consensus was reached on the MTR conclusions, which should serve as the key guidance for UNCTAD's work up to the UNCTAD XII ministerial conference

The Panel of Eminent Persons was established by the UNCTAD Secretary-General in 2005 in order to examine ways to make UNCTAD's work more effective and enhance its development role and impact. The Panel's report was presented in June and became the subject of a number of informal discussions, in which the EU actively engaged. At the 40th executive session of the TDB devoted to this report, it was agreed that its recommendations merit careful consideration, so consultations on this question should continue in 2007.

The fight against organised crime and drugs in the United Nations

UN Commission for Narcotic Drugs (CND)

UN Office on Drugs and Crime (UNODC)

A CND session was held in Vienna on 13-17 March 2006; the Czech Republic attended as an observer, but still had the opportunity to influence events through the EU coordination mechanism. The CND dealt with traditional topics, such as reducing the demand for drugs and the supply of drugs and the issue of the illegal drugs trade. True to tradition, the CND appraised the implementation of commitments in respect of international anti-drugs conventions and the 2006 annual report of the International Narcotics Control Board. Considerable attention was paid to strengthening the concept of alternative development consisting in the eradication of illicit drugs crops and their replacement with other commercially viable crops. A thematic discussion dealt with HIV/AIDS and capacity building at community level.

In 2006, the Czech Republic again made a voluntary contribution of CZK 3 million to the UN Drug Control Programme (UNDCP) for an UNODC anti-drug project in Tajikistan designed to improve the protection of the Tajik-Afghan border. In addition, the Czech Republic contributed CZK 2 million to the General Purpose Fund to help cover gaps in the UNODC regular budget.

UN Commission for Crime Prevention and Criminal Justice (CCPCJ)

UN Office on Drugs and Crime (UNODC)

The CCPCJ, of which the Czech Republic was a member until the end of 2006, held a session on 24-28 April 2006. The substantive part of the session focused on evaluating the UNODC's work, financing and management, evaluating the 11th Congress on Crime

Prevention and Criminal Justice, implementation of the Vienna Declaration, and strengthening technical assistance and development cooperation in the area of the fight against corruption, organised crime and terrorism. The priorities of the UNODC (and CCPCJ) continue to be the ratification and implementation of legal instruments, implementation of the conclusions of the Bangkok Declaration, technical assistance and development cooperation, international cooperation in the area of crime prevention, and implementation of legal instruments related to the fight against terrorism.

Implementation of the project for developing capacities to combat trafficking in human beings, to which the Czech Republic contributed a sum of EUR 30,000 in 2004 (the other donor being Sweden, which contributed EUR 230,000), began in 2006. The project is expected to run for 18 months.

The second session of the Conference of the Parties to the Convention on Transnational Organised Crime was held in Vienna on 9-18 October 2006. The Czech Republic attended the session as an observer/signatory. Czech ratification of the Convention is at present hindered by the absence of legislation establishing the criminal liability of legal entities. The Convention against Corruption, which the Czech Republic signed in April 2005 but is yet to ratify, entered into force on 14 December 2005.

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

In June 2006, a Czech delegation led by Professor V. Kopal took part in the 49th session of the United Nations Committee on the Peaceful Uses of Outer Space (COPUOS). The Czech Republic was active at sessions of COPUOS's Science and Technology Subcommittee and Legal Subcommittee during the year. Czech representatives were also involved in the work of several "action teams", one of the most important being the action team on disaster management. One of this team's key recommendations is to set up a mechanism making use of the products of other international bodies and organisations active in the area of natural disaster prevention and integrate them into a single system with on-line access for involved states.

United Nations Volunteers Programme (UNV)

The Czech Republic demonstrated its support for volunteer activities in the UN system by financing the participation of nine Czech volunteers working in areas identified as the

Czech Republic's development priorities in Ukraine, Kosovo, Yemen, Angola, and Bosnia and Herzegovina, and seven more volunteers who took part in UN missions in Liberia, Congo, Western Sahara, and Sudan. Under a new programme for sending university students on one-year placements to developing countries, two Czech volunteers operated in Afghanistan and Mongolia.

United Nations Commission for Social Development (CSocD)

The 44th session of CSocD was held in New York on 8-17 February 2006. The Czech Republic was a Commission member at the time of the session. The high-level segment was attended by Deputy Minister of Labour and Social Affairs Č. Sajda. The key goal was to adopt conclusions that would categorically confirm the validity of the political declaration and the Copenhagen Action Plan as the framework for international social development efforts and as such could be appended to the Outcome Document from the September 2005 UN summit. The discussions on implementation of the Copenhagen conclusions were then logically linked to discussions on achievement of the Millennium Development Goals and the Sachs Report on existing obstacles to and other ways of achieving these goals.

United Nations Commission on Sustainable Development (CSD)

The 14th session of the CSD was held in New York on 1-12 May 2006; the session was devoted to reviewing implementation of sustainable development programme documents such as climate change, Agenda 21 and air and atmospheric pollution. The session was attended by a Czech inter-ministerial delegation led by Deputy Minister of the Environment J. Dusík and made up of representatives of the environment, agriculture, health and regional development ministries. Czech delegates presented statements at the Commission's plenary session and in panel discussions.

Commission on the Status of Women (CSW)

The Czech Republic attended the 50th session of the CSW from 27 February to 10 March 2006 as an observer. In view of the importance the EU placed on the session, the Czech delegation comprised both representatives of the Ministry of Foreign Affairs and two officials from the Ministry of Labour and Social Affairs. In this area the Czech Republic focuses primarily on gender statistics and budgeting, in which the Czech Republic is viewed as one of the pioneers in the EU.

UN Statistical Commission

In 2006, the UN Statistical Commission operated in line with the new work methods that stemmed from the internal reform process in 2004 and 2005 and from tasks set by superior bodies, in particular ECOSOC. Great efforts were devoted to cooperation with other ECOSOC functional commissions, primarily in examining the indicators for integrated and coordinated follow-up to the UN global summits and conferences in the light of statistical methodology. In this regard, the Commission repeatedly expressed doubts as to countries' ability to apply the Millennium Indicators without strengthening national statistics capacities, or without close coordination between national statistical authorities and international agencies. Last year there were over twenty expert and coordination technical groups working in the Commission, covering practically all areas of statistics. At its 37th session, the Commission dealt with 23 diverse substantive themes, ranging from traditional national accounts and social statistics to relative innovations such as environmental reporting and informal sector statistics.

Although the Czech Republic is not a member of the UN Statistical Commission during the current term of office, it does participate in its sessions through the Czech Statistical Office and, most importantly, is involved in statistical activities at international level, including the work of expert groups. At regional level, the Czech Republic is a fully-fledged member of the Conference of European Statisticians – a joint body of the UN Economic Commission for Europe, OECD and Eurostat – where it takes part in a whole series of activities in various areas of statistical work: the issue of population censuses, migration, metadata and dissemination of statistical data. All that helps ensure that Czech statistics are fully compatible with international standards.

UN Economic Commission for Europe (UNECE)

In 2006, the UNECE continued to exercise its mandate as a regional economic commission of the UN. From 21 to 23 February, the 61st 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 dozens of UNECE bodies and working groups. In 2006, the Czech Republic was also represented in UNECE steering body through Ambassador A. Slabý (until his mission ended).

The continuing effort to reform the UNECE and make its work more effective – a process launched in 2005 – culminated in the re-structuring of its management and working bodies in 2006. In 2006, there was significant UNECE activity in technical cooperation, with the traditional involvement of the Czech Republic.

Attention was also paid in 2006 to UNECE's cooperation with the Organisation for Security and Cooperation in Europe (OSCE). On the occasion of the 2nd part of the 14th OSCE Economic Forum in Prague, which was organised by the Czech Republic, the host country was visited by UNECE Executive Secretary M. Belka (22-23 May 2006), who held talks on certain questions of mutual cooperation.

Miscellaneous

In 2006, the Czech Republic continued to donate to the World Food Programme (WFP), which relies on voluntary contributions from donor countries, institutions, private enterprise, and individuals. The Czech Republic provided a total of CZK 5.5 million to the WFP in 2006, including CZK 3 million for humanitarian projects in Tanzania and CZK 2.5 million in the form of a voluntary contribution to the WFP's budget.

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), the UN Programme for Human Settlements (UN-HABITAT), and the International Research and Training Institute for the Advancement of Women (INSTRAW).

Meeting of Parties to the Agreement on the Conservation of Populations of European Bats

The 5th Session of the Meeting of Parties to the Agreement on the Conservation of Populations of European Bats – set up under the Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention) – was held in Ljubljana on 4-6 September 2006. The Czech delegation was led by head of unit at the Ministry of the Environment E. Vlasáková. The session approved the establishment of a Standing Committee of the Agreement to handle administrative and financial affairs.

Framework Convention on the Protection and Sustainable Development of the Carpathians

The 1st meeting of the Conference of the Parties to the Framework Convention on the Protection and Sustainable Development of the Carpathians was held in Kiev on 11-13 December 2006. The Czech delegation was led by Deputy Minister of the Environment J. Dusík. Czech representative J. Brožová was elected vice-president of the conference of the parties and a member of the bureau. The session defined its primary task for the immediate future as creating the right conditions for improving quality of life, the local economy and the protection of the natural resources of the Carpathians.

Convention on the Protection and Use of Transboundary Watercourses and International Lakes

The 4th session of the parties to the Convention on the Protection and Use of Transboundary Watercourses and International Lakes took place in Bonn on 20-22 November 2006. Approving the introduction of payments for ecosystem services became the priority agenda item. The Czech delegation was led by departmental director at the Ministry of the Environment F. Chodovský.

The Czech Republic and international organisations

The Czech Republic and the world economy

Organisation for Economic Cooperation and Development (OECD)

The Czech Republic's participation in the work of the OECD in 2006 encompassed a broad range of areas and themes and involved the majority of ministries and a number of other institutions as well. The Czech Republic attended the sessions of a number of conferences, committees and working bodies and took part in preparing documents and materials and resolving current questions stemming from the economic development of member countries and the world as a whole. The OECD paid considerable attention to issues of the constantly expanding cooperation with non-member countries and also to the debate on problems of enlargement and the financing of the organisation's further development. It also adopted some measures designed to increase the effectiveness of management and decision-

making processes, to assess the work of committees and working groups and to better identify priorities for the organisation's future work. The Czech Republic actively participated in these talks and defended its priorities.

The OECD Ministerial Council Meeting was held on 23-24 May 2006. The Czech delegation was led by Deputy Prime Minister for the Economy J. Havel and consisted of Deputy Minister of Finance T. Prouza and representatives of the foreign affairs, industry and trade, and finance ministries. The Ministerial Council Meeting paid attention to the economic situation in member countries, economic stability and improving economic performance, including identifying essential macroeconomic and structural measures in the interests of long-term sustainable development, and the implementation of economic reforms for growth and employment. Considerable attention was devoted to trade questions in connection with the World Trade Organisation's Hong Kong session and the Doha Development Agenda. The OECD also conducted official consultations with representatives of the Business and Industry Advisory Committee (BIAC) and Trade Union Advisory Committee (TUAC). After the session, Angel Gurría from Mexico took over the post of OECD secretary-general from D. Johnston.

The OECD Forum, a platform for discussions between representatives of member countries' governments and the broader expert public and representatives of civil society, ran concurrently with the Ministerial Council Meeting. It was devoted to questions of globalisation and its influence on the world economy, the dynamics of economic development, the importance of investment and education for growth and development, and the further development of the world trade system

A High-Level Joint Meeting of ministers of employment, labour and social affairs, co-organised by the OECD and the Canadian human resources and social development ministry, was held in Toronto on 15-16 June 2006. It addressed the question of boosting jobs and incomes in connection with the OECD Jobs Strategy. The Czech Republic was represented by Š. Duhán, director of the labour market department of the Ministry of Labour and Social Affairs.

A ministerial-level meeting of the OECD Education Committee was held in Athens on 27-28 June 2006, devoted to the question of the quality of higher education. Ministers agreed on reforms in the area of funding, access to education, evidence of learning outcomes, the

promotion of responsiveness and diversity, research and innovation, and migration and internationalisation. The Czech delegation was led by Government Commissioner for European Research I. Wilhelm.

A high-level conference on removing barriers to small and medium-sized enterprises' access to international markets was held in Athens on 6-8 November 2006. The conference was devoted to questions of the internationalisation of small and medium-sized enterprises and internal barriers to this process and how to overcome them. At the end of the conference an Athens Action Plan for removing barriers to SME access to international markets was adopted.

An assessment of the Country Background Report on thematic review of tertiary education in the Czech Republic took place in Prague on 19-28 March 2006; the findings were worked into a national study, including concrete recommendations for the further development of the tertiary education system in the Czech Republic. These questions were then discussed at a national conference.

On 6 April 2006, the OECD's Economic and Development Review Committee discussed the seventh Economic Survey of the Czech Republic. The Czech Republic's delegation at the meeting was led by Deputy Minister of Finance T. Prouza. This time, besides the traditional macroeconomic section, the Economic Survey also focused on long-term fiscal sustainability, education and innovation policy. Alongside the positive assessment of economic growth, it also points to areas of concern and challenges for the future, and contains recommendations for how the Czech Republic should proceed. Its primary message is that the challenges of fiscal sustainability need to be faced up to and there should be continued efforts to improve conditions on the labour market and to enhance the business environment.

Representatives of the OECD Working Group on Bribery in International Business Transactions undertook an on-site visit to Prague from 22 to 26 May 2006. The OECD team mapped the state of implementation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Based on its findings, the OECD drew up an assessment report that was discussed at the working group's session on 24-27 October 2006. The report contained recommendations for further action in the fight against

corruption – various bodies of state administration are implementing these recommendations. The process as a whole is coordinated by the Ministry of Justice.

From 30 June to 1 June 2006, a team of specialists from the International Energy Agency (IEA) scrutinised the Czech Republic's readiness to respond to oil emergencies. Representatives of a number of Czech institutions (Administration of the State Material Reserves, Ministry of Industry and Trade, Czech Statistical Office, Czech Association of Petroleum Industry and Trade, MERO ČR and ČEPRO) took part in the audit. On 16 November 2006, the Standing Group on Emergency Questions discussed the results of this audit and gave the Czech Republic an extremely positive rating. The Czech model for creating the government's emergency reserves was described as an inspiration for other countries. The IEA recommended that the Czech Republic address the possible impacts of the growing imports of refinery products on its readiness to respond to emergencies and also other questions of the development of domestic refinery capacities.

The 8th regular session of the National Contact Point (NCP) was held on 6 February 2006; the session recapitulated the events of 2005, with regard to both trade unions and employers, and declared that no new instances of breach of the OECD Guidelines for Multinational Enterprises had been brought to its attention. Subsequently, the director of the EU and international relations department J. Hendrichová attended the OECD NCP annual meeting on implementation of the Guidelines for Multinational Enterprises. A report on the work of the Czech NCP was presented during the meeting on 19-21 June 2006.

Some other events were held in the Czech Republic in cooperation with the OECD. These included a seminar of the Nuclear Science Committee of the Nuclear Energy Agency (NEA) held in Prague in June; a meeting of the Working Group on Energy End Use Technologies combined with an expert seminar that took place in Prague in October 2006; and a regional forum of the NEA-ICRP, devoted to the recommendations of the International Commission on Radiological Protection (ICRP), held in Prague in November 2006.

On 11 January 2006, in Paris, the Czech government and OECD secretariat held a workshop on the Economic Growth Strategy for the Czech Republic. The Czech delegation was led by Deputy Prime Minister J. Havel and consisted of deputy ministers of transport, education, informatics, labour and social affairs, and directors of departments from the

ministries of finance and industry and trade. Exchanges of opinions and experiences with experts from the secretariat and representatives of certain countries took place at the seminar.

Senator K. Schwarzenberg visited the OECD to attend a meeting of the Economics and Security Committee of the NATO Parliamentary Assembly with senior representatives of the OECD secretariat, which took place on 22 February 2006.

Internal coordination of the Czech Republic's work in the OECD was guaranteed by the Inter-ministerial Working Group for Cooperation with the OECD, which is composed of representatives of all central bodies of state administration involved in the OECD's work. The Ministry of Foreign Affairs has the overall coordinating role for the Czech Republic's membership of the OECD. During 2006, the working group concentrated on preparations for key OECD sessions and the ongoing assessment of the Czech Republic by the OECD, and on drawing up a report for the government on instruments adopted by the OECD in 2006 and their implementation in the Czech Republic.

In 2006, the Czech Republic provided voluntary contributions to OECD projects in line with its interests and OECD priorities. Most contributions were provided by the Ministry of Foreign Affairs. These were channelled into education, e-Government, tourism, cooperation with emerging development aid donors, etc. A major part of the projects funded out of voluntary contributions concern OECD cooperation with non-member countries, which is an effective tool for spreading the OECD's standards to other countries and regions. Other contributions provided by the Czech Republic were also channelled into this area. One such event was a seminar organised by the Office for the Protection of Competition under the Investment Compact. The seminar focused on questions of economic competition, the application of best practices, abuse of dominant position, etc. The Czech Republic also provided contributions to a project for in-depth evaluation of regulatory mechanisms in China, a project targeting harmful tax practices, and others.

World Trade Organisation (WTO)

In view of the European Community's exclusive competence in the area of (common) trade policy and the fact that the EU (as a customs union) is represented in the WTO by the European Commission, the Czech Republic promoted its interests in this organisation and in the entire area of trade policy in discussing and formulating EU common positions in

Committee 133 and other working bodies of the Council of the EU and European Commission, and in coordination meetings of the WTO's working bodies. The Czech Republic continued to profile itself as a liberal country with a considerable interest in accelerating the liberalisation of trade and finalising its multilateral rules, and was actively involved in the work of the said bodies.

Multilateral trade talks on the Doha Development Agenda had been expected to remain the most important area of the WTO's work. Contrary to expectations and the goals set at the 6th WTO Ministerial Conference in Hong Kong at the end of 2005, however, talks on the Doha Development Agenda (DDA) did not make any progress in defining and adopting modalities for trade liberalisation during the first half of 2006. In fact, in July 2006 it was declared that insurmountable differences between the main partners on key questions of market access and domestic aid in agriculture and non-agricultural market access (NAMA) had caused the negotiations to founder; the DDA talks were subsequently suspended. Most of the second half of 2006 was thus devoted to finding a way to achieve a full resumption of the talks. The only progress came at the end of 2006, when at least informal consultations on the main DDA themes were resumed.

The Czech Republic supported and still supports the call for these talks to be resumed as soon as possible and in Committee 133 it actively backed the European Commission's cooperative and flexible approach. In the WTO's general affairs, the Czech Republic was similarly active in the spirit of its positions advocating liberalisation and the strengthening of the rules governing the international trade system.

International Monetary Fund (IMF)

The Czech Republic's voting power in the IMF (0.39 %) is determined by its current membership quota. A membership quota reform process is currently taking place in the IMF, however, in response to the problem of member countries' changing relative positions and the growing pressure for more commensurate representation. The IMF Annual Meeting in Singapore adopted a resolution on quotas and voice; its conclusions should be implemented by autumn 2008. The Czech Republic is an "under-represented" country in terms of all considered variables except GDP.

At present, cooperation primarily takes the form of regular IMF missions to the Czech Republic, undertaken in accordance with Article IV of the IMF's Articles of Agreement,

resulting in recommendations for the government's economic policy. The last such mission took place from 13 to 21 November 2006 and focused on assessing developments in the fiscal and monetary area, financial sector developments and progress in structural changes. The preliminary report generated from this mission, called the Concluding Statement, was published on the Czech Ministry of Finance's web site. The complete report will be made available in the immediate future, once it has been discussed by the Executive Board.

The Czech Republic is one of a few countries that have been included in pilot studies using GFSM2001 methodology (Government Finance Statistics Manual 2001). This methodology is designed to improve the IMF's fiscal analysis.

World Bank Group (WBG)

One fundamental change in the Czech Republic's relationship with the WB that came about in 2005 was the Czech Republic's graduation from borrower status to join the group of developed countries, after the Czech Republic's economic development had fulfilled a number of criteria. As a graduated member country, the Czech Republic is no longer eligible to draw loans from the WB; on the contrary, it is expected to provide more aid to WB client countries, both financial and technical. After this step was discussed by the government on 30 March 2005, the graduation was officially confirmed on 12 April 2005. The graduation process then culminated with a ceremony in Prague on 27-28 February 2006, which was accompanied by an international conference entitled "Institutional Foundations for Sound Finance". The principal discussion topic was the stability of the financial system and experiences to date with implementation of the global programme loosely referred to as the International Financial Architecture.

The Czech Republic does not draw any loans from the WB, but for the last 2-3 years it has made 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 2006/2007 fiscal year comprised the following project:

- *Official Development Assistance (ODA)*

As the Czech Republic has committed itself to gradually increasing its development assistance, a pilot project was initiated with the WB to assess ODA effectiveness, evaluation and monitoring. The conclusions should be presented in February 2007.

One significant event, held in Prague on 28-30 March 2006 and co-organised by the Czech Ministry of Finance and the World Bank, was the “Knowledge Economy Forum”. The Forum’s main objective in 2006 was to instigate discussions on the revitalisation of national capacities to engage in innovation and technological absorption with a view to stimulating economic growth in these countries. The forum was attended by representatives of 27 countries.

Within the International Development Association (IDA), the Czech Republic has been involved in the HIPC initiative (debt relief for Heavily Indebted Poor Countries) since 2003 and in the MDRI initiative (Multilateral Debt Relief Initiative) since 1 July 2006. The IDA set the value of the Czech Republic’s total contributions to the MDRI at CZK 441.69 million. This contribution will be paid in instalments from 2007 to 2044.

The Czech Republic’s successful cooperation with the WB in the area of the environment also went ahead in 2006. The Czech Republic is a contributor to the Global Environment Facility (GEF); last year it contributed CZK 142.9 million towards the fourth replenishment of the Fund.

Another area of cooperation between the Czech Republic and the WB is participation of the Czech Republic in the programme of the WB and countries of Central and East Europe called *Decade of Roma Inclusion*. Within this programme, in 2006 the Czech Republic paid a contribution of EUR 20,000 into the fund established for this programme.

European Bank for Reconstruction and Development (EBRD)

In 2006, the EBRD’s work in the Czech Republic proceeded according to the EBRD Strategy for the Czech Republic for 2006-2007, which was approved in October 2005. It is highly selective, which is a reflection of the advanced stage of transformation in the Czech Republic and the graduation from a number of market segments, such as credits under governmental guarantee and corporate financing through credits.

In line with this strategy, on 17 May 2006 the Czech government issued resolution No. 571 approving a paper on the Czech Republic’s graduation from EBRD operations and instructing the finance minister to take the necessary steps in this regard. The Czech Republic presented this government position at the annual meeting of the EBRD Board of Governors in London in May. The announcement was very well received by EBRD member countries and

in the international media, as the Czech Republic was the first country to publicly express its intention in this way. In November, the Ministry of Finance started consultations with the EBRD on the procedure for the Czech Republic's graduation from EBRD operations, which is envisaged in October 2007. The graduation will take place in a way ensuring that no harm is done to the interests of clients, investors, the Czech Republic as an EBRD shareholder, or to the EBRD itself and its interests in the Czech Republic.

One upshot of the Czech Republic's graduation will be the Czech Republic's engagement in EBRD donor activities under the Western Balkans Fund. The Czech government decided to contribute a sum of EUR 500,000 to the fund, making it one of the founding countries. The Fund's mission is to support projects and develop institutions and legislation in Western Balkans countries. The reason for the Czech Republic's involvement was the fact that this area is one of the Czech Republic's political and economic priorities and finances placed in this fund are included in ODA.

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 over EUR 1 billion. Four projects were signed under the EU/EBRD Facility in 2006. Two regional projects were also signed.

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 38 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 (each member country has one representative in each of these two bodies) 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 by aiding refugees, immigrants and victims of natural or environmental 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 the restoration of historical monuments).

To date, the Czech Republic has not applied to the CEB for a loan to cover the needs of the state. The CEB has provided two private sector loans worth a total of EUR 40 million.

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 to 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 Assistance (COMECON) 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 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 have repaid their commitments in recent years, but part of the debts owed by the Russian Federation and by Cuba remains outstanding. In 2006, the bank's financial situation again prevented it from increasing the volume of banking operations and the bank had difficulty achieving a profit. Member countries are deliberating about the bank's future.

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, bar 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.

In 2006, the IIB completed its transition to international reporting and accounting standards and formulated certain fundamental policies: Credit Policy, Risk Management Policy, and Information Policy. At present, the bank is striving to raise its entire banking business to a level comparable with international practice, and member states are looking closely at the question of its transformation into an international development bank.

European Investment Bank (EIB)

The European Investment Bank (EIB) is an autonomous body within the structure of the European Union (EU), created to finance capital investment projects that implement the objectives of individual EU policies. It was established by the Treaty of Rome in 1958 as part of the decision to establish the European Communities. The core of EIB activities take place in EU member states. Outside the EU, it takes part in implementing the EU's development and cooperation policies, under which it provides loans to roughly 150 countries.

The EIB has operated in the Czech Republic since 1992. Its work in the Czech Republic is governed by three Framework Agreements (No. 250/1994 Coll., No. 155/1999 Coll., and No. 280/1998 Coll.), which remained in force when the Czech Republic joined the EU. Upon joining the EU, the Czech Republic, like other EU member states, also became a member of the EIB. The EIB Statute, which is one of the Protocols annexed to the Treaty establishing the European Community, is directly applied to the bank's work in the Czech Republic. The Czech Republic's share in the EIB's subscribed capital is EUR 1,258.8 million (0.77% of the total value of subscribed capital, which is EUR 163,653.7 million). The amount due is EUR 62.9 million (5% of the subscribed sum).

From 1992 to 31 December 2006, the EIB concluded loan contracts in the Czech Republic worth a total value of approx. EUR 7,673 million; of that amount, loans provided directly to the Czech Republic accounted for approx. EUR 3,509 million; loans to regions and municipalities approx. EUR 795 million; and private sector loans EUR 3,369 million, of which, in 2006, EUR 428 million were loans provided directly to the Czech Republic, EUR 46 million to regions and EUR 485 million to the private sector.

The Czech Republic's membership of 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)

2006 was a very successful year for CERN. All 1,232 dipole and 392 quadrupole supraconductive magnets for the 27-kilometre long circular LHC (Large Hadron Collider) accelerator were delivered to CERN and key parts of the four main future detectors were installed. This has made CERN's planned activation of the LHC – the biggest proton accelerator in the world – in November 2007 very likely.

It is also fair to say that the identified aims of the Czech Republic's cooperation with CERN – concerning fundamental particle physics research, development of new technologies and materials, and also the use of a detector and particle beams in medicine and building of the world's most modern information and computer system, GRID – have been achieved. The unique scientific results that were achieved with the participation of Czech scientists have been published in 101 works and 88 contributions to the proceedings of international conferences and expert meetings within the framework of cooperation on experiments.

There was a qualitative change in the Czech Republic's cooperation with CERN in 2006. For the TOTEM experiment, a proposal by staff of the Institute of Physics of the Academy of Sciences of the Czech Republic for was accepted for a unique data analysis methodology for elastic proton-proton scattering which will be carried out by means of the Large Hadron Collider which is being assembled at CERN. The necessary experimental data will be obtained using high-precision detectors for accelerators manufactured by Vakuum Praha s.r.o. This is the first time ever that a Czech firm has supplied detectors that form part of accelerator tubes.

The Czech Republic's cooperation with CERN helped raise the qualifications of young Czech scientists and technicians (29 PhD. students and 14 graduate students are taking part in the project) and helped train secondary school teachers and students and the general public. Some of these activities received media coverage (e.g. on television programmes

“Science Planet” and “Czech Brains”, or in an article entitled “International Cooperation in State-of-the-art Research...” in “Evropské noviny” (“European Journal”) from December 2006). Certain activities were the subject of about ten popular lectures in schools and public observatories. Supplies by Czech firms to CERN had attained a value of CHF 2.42 million by 30 June 2006, so there is a great likelihood that, once the supplies for the entire year have been evaluated, the Czech Republic will be one of those member countries that achieve an above-average return on their financial contribution.

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. As in previous years, the Czech Republic’s cooperation with the JINR in 2006 focused on joint long-term target projects (44 projects in 2006) that are examined by two experts both when they are assigned and when the results are annually assessed. In 2005, the results of cooperation with the JINR were summarised in over 60 joint works published (or accepted for publication) in international magazines and in more than 60 papers at international conferences, symposia, working meetings, etc.; a number of joint preprints and research reports were also issued. As 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 cooperation with the JINR, the Czech Republic hosted five international conferences, courses and working meetings; the long-term pedagogical cooperation between Czech universities and JINR Dubna in the form of summer work experience at JINR focusing on low and intermediate energy physics continued.

The fact that the Czech Republic achieved the appointment of two of its citizens to prominent senior posts in this organisation also made 2006 an important year. R. Lednický was elected vice-director of JINR and I. Wilhelm was elected co-chairman of the JINR Scientific Council (the director of JINR serves as the other co-chairman by virtue of office).

Intergovernmental Organisation for International Carriage by Rail (OTIF)

The revised Convention concerning International Carriage by Rail (COTIF), known as the Vilnius Protocol (1999), entered into force on 1 July 2006. This marked the start of a new stage in the life of the Intergovernmental Organisation for International Carriage by Rail (OTIF). Among other things, the revised COTIF allows the European Community to accede to it. However, the long delay between the Protocol's adoption and its entry into force caused some divergence in the legal regimes applied by different OTIF member states in connection with ratification of the revised COTIF. Moreover, the related EU legislation underwent some change in the interim, giving rise to a certain discrepancy between the commitments stemming from EU membership on the one hand and the revised COTIF on the other. Possible ways to overcome this discrepancy, mainly in connection with the European Community's planned accession to COTIF, were made the priority theme of the OTIF 8th General Assembly, held in Berne on 6-7 September 2006. There the Czech Republic was elected as a member of the OTIF Administrative Committee for a term running from 1 October 2006 to 30 September 2009; it will thus have the opportunity to participate directly firsthand in the work of the modernised OTIF and help find the kind of solution that will serve the needs of modern rail transport throughout the broad territories covered by OTIF.

European Civil Aviation Conference (ECAC)

In 2006, the European Civil Aviation Conference (ECAC) concentrated mainly on integrating new member states and their aviation sectors into this organisation's operations. Special attention was paid to the transfer of the responsibilities of Joint Aviation Authorities (JAA), including the relevant questions of civil aviation safety, to the European Aviation Safety Agency (EASA). With the Czech Republic's active participation, the ECAC also dealt with the issues of aviation security, primarily in order to prevent serious discrepancies between the regulatory frameworks of EU member states and those ECAC countries that are not in the EU. In 2006, the ECAC also conducted intensive dialogue with the United States' aviation authorities about harmonising measures in the area of "fractional ownership" of aircraft, safety, security, environmental protection, and reform of the ICAO.

European Conference of Ministers of Transport (ECMT)

The 90th session of the Council of Ministers of the European Conference of Ministers of Transport (ECMT) was held in Dublin on 17-18 May 2006. The meeting dealt with internal transformation of the organisation, sustainable development, sustainable urban travel, transport and the environment, transport accessibility, etc. The Czech delegation was led by Minister of Transport M. Šimonovský.

European Company for the Financing of Railroad Rolling Stock (EUROFIMA)

In 2006, Czech Railways, which is a shareholder in the European Company for the Financing of Railroad Rolling Stock, continued to draw competitive (compared to commercial terms) loans for the purchase of a new generation of railway carriages to fill gaps in rolling stock or replace old stock, i.e. to increase the quality of transport services. In line with EUROFIMA's rules and its additional protocol, the Czech Republic provided a state guarantee on these loans. On 17 November 2006 Montenegro joined EUROFIMA, increasing the number of member countries to 25.

International Exhibitions Bureau (BIE)

The International Exhibitions Bureau (BIE) regulates and modifies the conditions for organising World Exhibitions – EXPOs – and publishes a calendar of these events. The exhibitions approved by the BIE are not commercial in nature. The Czech Republic was elected to the Information and Communication Committee for the 2006-2007 term. Two BIE general assemblies were held in Paris on 30 June and 18-19 December 2006. Preparations for EXPO Zaragoza 2008 and EXPO Shanghai 2010 are going ahead.

International Institute of Refrigeration (IIR)

The IIR's mission is to promote knowledge of refrigeration technology and all its applications in order to address issues including food safety and environmental protection (reduction of global warming, prevention of ozone depletion). The IIR has committed itself to improving quality of life and promotes sustainable development. The findings are used in industry and trade, healthcare, the environment, and agriculture. The Czech Republic has been chosen to host the 23rd International Refrigeration Congress of the IIR in 2011 (Prague). Two

interesting events from the Czech Republic's point of view were the international cryogenic engineering conference CryoPrague – ICEC 21 and the international conference on cryogenic materials ICMC 2006, which were held in Prague from 17 to 21 July 2006.

6. Non-proliferation, Arms Control and Disarmament

International talks on non-proliferation of weapons of mass destruction (WMD), arms control and disarmament were at the focus of the work of the UN Security Council, the 1st Committee (for disarmament and international security) of the 61st General Assembly of the United Nations, the UN Disarmament Commission in New York, the Conference on Disarmament in Geneva, the Resolution 1540 Committee on Non-proliferation of WMD and other international organisations and international control regimes and initiatives in which the Czech Republic is a participant. The Czech Republic was also actively involved in implementation of the European Union Strategy against Proliferation of WMD in 2006.

Nuclear weapons

International Atomic Energy Agency and Nuclear Non-proliferation Treaty

The International Atomic Energy Agency (IAEA) occupies an extremely important place in the nuclear non-proliferation effort, particularly in connection with the Treaty on the Non-proliferation of Nuclear Weapons, which remains the foundation of the global system of non-proliferation of nuclear weapons. States' implementation of their commitments arising from "safeguard agreements" (Article III (1) of the NPT requires states to conclude an agreement with the IAEA) is particularly important in this regard.

Even after three years of intensive IAEA verification activities, there remain many unclear points, leading to doubts about the aims of Iran's nuclear programme. As a result of Iran's failure to fulfil its commitments stemming from the resolutions of the IAEA Board of Governors, the UN Security Council adopted resolution 1737(2006). The resolution contains binding sanctions against Iran that restrict international cooperation in the area of enrichment and reprocessing of nuclear materials and in the development of ballistic missiles.

The DPRK also made no progress in implementing its safeguards agreement. The IAEA was unable to check the nature of the North Korean nuclear programme in 2006. The

Czech Republic fulfilled its obligation to inform the UN Security Council about the implementation of sanctions against the DPRK in connection with Security Council resolution 1718(2006).

The 50th General Conference of the IAEA took place in 2006. The Czech Republic and other EU countries sponsored a resolution on the fight against nuclear terrorism and a “safeguards resolution”.

Via the IAEA Safeguards Support Programme, the Czech Republic participates in the endeavour to improve the effectiveness and efficiency of the implementation of safeguards on nuclear materials. Under this programme, it organises the training of new IAEA inspectors and provides a voluntary annual financial contribution of CZK 0.5 million towards the modernisation of the IAEA safeguards information system. In 2006, it was again the only country in the Eastern European Regional Group to be a net donor to the IAEA. In addition to its contribution to the IAEA Technical Cooperation Fund, the Czech Republic provided an extra contribution totalling CZK 13.8 million. The most significant contributions were used to cover selected activities of the Nuclear Security Fund, the Programme of Action for Cancer Therapy and the IAEA Safeguards Support Programme.

The 2nd Review Meeting of the Contracting Parties to the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management was held in May under the aegis of the IAEA. The Czech Republic successfully presented its national report at the conference.

Nuclear Suppliers Group (NSG)

The Czech Republic regards the Nuclear Suppliers Group (NSG) as one of the most important international control regimes and a key tool strengthening the NPT – it therefore actively participates in its work. At the 2006 plenary session of the Nuclear Suppliers Group (NSG) in Brasilia, a Czech proposal shortening the timeframe for publication of new items on NSG lists was approved. The Czech Republic also chaired the working group for information exchange regarding licensing and customs control.

The US-India Civil Nuclear Cooperation Initiative continued to be the principal topic in the NSG. At NSG meetings, the Czech Republic repeatedly expressed its readiness to take part in any possible opening of trade with India in the area of the peaceful use of nuclear

energy that is consistent with its international commitments and stressed the significance of the strict separation of the Indian civil nuclear sector from the military. An exemption from the NSG conditions of supply necessary for cooperation with India was not granted in 2006. That step is conditional both on amendments to the relevant US legislation and on the conclusion of a specific safeguards agreement between the IAEA and India.

In October 2006, the NSG chairman issued a statement denouncing DPRK's nuclear test and called on this country to honour its nuclear commitments.

Zangger Committee

The Zangger Committee is an internationally recognised nuclear control regime, established under Article III (2) of the NPT. The Committee co-formulates the conclusions of NPT review conferences concerning nuclear export controls.

In October 2006, Ministry of Foreign Affairs representative P. Klucký was elected to the chair of the Zangger Committee, becoming its fourth chairman since its inception in 1974. The Czech chairmanship managed to secure approval of a procedure that will enable swifter publication of new items on the ZC lists. This measure will help increase transparency in respect of non-member countries and will also contribute to more effective implementation of Security Council resolution 1540(2004).

Comprehensive Nuclear-Test-Ban Treaty

The Comprehensive Nuclear-Test-Ban Treaty (CTBT) is another crucial instrument in nuclear non-proliferation. The Czech Republic has consistently supported all activities designed to bring the CTBT into force. In 2006, it was one of the signatories of a joint ministerial statement of countries ratifying the CTBT. The statement called for the early ratification of the CTBT by key countries, whose ratifications are required for the treaty to enter into force.

In 2006, the Czech Republic co-chaired the Preparatory Commission for the CTBT Organisation on behalf of the Eastern European regional group. The Czech Republic supported the "civil" use of International Monitoring System (IMS) data for the purposes of early tsunami warning. In line with the priorities of the EU's Common Foreign and Security Policy in 2006, the Czech Republic supported a project to build a comprehensive CTBTO e-

training system. The IMS demonstrated its ability to detect the nuclear test that the DPRK performed on 9 October 2006. The Czech seismological station at Vranov was one of the eight IMS auxiliary stations to pick up the explosion 8000 km away.

Chemical and biological weapons

Chemical weapons

In December 2006, the 11th session of the Conference of the States Parties to the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (Chemical Weapons Convention – CWC) 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. Another important point was the preparations for the celebration of the 10th anniversary of the founding of the Organisation for the Prohibition of Chemical Weapons (OPCW) in 2007.

The Czech Republic was elected as a member of the OPCW Executive Council for the May 2007 – May 2009 term. For the third time, the Czech Republic provided a voluntary contribution (this time CZK 2 million) to the Voluntary Trust Fund for Assistance against Chemical Weapons under Article X of the CWC.

Biological weapons

In November and December 2006, the 6th Review Conference of the States Parties to the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (BTWC) assessed the consistency of the BTWC's provisions with all relevant scientific and technological developments and proposed measures for the 2007-2011 period.

At the 6th Review Conference, most attention was devoted to the following questions: universalising the BWC, improving its implementation at national level, confidence-building measures, improving the investigation mechanism for alleged uses of biological and toxin weapons, and the establishment of a separate BWC Implementation Support Unit (ISU) within the UN Department for Disarmament Affairs.

Compared with the previous review conference in 2001, this time the results were positive. The final document appraises all the provisions of the BWC, with a separate part devoted to confidence-building measures and promoting universality. The conference also approved important topics for discussion in the period up to the next conference in 2011.

Australia Group

In June 2006, the 21st plenary session of the Australia Group, an international control regime designed to prevent the spread of chemical and biological substances and dual-use technologies, considered Croatia's official membership application, but the final decision was postponed. The plenary session called for more intensive contacts with certain states outside the Australia Group.

The session supported the Czech Republic's proposal for a change to the "No Undercut Policy" rules; after a ninety-day silent procedure the proposed change was formally approved. Additionally, several other proposals designed to enhance the Australia Group's work, including an AGIS information system, were adopted and considerable attention was paid to the issue of brokering and transfer of intangible technologies (ITT).

Ballistic missiles and WMD means of delivery

The 21st plenary meeting of the Missile Technology Control Regime took place in October 2006. The focus was on measures related to the implementation of Security Council resolutions 1695 (DPRK) and 1696 (Iran), which was also reflected in the text of a press statement. The question of admitting certain new EU countries to the MTCR was not resolved.

Other important parts of the plenary week were meetings of technical experts and information exchange regarding outstanding cases of the spread of missile technologies detected in MTCR countries. It was confirmed that information exchange is fundamental to making the regime more effective.

The Czech Republic and other international arrangements concerning non-proliferation of WMD

In line with its foreign policy priorities and security interests, the Czech Republic is an active participant in informal initiatives of the international community designed to strengthen the fight against WMD proliferation and terrorism. The key platforms are listed below.

Hague Code of Conduct (HCOC – International Code of Conduct against Ballistic Missile Proliferation)

Since its inception in 2002, the HCOC's objective has been to prevent the proliferation of ballistic missiles based on voluntary exchange of annual declarations and notifications about planned space launches. The Czech Republic is striving to make the HCOC universal. The 5th HCOC annual meeting in June 2006 was attended by just 51 members, among them the Czech Republic, out of the total of 120.

Proliferation Security Initiative (PSI)

The PSI was formed in 2003; its principal objective is to help counter efforts to acquire WMD or dual-use goods. As part of this initiative, a model interdiction exercise entitled "Bohemian Guard 2005" was conducted in Ostrava in 2005. In 2006, the Czech Republic continued to take part in other PSI exercises and the annual meeting in Warsaw in June 2006.

G8 Global Partnership against the Proliferation of WMD

The Czech Republic joined this initiative (announced at the G8 Sea Island Summit) in 2004 and annually provides a voluntary contribution of CZK 2 million to a British project to destroy chemical weapons in the Russian Federation.

Global Threat Reduction Initiative (GTRI)

The Czech Republic joined the GTRI at the outset in 2004. In cooperation with the IAEA, it has twice repatriated highly enriched nuclear fuel to the country of origin (2004, 2005). Intensive preparations for a further repatriation of nuclear fuel went ahead in 2006. Under the GTRI, highly enriched uranium seized on Czech territory in 1994 was removed from the country. This was one of the world's biggest cases of the illicit trade in this substance.

Conventional weapons

Conventional weapons export control

In accordance with the applicable legislation, the Ministry of Foreign Affairs of the Czech Republic stated its opinion on the foreign policy aspects of exports of weapons, ammunition and explosives. In doing so, it rigorously applied the principles of the national control policy based on the EU Code of Conduct on Arms Exports, taking into account the Czech Republic's trade and economic interests.

The Code's criteria include respect for EU member states' international commitments, assessment of the country's internal situation in terms of the human rights situation and the existence of tension or armed conflict. Export applications also continue to be assessed in terms of preserving regional peace, security and stability and the national security of EU member states and friendly and allied countries. The country of import's foreign political relations, and in particular the danger of further uncontrolled proliferation of the exported material, also play an important role.

With a view to better implementation of the Code of Conduct and making the export control system in the Czech Republic more effective, a draft amendment to Act No. 38/1994 Coll., which regulates this area, was submitted to the Government Legislative Council in December 2005. The outgoing government did not discuss this amendment before the elections and, due to the complicated post-election situation in 2006, it was not approved by the new government either.

Revision of the Code of Conduct continued within the EU. Work has started on a guidance for the application of its criteria in order to unify its interpretation in individual member countries and put in place the right conditions for transforming the Code of Conduct into a legally binding common position. In view of the growing activity in the UN leading towards an international treaty on arms export control (Arms Trade Treaty), this issue became the subject of meetings between certain EU working groups. The transparency of the system as a whole was successfully enhanced in 2006. The EU's regular annual report on export control was published much earlier than in previous years.

Similarly, the "Annual Report on Export Control of Military Material and Small Arms for Civilian Use in the Czech Republic in 2005" was published at the start of August last year and, in an effort to make Czech control policy as transparent as possible, the range of

published data was widened. For the first time, data on the type of end user were added to the report. This enables the reader to learn whether exports from the Czech Republic to a particular country were intended for the armed forces, police, for industry purposes or for civilians.

During the Finnish presidency in 2006, the Czech Republic, using its experiences with preparing its own and EU annual reports, organised a seminar on data collection for these reports. The fact that this seminar took place in the Czech Republic may be regarded as a proof of recognition for the national arms export control system.

Anti-personnel mines

A meeting of states parties to the Convention on the Prohibition of the Use, Stockpiling, Production, and Transfer of Anti-personnel Mines and on their Destruction, what is known as the Ottawa Convention, took place in September 2006. The meeting's principal topics were universal accession to the Convention and implementation of the commitments stemming from the Convention. The participants 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. In 2006, the Czech Republic again contributed to humanitarian mine clearance and aid for mine victims, both through international organisations and as a part of bilateral cooperation (Lebanon, Croatia, Afghanistan). CZK 11 million was spent on this activity.

Restriction on the use of some conventional weapons

A review conference of the 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 (CCW) was held in November 2006. Although it did not reach agreement on the adoption of legally binding regulation of mines other than anti-personnel mines (MOTAPM), it did emphasise the importance of continuing with the talks. It adopted a decision on the start of expert-level talks on cluster munitions (without a mandate to negotiate a legally binding document), a plan of action to promote universality of the CCW, a decision on a compliance mechanism applicable to the CCW, and a sponsorship programme for the participation of developing states in CCW meetings. Certain states, including the Czech Republic, made declarations on further steps to be taken in the area of MOTAPM and cluster munitions.

Small arms and light weapons

A review conference of the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Forms, adopted in 2001 (UN Programme of Action), was held at the turn of June and July 2006. The conference did not manage to achieve consensus on how the UN Programme of Action should be further enhanced. Follow-up activities and the question of development were among the most contentious issues. Despite the conference's failure in this regard, the UN Programme of Action remains in force and the Czech Republic will support its implementation. In 2006, the Czech Republic again contributed to projects related to small arms and light weapons under the "UN Trust Fund for the Consolidation of Peace through Practical Disarmament Measures": it devoted CZK 1 million towards the creation of a UN database whose principal purpose will be to monitor implementation of the UN Programme of Action.

Wassenaar Arrangement

The December plenary session of the Wassenaar Arrangement on Export Controls for Conventional Weapons and Dual-Use Goods and Technologies approved a document on Best Practices Guidelines for the Licensing of Items on the Basic List and Sensitive List of Dual-Use Goods and Technologies, as well as a best practices document on control of intangible transfers of technologies. One of the Czech Republic's focuses in 2006 was the Wassenaar Arrangement's outreach to non-participants and enhancing its cooperation with other control regimes. The past four years of the Wassenaar Agreement's work will be reviewed in 2007. Four working groups will undertake this work, divided into the following areas: transparency of the regime; outreach; small arms and light weapons; man-portable air defence systems; transportation and brokering; re-export.

7. The Czech Republic in the fight against international terrorism

The fight against international terrorism remains one of the priorities of Czech foreign policy. 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 security threats that influence international peace and stability and thus concern the security situation in the Czech Republic.

2006 saw another increase in the number of terrorist attacks and incidents; the number of victims of terrorism also rose. In geographical terms, the regions worst affected by terrorism were the Middle East, along with South and South East Asia. The situation in Iraq was particularly critical.

Although there is broad consent that both the number of terrorist attacks and the number of their victims have been rising in recent years, no-one is able to specify the exact number. Regardless of the differences in the data published by institutions dealing with terrorism, even the sober figures are alarming: 5,985 terrorist incidents were registered around the world in 2006, claiming the lives of 11,252 people and leaving 19,211 injured. That represented an almost 21% increase in the number of terrorist incidents compared to 2005 (when there were 4,962). And there were 37% more victims of terrorist acts (in 2005 there were 8,191 fatalities). More than 3,000 of the 5,985 terrorist incidents were bombings; there were also more than 2,300 armed attacks, over 320 abductions and 80 murders.

Most terrorist attacks (4,254 of the 5,985 registered) took place in the Middle East and Gulf states, fatally injuring over 9,000 people. More than 1,100 attacks in South Asia claimed 1,700 lives. In southeast Asia and Oceania 128 people died in 201 incidents; and 148 lives were lost in Latin America and the Caribbean. Not even western Europe remained unaffected, with 125 terrorist acts causing the loss of four lives; and 51 people died in 86 incidents in East Europe.

The highest numbers of terrorist attacks in 2006 were registered in Iraq, Israel, Afghanistan, Pakistan, India, Thailand, Colombia, Kashmir, Nepal, and Turkey. As far as fatalities are concerned, the order is somewhat different: Iraq (8,945), Afghanistan (729), India (504), Pakistan (232), Colombia (136), Kashmir (96), Nepal (40), Turkey (38), and Israel (34). In 2006, these ten countries accounted for almost 92% of all registered terrorist incidents and as much as 96% of all fatalities. However, some sources give much higher figures for both terrorist attacks and their victims in the said countries. For example, the Afghan media mentioned 117 suicide attacks, and the Pakistan-based Institute for Peace Studies registered 657 terrorist attacks in the country, causing 907 deaths and 1,543 injuries.

Open sources in Israel mention more than 1,300 home-made Qassam and Qassam 2 rockets fired by Palestinian terrorists into Israeli territory.

For the majority of states, governments and free societies of Euro-Atlantic civilisation which respect democracy and the rule of law, Islamist terrorist organisations and individuals currently represent the greatest security threat. One reason is that the majority of bomb attacks in the world in 2006, including suicide attacks, were the work of Islamist terrorists seeking to cause the greatest possible loss of civilian life. A substantial portion of these attacks were carried out by very loosely connected or entirely autonomous terrorist groups, often linked by nothing more than a shared ideology.

Analyses of current trends in Islamist terrorism draw attention to the processes of radicalisation and formation of terrorist cells within certain Euro-Atlantic states. In European countries there is radicalisation among second and third-generation immigrants, while the war in Iraq generates new recruits for terrorist organisations and provides them with an opportunity for training. Terrorists are actively using all available state-of-the-art technologies and communications to plan, finance and carry out their attacks. The internet is for them both a propaganda and communication tool, as well as a source of information.

No civilised country is safe from international terrorism. Terrorists do not respect borders or cultural differences; in fact, they abuse them for the purpose of carrying out attacks and acquiring new recruits. Unfortunately, there has been no decline in the capacity of terrorist groups to plan, prepare and carry out sophisticated attacks and reducing the threat of terrorism is a long-term task which requires more than just repressive measures: international cooperation, public support and improved awareness are essential.

Czech foreign policy is based on the fact that the Czech Republic belongs to Euro-Atlantic civilisation, is a member of the EU and NATO and is part of the broad international anti-terrorism coalition. Accordingly, in 2006 the Czech Republic continued to advocate a comprehensive approach to the fight against terrorism, stressing international cooperation and respect for human rights, and seeking to identify and alleviate factors that contribute to radicalisation and the growth of terrorism.

The International Convention for the Suppression of the Financing of Terrorism (ratified on 27 December 2005) entered into force on 26 January 2006 for the Czech Republic. The Czech Republic ratified the International Convention on the Suppression of

Acts of Nuclear Terrorism on 25 June 2006, making it a state party to all thirteen of the UN's universal counter-terrorism instruments.

The Czech Republic is a state party to the European Convention on the Suppression of Terrorism. The Czech Republic did not sign any further Council of Europe convention on international terrorism in 2006. However, discussions continued on the signing of the Additional Protocol to the European Convention on the Suppression of Terrorism and the Council of Europe Convention on the Prevention of Terrorism. At the heart of the discussion is the relationship between provisions of these two conventions enabling, under certain conditions, extradition to be denied – in cases where a committed crime is regarded as politically motivated; another central theme is the commitments stemming from UN conventions.

In 2006, the Czech Republic became a party to the Convention on Mutual Assistance in Criminal Matters between the Member States of the European Union, drawn up by the Council on the basis of Article 34 of the Treaty on European Union (from the year 2000), the Protocol to the Convention on Mutual Assistance in Criminal Matters between the Member States of the European Union, drawn up on the basis of Article 34 of the Treaty on European Union (from 2001), and the Second Additional Protocol to the European Convention on Mutual Assistance in Criminal Matters (from 2001).

On 16 May 2006, the Czech Republic and the United States of America signed the Second Supplementary Treaty on Extradition and the Supplementary Treaty on Mutual Legal Assistance in Criminal Matters. Both treaties have already been approved by Czech parliament and are awaiting signing by the President of the Czech Republic.

In 2006, terrorism remained an important issue in both Czech bilateral and multilateral relations and a regular topic in talks held by representatives of the Czech Republic on visits abroad. The central purpose of this dialogue was to narrow the divide between different views on terrorism and to exchange information. In international organisations, particularly in the UN, the Czech Republic and its allies in the EU promoted a comprehensive approach and played an active role in the preparation and implementation of political, legal and operative documents.

Structured discussions on the fight against international terrorism paved the way for better intelligence sharing among NATO member states and partners, broader cooperation with other international organisations (UN, EU) during anti-terrorist operations and building

up capabilities for the fight against terrorism. The Czech Republic focused on the terrorism issue as part of NATO transformation activities (CBRN battalion) and operations (KFOR, ISAF). The Czech Republic's contribution in Afghanistan was particularly substantial, with, among other things, 120 special forces personnel of the Army of the Czech Republic taking part in the anti-terrorism operation Enduring Freedom.

In 2006, the EU continued to implement the European Security Strategy (ESS) and to devote substantial attention to terrorism as a growing strategic threat for the whole of Europe. The Czech Republic was actively involved in formulating the EU Common Foreign and Security Policy, which is founded on mutual solidarity and support among member countries. It contributed to analyses of the security situation and terrorist threats that are drawn up by the EU's Joint Situation Centre and took part in discussions on political, legal and technical materials related to the fight against terrorism. In the UN, the Czech Republic and other EU member states contributed to the adoption of the Global Counter-Terrorism Strategy, a move that Czech Minister of Foreign Affairs A. Vondra welcomed in his speech at the 61st UN GA. The Czech Republic was the fourth country in the international community to deposit with the UN secretary-general its instruments of ratification of the International Convention for the Suppression of Acts of Nuclear Terrorism. That made it a state party to all thirteen of the UN's universal counter-terrorism instruments.

The Czech Republic contributed to the fight against international terrorism by passing two statutes: Act No. 69/2006 Coll., on implementation of international sanctions, and Act No. 70/2006 Coll., amending acts related to the act on international sanctions. In the International Atomic Energy Agency, it co-sponsored a resolution on the fight against nuclear terrorism and provided a voluntary financial contribution to the IAEA, part of which will be used by the Nuclear Security Fund.

The Czech Republic also supported important decisions in the fight against terrorism (to prevent the criminal use of lost/stolen passports and other travel documents, to prevent the use of the internet for terrorist purposes; and a declaration on criminal justice systems and support for an international legal framework against terrorism) that were adopted by the Organisation for Security and Cooperation in Europe in 2006.

National Plan of Action against Terrorism

The third update of the National Plan of Action against Terrorism for 2005-2007, approved by the Czech government in November 2005, strongly reflects key internal impulses and also current developments in the EU, UN and OSCE. Besides the text section, the Plan contains a Timetable of Measures of the Czech Republic in the Fight against Terrorism, which formulates tasks that must be performed if the state's function in the fight against terrorism is to be fulfilled effectively. The goals contained in this National Plan of Action reflect the full breadth of the issue of the fight against terrorism, and so are not exclusively the province of foreign policy.

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

Following up the conclusions from the UN summit in 2005, during the plenary session of the 60th UN GA on 2 May 2006 UN Secretary-General K. Annan presented his report entitled "Uniting against Terrorism: Recommendations for a Global Counter-Terrorism Strategy". Further to the UN secretary-general's report, on 8 September 2006 the first-ever UN Global Counter-Terrorism Strategy was adopted by consensus at the 61st UN GA. Annexed to the Strategy is an Action Plan denouncing terrorism in all its forms. The Strategy also institutionalises the United National Counter-Terrorism Implementation Task Force, whose purpose is to ensure the coordination and coherence of the entire system of UN counter-terrorism measures.

As a member of the European Union, the Czech Republic was actively involved in the talks leading to the formulation of the UN's Global Counter-Terrorism Strategy.

Terrorism was one of the principal themes of the Czech foreign affairs minister's speech in the general debate of the 61st UN GA. Minister A. Vondra welcomed the adoption of the Global Counter-Terrorism Strategy and expressed the hope that it would be an effective instrument to counter terrorist threats.

The session of the 1st Committee of the UN GA then consensually adopted a resolution on measures to prevent terrorists from acquiring weapons of mass destruction. In keeping with tradition, the 6th Committee of the UN GA also dealt with questions of the fight against international terrorism: after complicated negotiations it approved a resolution which, among

other things, calls for practical implementation of the UN's Global Counter-Terrorism Strategy, and continued to discuss a draft comprehensive convention on international terrorism, the adoption of which is still impeded by differences of opinion among UN member countries on questions related to a definition of terrorism, with particular regard to the legitimacy of armed struggle in the exercise of the right to self-determination.

Act No. 69/2006 Coll., on the implementation of international sanctions, entered into force on 1 April 2006; among other things, the Act defines the procedure for seizing the assets of penalised entities.

In July 2006, the Czech Republic submitted to the secretariat of the UN's Counter-Terrorism Committee (CTC) national reports containing additional information on implementation of UN Security Council resolutions 1373(2001) and 1624(2005).

There was progress in discussions on enshrining in law the criminal liability of legal entities, or an alternative way of penalising legal entities (administrative or other liability). This is a necessary step for the implementation of certain international counter-terrorism conventions.

On 25 July 2006, the Czech Republic became the fourth country in the international community to deposit with the UN secretary-general its instruments of ratification of the International Convention for the Suppression of Acts of Nuclear Terrorism – it thus became a state party to all thirteen of the UN's universal counter-terrorism instruments.

The International Convention on the Suppression of Acts of Nuclear Terrorism, adopted by the UN GA on 13 April 2005, is the UN's most recent international treaty aimed at suppressing international terrorism. The main purpose of the Convention is to criminalise acts of nuclear terrorism, which consists in using nuclear or radiological weapons and related materials and devices for terrorist purposes. Implementation of the Czech Republic's commitments stemming from the Convention is enabled by the applicable legislation, in particular the relevant provisions of the criminal code, the code of criminal procedure and the act on the peaceful uses of nuclear power and ionising radiation.

The Czech Republic and NATO in the fight against international terrorism

NATO regards terrorism as one of the principal security threats of the present day. NATO is continuing with the transformation of its military and civilian capabilities to be able

to react to threats of terrorism, a process started at the Prague summit back in 2002 (Prague Capabilities Commitment (PCC) and NATO Response Force (NRF)). The exchange and subsequent analysis of classified information on terrorism is being expanded and enhanced. The NATO Terrorist Threat Intelligence Unit (TTIU) is working intensively.

One aspect of NATO's counter-terrorism strategy, which the Czech Republic supports, is strengthening cooperation with partners and developing contacts with regions that can provide significant cooperation in detecting activities by terrorist organisations. That concerns the partnership with Russia (NRC) and Mediterranean Dialogue (MeD) and the Istanbul Cooperation Initiative (ICI) countries. The Czech Republic also advocates the fight against terrorism as an area of NATO/EU cooperation. Czech engagements in ongoing NATO operations may be viewed in the context of the fight against terrorism and, in particular, in the context of eliminating its causes and sources. The key operation in this regard is ISAF in Afghanistan, which, inter alia, seeks to counter organised crime (especially the drug trade) as a potential source of financing for terrorist activities.

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

The FATF is an intergovernmental group established in 1989 under an initiative of G7 countries; it advocates worldwide coordination and implementation of international and national rules and policies in the fight against money laundering and terrorism financing. The Czech Republic is not a member of this group, but is involved in cooperation with it through the Moneyval Committee (PC-R-EV), which has been an associate member of the FATF since 2006.

8. Foreign Development and Humanitarian Aid and Transformation Cooperation

Foreign Development Cooperation

As a member of the European Union (EU) and the international community of democratic and economically developed countries, the Czech Republic advocates the principle of human solidarity and solidarity among states 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 Czech foreign policy.

The Czech Republic performs and provides FDC on both a bilateral and multilateral basis, in line with international principles and its own interests.

The fundamental strategic document governing FDC is the Concept of Foreign Development Aid of the Czech Republic for 2002-2007, which the Czech government noted by its resolution No. 91 of 23 January 2002. The Concept declares that FDC is based on the principles of partnership, effectiveness and transparency and its principal objective is to help reduce poverty in less developed parts of the world by means of sustainable economic and social development. The Czech Republic fully supports the international development goals (*Millennium Development Goals – MDGs*) that took shape during UN international conferences in the 1990s and were confirmed by the UN summit in the year 2000.

The provision of foreign development cooperation and humanitarian aid is governed by the Principles of Foreign Development Cooperation after the Czech Republic's Accession to the EU, approved by government resolution No. 302 of 31 March 2004. The Principles defined cooperation programmes with priority countries as the core of Czech FDC, in order to strengthen the predictability and effectiveness of Czech FDC. In 2004, the Czech government approved the objective of channelling Czech FDC into the following priority countries: Angola, Bosnia and Herzegovina, Moldova, Mongolia, Serbia and Montenegro, Vietnam, Yemen, and Zambia.

The government subsequently approved programmes of development cooperation for 2006-2010 between the Czech Republic and these eight priority countries. Besides programmes of development cooperation with priority countries, development projects and other forms of development activities (e.g. providing university scholarships for students from developing countries, assisting refugees in the Czech Republic, cancelling and restructuring debts, etc.) also take place to a lesser degree in other countries.

Every year, the government approves the bilateral foreign development cooperation plan for the following year and assessments of projects for the previous year. In 2006, government resolution No. 686 of 7 June approved the FDC plan for 2007 and also an FDC medium-term budget outlook up to 2009. Implementation of projects is governed by the "Rules for Selecting and Financing Bilateral FDC Projects", which was approved by government resolution No. 1311 of 12 October 2005. These rules are supplemented by a practical "FDC Project Cycle Manual".

In line with the Concept and making allowance for international commitments (e.g. the European Consensus and the Paris Declaration on Aid Effectiveness), the Ministry of Foreign Affairs continued to introduce measures in 2006 to make the FDC management and implementation system more effective. Based on the government's legislative plan, the Ministry prepared the outline of a bill on foreign development cooperation and humanitarian aid. After an inter-ministerial and public discussion the outline of the bill will be put before the Czech government during 2007. Besides important work by the relevant ministries, a significant training and consultation role continues to be played by the Development Centre at the Institute of International Relations, which provides expertise and support to the Ministry of Foreign Affairs.

In line with the Concept, increased emphasis was placed on the involvement of the non-government sector and the public in development cooperation. Based on the results of a public opinion survey, activities were carried out to raise public awareness and subsequently also support for the Czech Republic's foreign development cooperation. The primary sources of information include the Ministry of Foreign Affairs web site at www.mzv.cz/pomoc, or its English-language version www.mfa.cz/aid. In collaboration with Palacký University in Olomouc, the 9th Development Aid Summer School took place in 2006.

In addition to bilateral development cooperation, the Czech Republic also provided humanitarian aid, transformation aid and multilateral development aid via the EU budget, UN agencies, and international financial institutions (these forms of FDC are covered by other chapters of this report). According to preliminary data, the total value of these activities of the Czech Republic, which is reported under OECD methodology as "Official Development Aid", was CZK 3.5 billion, which represents 0.12% of GNI. (See Appendix X for more detailed statistics on the Czech Republic's official development aid in 2006.)

Foreign humanitarian aid

A sum of CZK 65 million was earmarked for the provision of foreign humanitarian aid in 2006 in the Treasury Administration heading of the Czech Republic's state budget. In the course of the year, CZK 15 million was added to that sum from the Government Budget Reserve, making the total amount of foreign humanitarian aid in 2006 CZK 80 million.

The most extensive humanitarian aid provided by the Czech Republic in 2006 was aid to Afghanistan in consequence of the long-term crisis – the government released a sum of

CZK 25 million to help deal with the crisis. CZK 15 million of that sum was earmarked for projects implemented by non-governmental non-profit organisations (renewal of healthcare facilities in Kabul and Badakhshan provinces and a “Healthy Eyes for Afghanistan” project). CZK 5 million was earmarked for a project for mine clearance in affected areas, with particular regard for the areas of operation of the Army of the Czech Republic. The remaining CZK 5 million was provided as a contribution to the UN Children’s Fund (UNICEF) to help the population of affected areas, with the emphasis on children, and cover basic living needs. In November 2006, a financial contribution of CZK 3 million was provided, via UNICEF, to cover the work of one Czech expert in Afghanistan under the “Junior Professional Officer” programme. At the end of 2006, a financial contribution of CZK 5 million was provided to the fund set up by the ISAF command in Afghanistan for humanitarian aid to the Afghan population immediately after the cessation of ISAF combat operations.

The Czech Republic also provided significant humanitarian aid to Lebanon in response to the Middle East conflict in 2006. The government released a sum of CZK 15 million, CZK 7 million of which was used for urgent aid and CZK 8 million for post-conflict aid. Non-governmental organisations’ projects to support the return of families displaced from the south of Lebanon and renew access to sources of drinking water for the population of the Tyre area were implemented. The aid will continue in 2007 with the implementation of post-conflict renewal projects that will be proposed by the Embassy of the Czech Republic in Beirut by agreement with the Lebanese side.

Additional humanitarian aid was provided for the following purposes in 2006: to Vietnam to prevent the spread of avian influenza (CZK 5 million) and to deal with the consequences of a tropical storm (CZK 2.5 million); to Cambodia in consequence of the lasting crisis in the form of food, medical and social aid supplies for the affected population (CZK 5 million); to Angola to help the population affected by a cholera epidemic (CZK 2 million); to Tanzania to provide immediate food aid in consequence of the catastrophic drought (CZK 3 million); to Indonesia to deal with the consequences of an earthquake in the vicinity of Jogjakarta (CZK 4 million); to Thailand to alleviate the hardship of Burmese refugees in refugee camps (CZK 3 million); to the Philippines for expert assistance in biodegrading oil after a tanker accident (CZK 250,000) and to deal with the consequences of a tropical storm (CZK 350,000); to Sri Lanka to help the population displaced by the internal conflict (CZK 1.9 million); to Kenya to help the population affected by a long-term drought in

the form of supplies of food, medicines and drinking water (CZK 3 million); and to Ethiopia to deal with the situation of refugees in consequence of instability in the region (CZK 2 million).

In providing humanitarian aid in 2006, the Czech Republic observed the Good Humanitarian Donorship principles approved in Stockholm in 2003. The Czech Republic officially adopted these principles in 2006, making it a developed humanitarian aid provider both in the EU and on a worldwide scale.

Transformation cooperation

Since 2005, transformation cooperation has complemented the Czech Republic's foreign development cooperation (FDC) system. It is a separately defined component of government policy towards developing and transforming countries, as well as countries with undemocratic regimes in which – contrary to international law and the international legal commitments of the countries concerned – human rights and fundamental freedoms are violated. The aim of this cooperation is to help ensure that ongoing or possible future changes in these countries are changes that lead to democracy and the rule of law, and not to chaos, conflict and destabilisation.

Transformation cooperation consists in supporting democracy and defending human rights; it concentrates on creating and strengthening democratic institutions, the rule of law, civil society, and the principles of good governance. It is implemented primarily through projects targeting education and the spread of information, opinions and experiences, and in particular experiences with non-violent resistance against totalitarian systems and the subsequent social transformation process, which the Czech Republic underwent in the 1990s. It is characterised by systematic cooperation with and support for civil society groups and non-governmental organisations – contact with state authorities in the beneficiary countries may be deliberately ruled out.

In 2006, transformation cooperation continued to target countries of priority interest in the Czech Republic's foreign policy (Belarus, Bosnia and Herzegovina, Cuba, Georgia, Iraq, Moldova, Myanmar/Burma, Serbia, and Ukraine), with a view to making it complementary to the Czech Republic's other foreign policy activities. Trends in the EU's policy towards the affected countries were also reflected. Transformation cooperation also makes use of information gained from cooperation projects with civil society in the target countries as an

alternative source of data that can be used when forming the Czech Republic's policy on the issue of violation and protection of human rights and support for democracy in the world. The Czech Republic's ambitious work in this area is also intended to favourably enhance its image abroad and raise its international prestige.

A total of 45 projects of Czech non-governmental institutions and independent activities of the Czech Ministry of Foreign Affairs were financed out of transformation cooperation in 2006. Over and above the current annual budget, CZK 20 million was earmarked by government resolution No. 344/2006 for extraordinary aid to Belarus in response to events connected to the presidential elections. The finances were used to provide extraordinary aid to persecuted members of the Belarusian opposition, to support the development of civil society in Belarus and to fund educational projects intended primarily for students suffering persecution for their political activity and democratic beliefs. Total expenditure on transformation cooperation projects and activities in 2006 amounted to CZK 49.9 million. More detailed information about transformation cooperation projects in 2006 can be found at the web site www.mzv.cz/transformace.

As part of transformation cooperation the Ministry of Foreign Affairs supports a programme for post-graduate study of macroeconomic and economic transformation at the CERGE workplace of the Institute of National Economy of the Academy of Sciences of the CR and Charles University for several dozen students annually from target countries and other countries of Eastern Europe, Central Asia, the Balkans, and the South Caucasus. The total budget for the entire implementation period of the study programme from 2005 to 2009 inclusive is CZK 55.95 million.

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 from 2004 to 2006. (To reduce the size of the bilateral relations section, tables containing data on mutual economic relations are only given for the Czech Republic's 30 most important trading partners, unlike in previous versions of the Report.) The "Share of 2006 Aggregate Indicators (%)" column refers to the aggregate values of the Czech Republic's foreign trade in 2006.

1. The Czech Republic's relations with Central European countries

SLOVAKIA

(Slovak Republic)

Relations between the Czech Republic and Slovakia are above-standard. The new governments emerging from parliamentary elections in 2006 in both countries confirmed their interest in maintaining the existing high standard of Czech-Slovak relations and continuing to develop mutually beneficial cooperation.

The close cooperation between the countries was not confined to the bilateral level, but also took place in multilateral forums within the European Union, NATO and the UN. Partly in connection with the Slovak presidency of the Visegrad Group, regional cooperation constituted a significant component of mutual relations.

Visits by representatives of the Czech Republic:

6 September 2006 – working visit by President of the Chamber of Deputies of Parliament M. Vlček and Prime Minister M. Topolánek on the occasion of a football match between the two countries in Bratislava;

14 September 2006 – official visit by Prime Minister M. Topolánek;

19-21 September 2006 – official visit by President of the Chamber of Deputies of Parliament M. Vlček.

Visits by representatives of Slovakia:

- 9 May 2006 – working visit by Minister of Foreign Affairs E. Kukan;

13 July 2006 – official visit by Minister of Foreign Affairs J. Kubiš;

15 July 2006 – official visit by Prime Minister R. Fico;

16-17 September 2006 – working visit by President I. Gašparovič following a meeting of heads of state of the Visegrad Group at Lány;

5-6 October 2006 – official visit by President of the National Council P. Paška.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	239 457 186	261 149 710	217 833 848	6.8
	year-on-year index	130.4	109.2	111.0	
exports	CZK thousands	145 542 162	161 348 112	180 046 308	8.4
	year-on-year index	133.3	110.9	111.6	
imports	CZK thousands	93 915 024	99 801 598	109 787 540	5.2
	year-on-year index	125.7	106.3	110.0	
balance	CZK thousands	51 627 138	61 546 513	70 258 768	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

On the basis of the political Memorandum of the Government of the Czech Republic and Government of the Republic of Slovakia, signed in 2004, the second session of the Inter-ministerial Consultation Commission, established in accordance with the Cooperation Agreement between the Ministry of Industry and Trade of the Czech Republic and the Ministry of Economy of the Slovak Republic, was held in Židlochovice on 26 February 2006; the Commission approved the main areas for the further focus of Czech-Slovak economic cooperation.

The new impulse that stemmed from EU accession and the signing of the inter-ministerial agreement in 2004 continued to have a positive impact on trade relations between the two countries in 2006. The growth in mutual foreign trade turnover continued in 2006, driven mainly by exports to Slovakia, which grew at a faster rate than imports from Slovakia.

Slovakia remained the Czech Republic's second biggest trading partner in 2006. Even with the high standard set in 2004, trade turnover grew by 11% year-on-year. Although the rate of growth was lower than the outstanding level achieved in 2004, it outstripped the 2005 growth rate by 1.9 percentage points. Slovakia accounted for 6.84% of the Czech Republic's total foreign trade. Slovakia's share fell by 0.26 percentage points by year-on-year comparison. Even so, the rate of growth of trade with Slovakia was just a third of the high year-on-year growth in the Czech Republic's total foreign trade turnover.

The Czech Republic's principal export commodities: motor vehicles and their parts, electricity, coal, medicaments, insulated wire, cables, television sets, iron and steel products.

The Czech Republic's principal import commodities: gas oils, motor petroleum and other light oils, iron flat rolled products, electricity, motor vehicles and their parts, insulated wire, cables.

Bilateral agreements concluded in 2006

- Agreement on the Termination of the Protocol between the Ministry of Defence of the Czech Republic and the Ministry of Defence of the Slovak Republic on Cooperation in the area of the Exchange of Translations of Standardisation Documents of the North Atlantic Treaty Organisation, concluded by an exchange of notes, Bratislava, 17 August 2006;
- Agreement between the Government of the Czech Republic and the Government of the Slovak Republic on an Amendment to the Annex of the Agreement between the Government of the Czech Republic and the Government of the Slovak Republic on Border Crossings at the Common Borders, signed in Prague on 28 March 2000, concluded by an exchange of notes, Bratislava, 11 September 2006.

Cultural relations

Czech-Slovak cultural relations have for long developed in an atmosphere of high interest on both sides. Most cultural events have traditionally taken place during Czech and Slovak Cultural Cooperation Month, which has taken place every October since 2001.

The most significant event in 2006 was the ceremonial opening of the Czech Library in Bratislava (under the University Library in Bratislava) and the Slovak Library in Prague (under the National Library of the Czech Republic), which marked the achievement of the long-term goal to improve mutual awareness, responding to the historical development of the information requirements of the public in both countries. True to tradition, other successful events included the “Slovak Theatre in Prague” and “Czech Theatre in Bratislava” festivals, held every year in February and November in the two capitals, and the increasingly popular festival of Czech and Slovak humour that alternates between Mladá Boleslav and Pezinok. There was also great public interest in an exhibition entitled “Gems of Czech and Slovak Painting” that ran from mid-January in the Bratislava City Gallery and an exhibition of photographs by J. Štreit that was presented in the Slovak National Gallery at the end of September. Wenceslas Fair, organised by the Embassy of the Czech Republic as part of the celebrations of Czech national day on 28 September in Hviezdoslavovo Square in Bratislava, also attracted many visitors.

POLAND

(Republic of Poland)

Czech-Polish relations in 2006 remained strategic in nature. Poland was an important ally of the Czech Republic both in the region and within the EU and NATO. Mutual relations enjoyed a high standard in all key areas of cooperation and were characterised by a closeness of opinion on fundamental foreign policy questions. Intensive dialogue took place at all levels in order to exchange and formulate opinions and coordinate positions, including possible joint courses of action in questions of regional cooperation, European integration, the eastern dimension of European Neighbourhood Policy, energy security, and the strengthening of the transatlantic link. The Visegrad Group was an important platform for mutual dialogue.

The civil basis of mutual relations continued to develop successfully, creating favourable conditions for contacts and interaction. Cross-border and regional cooperation continued to develop, finding concrete expression in EU-financed joint cross-border projects designed to develop neighbouring regions.

Visits by representatives of the Czech Republic:

28 June 2006 – President V. Klaus attends the celebrations of the 50th anniversary of the workers' strike in Poznań;

6-7 October 2006 – working visit by Minister for Foreign Affairs A. Vondra.

Visits by representatives of Poland:

16 January 2006 – working visit by Prime Minister M. Marcinkiewicz;

16-17 February 2006 – working visit by President L. Kaczyński.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	173 539 778	193 341 006	240 104 637	5.7
	year-on-year index	138.3	111.4	124.2	
exports	CZK thousands	90 426 390	102 341 418	121 779 253	5.7
	year-on-year index	137.7	113.2	119.0	
imports	CZK thousands	83 113 388	90 999 588	118 325 384	5.7
	year-on-year index	139.0	109.5	130.0	
balance	CZK thousands	7 313 002	11 796 330	3 453 869	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)
2. Czech National Bank, April 2007 (investment data)

Poland is the Czech Republic's third most important trading partner. Trade relations continue to develop dynamically. Czech exports still exceed imports, even though the rate of growth of imports outstripped that of exports in 2006.

Poland is becoming an important investment partner for Czech businesses. The biggest-ever Czech investment in Poland occurred in 2006: the takeover of two power stations, ELCHO Chorzów and Skawina, from American company PSEG gave ČEZ a majority share in both power stations. The value of the contract was CZK 11 billion.

The Czech Republic's principal export commodities: base metals and base metal products, machinery and transport equipment (passenger cars, tractors, machine tools), plastic and rubber products, chemicals, mineral products.

The Czech Republic's principal import commodities: copper wire, coke, mineral fuels and lubricants, coal, electricity, furniture, foodstuffs, textiles, footwear, live animals, beverages, tobacco.

Bilateral agreements concluded in 2006

- Arrangement between the Government of the Czech Republic and the Government of the Republic of Poland on an Amendment to Annex 4 of the Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Border Crossings, Crossings on Tourist Footpaths Cutting Across State Borders and the Principles of Crossing State Borders Outside Border Crossings, signed in Warsaw on 22 November 1996, concluded by an exchange of notes, Warsaw, 9 January 2006;
- Arrangement between the Government of the Czech Republic and the Government of the Republic of Poland on an Amendment to Annex 1 of the Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Border Crossings, Crossings on Tourist Footpaths Cutting Across State Borders and the Principles of Crossing State Borders Outside Border Crossings, signed in Warsaw on 22 November 1996, concluded by an exchange of notes, Warsaw, 9 January 2006;
- Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Mutual Recognition of Parts of Study Programmes, of Equivalence of Education Certificates and Certificates of Academic Degrees and Titles Issued in the Czech Republic and the Republic of Poland, Prague, 16 January 2006;
- Arrangement between the Government of the Czech Republic and the Government of the Republic of Poland on an Amendment to Annex 3 of the Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Border Crossings, Crossings on Tourist Footpaths Cutting Across State Borders and the Principles of Crossing State Borders Outside Border Crossings, signed in Warsaw on 22 November 1996, concluded by an exchange of notes (Černovousy/Ves - Zawidów, Višňovská - Wigancice/Żytawskie), Warsaw, 17 January 2006;

- Arrangement between the Government of the Czech Republic and the Government of the Republic of Poland on an Amendment to Annex 1 of the Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Border Crossings, Crossings on Tourist Footpaths Cutting Across State Borders and the Principles of Crossing State Borders Outside Border Crossings, signed in Warsaw on 22 November 1996, concluded by an exchange of notes (Závada - Golkowice, Osoblaha – Pomorzowiczki), Warsaw, 28 February 2006;
- Programme of Co-operation in the Field of Education between the Ministry of Education, Youth and Sports of the Czech Republic and the Ministry of Science and Education of the Republic of Poland for the Years 2006-2009, Prague, 12 April 2006;
- Arrangement between the Government of the Czech Republic and the Government of the Republic of Poland on an Amendment to Annex 1 of the Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Border Crossings, Crossings on Tourist Footpaths Cutting Across State Borders and the Principles of Crossing State Borders Outside Border Crossings, signed in Warsaw on 22 November 1996, concluded by an exchange of notes (Mikulovice – Glucholazy), Warsaw, 15 June 2006;
- Treaty between the Czech Republic and the Republic of Poland on Cooperation in the Fight against Crime and Protection of Public Order and on Cooperation in Border Regions, Warsaw, 21 June 2006;
- Arrangement between the Government of the Czech Republic and the Government of the Republic of Poland on an Amendment to Annex 1 of the Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Border Crossings, Crossings on Tourist Footpaths Cutting Across State Borders and the Principles of Crossing State Borders Outside Border Crossings, signed in Warsaw on 22 November 1996, concluded by an exchange of notes (Srbská – Miloszów), Warsaw, 29 August 2006.

Cultural relations

Cooperation in culture and education formed a significant part of mutual contacts and retained its traditionally high standard. Cooperation took place via the Czech Ministry of Culture and Ministry of Education, Youth and Sports and its part-subsidised organisations and also via cultural institutions, private entities and between partner towns. The Czech Centre in

Warsaw and the Polish Institute in Prague made a major contribution to the development of cultural cooperation.

The most important cultural event was an exhibition entitled “Silesia – a Pearl in the Bohemian Crown”, which was a joint project organised by the National Gallery in Prague, the Museum of Copper in Legnica and Wrocław University, and staged at the museum of Copper in Legnica and the Waldstein Riding School Gallery in Prague. Key cultural events included the traditional “Without Borders” theatre festival, which is held every year in Český Těšín and Polish Cieszyn, and the 17th annual “Czech-Polish Days of Christian Culture”, one of the most popular cultural events in the Czech-Polish border region. “Czech Culture Month” took place in Katowice and “Czech Day” in Kraków. The BWA Gallery in Wrocław staged a representative exhibition of the latest Czech and Slovak art entitled “Shadows of Humour”. A number of other film, art, music and literature events took place.

In educational cooperation, a new programme of cooperation was signed for 2006-2009. Based on this programme, direct cooperation between universities went ahead, including scholarships for students of Polish and Czech studies and exchange of academic staff on study, research and scientific stays. Czech language and literature teachers work in Polish universities and vice-versa. The annual “Bohemian Studies Days” took place. The Czech and Polish education ministers, P. Buzková and M. Seweryński, signed an Agreement on Mutual Recognition of Parts of Study Programmes, of Equivalence of Education Certificates and Certificates of Academic Degrees and Titles issued in the Czech Republic and the Republic of Poland, which entered into force on 1 November 2006.

GERMANY

(Federal Republic of Germany)

Germany has traditionally been one of the Czech Republic’s key partners, so relations with Germany are paramount in Czech foreign policy. This is not solely a geographical imperative (owing to the length of the common border, for example) – it is increasingly political, partly due to both countries’ membership of the European Union and NATO as well as their mutual trade and cultural ties. In autumn 2006, in Germany and then a year later in the Czech Republic, parliamentary elections gave rise to new governing coalitions, but that did nothing to disrupt the dynamism of political relations at the highest level. Equally pleasing is

the fact that regional ties are constantly developing, with cooperation between municipalities, schools and non-governmental institutions on the rise.

Just as in previous years, the main theme of political dialogue was current European questions, which confirms the forward-looking character of mutual relations. The support on both sides for continuation of the work of the Czech-German Fund for the Future is further affirmation of this trend.

In 2006, Germany again confirmed its role as the Czech Republic's most important trading partner, both in exports and imports of goods. The Czech Republic has a positive balance of trade with Germany.

Visits by representatives of the Czech Republic:

- 13 January 2006 – visit to Dresden by Minister of Foreign Affairs C. Svoboda;
- 28 February 2006 – visit to Pirna by President V. Klaus;
- 28 March 2006 – visit to Berlin by Minister for Regional Development R. Martínek;
- 13 September 2006 – visit to Berlin by Minister of Foreign Affairs A. Vondra;
- 27 October 2006 – visit to Dresden by Minister for Regional Development P. Gandalovič;
- 3 November 2006 – visit to Berlin by Ministry of Finance V. Tlustý;
- 22-24 November 2006 – visit to Bavaria by Minister of Culture M. Štěpánek.

Visits by representatives of Germany:

- 6-7 April 2006 – visit by Federal Minister for Foreign Affairs F.-W. Steinmeier;
- 4-5 December 2006 – visit by Federal Minister of Transport, Building and Urban Development W. Tiefensee.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	1177435165	117902481 7	127228956 2	30.0
	year-on-year index	120.5	101.1	107.9	
exports	CZK thousands	623 098 938	628 529 570	679 597 485	31.7
	year-on-year index	122.9	100.9	108.1	

imports	CZK thousands	554 336 227	550 495 247	592 692 077	28.3
	year-on-year index	118.0	99.3	107.7	
balance	CZK thousands	68 762 711	78 034 323	86 905 408	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

With a share of roughly one third of Czech foreign trade turnover, Germany is the Czech Republic's most important trading partner. Exchange of goods has been growing for a number of years. The principal factors in this are German investments in the Czech Republic and the Czech Republic's entry to the EU.

Germany is by far the Czech Republic's biggest trading partner in terms of both imports and exports and is also the biggest direct foreign investor in the Czech Republic. Between 1 January 1993 and 30 September 2006, Germany invested EUR 13.8 billion, which represents roughly 26% of all direct foreign investments in the Czech Republic.

Trade exchange with Germany continued to grow in 2006. As mentioned above, the achieved results reflect the positive effects of the Czech Republic's accession to the EU and German investments in the Czech Republic. The German market is composed of 16 states ("*Bundesländer*") that differ in size, intensity, commodity structure and, perhaps unexpectedly, import regimes.

60.4% of Czech exports and 50.7% of imports from Germany are accounted for by three states: Bavaria, North Rhine-Westphalia, and Baden-Württemberg. The next three states account for 25.5% of Czech exports and 19.8% of imports: they are Saxony, Lower Saxony and Hesse. Together, these six states account for 85.9% of Czech exports to Germany and 70.5% of imports from Germany.

The commodity structure of trade exchange between the Czech Republic and Germany has been relatively stable for several years now. The structure of Czech exports to Germany compared to overall Czech exports is positive. Machinery and transport equipment, along with various finished products, form the core of Czech exports to Germany, with a 66% share.

The Czech Republic's principal export commodities: transport equipment (passenger cars and their accessories), electrical devices, machinery and equipment for various industrial sectors, tyres, rubber industry and plastics industry products.

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

Bilateral agreements concluded in 2006

- Arrangement between the Government of the Czech Republic and the Government of the Federal Republic of Germany on the Establishment of New Tourist Footpaths Cutting Across State Borders and a Change to the Regimes on Existing Tourist Footpaths, Prague, 15 February 2006;
- Arrangement between the Government of the Czech Republic and the Government of the Federal Republic of Germany Amending the Agreement between the Government of the Czech Republic and the Government of the Federal Republic of Germany on Border Crossings on Common State Borders of 18 November 1996, Prague, 23 May 2006.

Cultural relations

Following the success of the “Heydrich Assassination” exhibition (German Technical Museum in Berlin, 7 December 2005 – 17 April 2006), a series of accompanying events were staged. One of the most significant was a screening of the film “Lidice Children”, which was followed by a discussion with people who experienced and remember the events portrayed in the film. A literary evening attended by eminent Czech writers opened another – the fifth – annual Festival of Czech Art and Culture (“Prague-Berlin Festival”).

One of the principal events in Czech-German relations was the 11th German-Language Theatre Festival in Prague in autumn 2006.

A large number of Czech-German cultural projects and youth exchanges 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 located 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.

In the context of research into the countries' shared past, in May 2006, work started on a documentation project approved by the Czech government. The project, taking place under the guidance of the Institute of Contemporary History of the Academy of Sciences of the Czech Republic, will deal with active opponents of Nazism who, after World War II, were affected by measures applied against what was called the "enemy population" in Czechoslovakia. A three-day international conference on this theme in Ústí nad Labem in November 2006 was attended by leading politicians and scholars from the Czech Republic and Germany.

AUSTRIA

(Republic of Austria)

Relations with neighbouring Austria are one of the principal and constant priorities of Czech foreign policy. The Czech Republic's accession to the European Union and Austria's presidency of the EU in the first half of 2006 were very beneficial to the development of mutual contacts. The level of cultural contacts and deepening cross-border cooperation bear witness to the success of the two countries' neighbourly relations.

Austria has for long been one of the Czech Republic's biggest trading partners; in terms of total turnover, in 2006, Austria was the Czech Republic's sixth most important partner and was the fifth most important market for Czech exports.

Cooperation between the South Bohemia and South Moravia regions and the Upper and Lower Austria states is evolving very successfully. Based on treaties governing the regime in operation at common state borders, seven new tourist border crossings were opened on the Czech-Austrian border, mostly in the South Moravian stretch of the common border.

Bilateral military projects – a joint Czech-Austrian EUFOR unit in Bosnia and Herzegovina and the preparation of a Czech-Austrian-German unit – are going ahead.

Some questions in bilateral relations remain open. The Czech Republic has an interest in a review of the Austrian transitional period for the free movement of labour and insists on

joining the Schengen system as soon as possible. There are differences of opinion and heightened sensitivity on the question of atomic energy in the context of energy security and the case of the Temelín nuclear power plant, and also in some questions concerning interpretation of the countries' shared past. Infrastructure projects, especially the completion or upgrading of road and rail links between the countries, may require a more flexible approach in the future. The revitalisation of the Fratres—Slavonice railway link and completion of the motorway linking Vienna and Brno are two such projects.

Visits by representatives of the Czech Republic:

27 January 2006 – working visit to Vienna by Prime Minister J. Paroubek;

23-26 February 2006 – working visit to Tyrol by President V. Klaus;

18-19 April 2006 – President of the Senate of Parliament P. Sobotka attended the “Europe Begins at Home” conference in St. Pölten, Lower Austria;

21 August 2006 – President V. Klaus attended the Alpbach European Forum;

14 September 2006 – bilateral meeting of foreign affairs ministers A. Vondra and U. Plassnik on the sidelines of a meeting of Regional Partnership countries in Vienna;

23 November 2006 – President of the Chamber of Deputies M. Vlček and President of the Senate of Parliament P. Sobotka attended a meeting of parliamentary speakers from Regional Partnership countries in Vienna.

Visits by representatives of Austria:

14 June 2006 – meeting between the Governor of Upper Austria J. Pühringer and President V. Klaus, Prime Minister J. Paroubek, President of the Senate P. Sobotka and Minister of Foreign Affairs C. Svoboda.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)

turnover	CZK thousands	173 539 778	177 692 786	186 978 131	4.4
	year-on-year index	117.8	102.4	105.2	
exports	CZK thousands	90 426 390	104 667 551	109 590 161	5.1
	year-on-year index	105.6	115.7	104.7	
imports	CZK thousands	83 113 388	73 025 235	77 387 970	3.7
	year-on-year index	134.6	87.9	106.0	
balance	CZK thousands	7 313 002	31 462 316	32 202 191	

Sources: 1) Czech Statistical Office, March 2007 (foreign trade data)

2) Czech National Bank, April 2007 (investment data)

The standard of economic relations between the Czech Republic and Austria has traditionally been high and is characterised by considerable intensity. After the stagnation of foreign trade in 2005 (and particularly Czech exports), in 2006, the growth index for Czech exports to Austria attained a value of 104.7 and the imports growth index 106.0. That represents a substantial improvement over the previous year. At the same time, these data indicate that the said stagnation in trade between the Czech Republic and Austria came to an end in 2006. Yet the fact remains that in the 2005-2006 period Austria lost its traditional position as the Czech Republic's third most important trading partner. In 2006, it was the sixth biggest trading partner. Austria is the fifth biggest export destination for Czech goods and is ninth biggest in terms of imports to the Czech Republic. As far as direct foreign investments are concerned, Austria retained its position as the third most significant foreign investor in the Czech Republic in 2006.

The Czech Republic's principal export commodities: non-electric machinery, devices and motors, pumps, computers, electrical machinery, devices and motors, radios, television sets, motor vehicles, tractors, wheeled and other vehicles, mineral fuels, oil and oil products, gas, electricity, timber and wood products, *et al.*

The Czech Republic's principal import commodities: non-electric machinery, devices and motors, pumps, computers; electrical machinery, devices and motors, radios, television sets, iron and steel, semi-finished products, sheet metal, rods, wires; plastics and plastic products; mineral fuels, oil and oil products, gas, electricity, motor vehicles, tractors, wheeled and other vehicles; iron and steel products; paper, cardboard, paperboard and their products; toys, games, sports equipment; aluminium and aluminium products; timber and wood products, charcoal; locomotives, railway carriages, trams, transport and signalling equipment.

Bilateral agreements concluded in 2006

- Convention between the Czech Republic and the Republic of Austria for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital, Prague, 8 June 2006.

Cultural relations

The year 2006 was exceptionally rich in Czech-Austrian cultural relations. The involvement of Czech artists and artistic ensembles in the celebrations of the 250th anniversary of the birth of W. A. Mozart was particularly intensive. True to tradition, the Czech Centre in Vienna was highly active in the field of cultural contacts. Besides organising literary readings, exhibitions and concerts, it also engaged in a number of local cultural events: for example, it mediated the participation of Czech companies at the “Theatersucht” theatre festival in Vienna and prepared a presentation of Czech films for the “FrauenFilmTage” feminist film festival in Vienna. The Czech Centre also presented Czech culture in the Austrian states of Tyrol and Styria, for example.

In addition, the Embassy of the Czech Republic in Vienna prepared a whole series of literary evenings and podium discussions on topical socio-political questions of Czech-Austrian relations. Part of the Czech expatriate community, associated in the “Cultural Club of Czechs and Slovaks in Austria”, has traditionally played a role in developing cultural cooperation. Headed by H. Baslerová, the Cultural Club publishes a monthly periodical with the title “Club” (two other Czech periodicals come out in Vienna: “Czech and Slovak Vienna”, a monthly issued by the Comenius School Community, and a fortnightly publication entitled “Vienna Free Paper”, brought out by the Minority Council of the Czech and Slovak Branch in Austria). Last but not least, the Diplomatic Academy in Vienna, which has been headed since 2005 by writer and the Czech Republic’s former ambassador to Austria J. Gruša, was involved in supporting joint Czech-Austrian cultural activities.

Austrian culture is mediated in Prague and the Czech Republic by the Austrian Cultural Forum, which celebrated ten years’ existence in the Czech Republic in 2006.

In 2006, negotiations went ahead on a cultural agreement to supersede the now obsolete Agreement on Cooperation in the Field of Culture, Education and Science concluded

between the Czechoslovak Socialist Republic and the Republic of Austria in 1977, which was extended by an Executive Protocol from 1997.

HUNGARY

(Republic of Hungary)

The standard of relations between the Czech Republic and Hungary has for long been high and corresponds to relations between neighbouring countries. With a view to further deepening cooperation at bilateral level, a Memorandum of Understanding was signed between the Ministry of Foreign Affairs of the Czech Republic and the Ministry of Foreign Affairs of the Republic of Hungary. Top-level state representatives met mainly at multilateral forums; the reduced number of bilateral visits was due to the parliamentary elections in both countries.

Visits by representatives of the Czech Republic:

- 12-14 December 2006 – working visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament.

Visits by representatives of Hungary:

12-13 January 2006 – official visit by President L. Sólyom.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	83 428 460	90 311 561	113 272 849	2.7
	year-on-year index	137.8	108.3	125.4	
exports	CZK thousands	46 763 484	50 878 292	63 665 212	3.0
	year-on-year index	149.6	108.8	125.1	
imports	CZK thousands	36 664 976	39 433 269	49 607 637	2.4

	year-on-year index	125.1	107.5	125.8	
balance	CZK thousands	10 098 508	11 445 000	14 057 575	

Sources: 1) Czech Statistical Office, March 2007 (foreign trade data)

2) Czech National Bank, March 2007 (investment data)

Hungary is one of the Czech Republic's leading economic partners. Throughout the Czech Republic's existence, foreign trade turnover with Hungary has been rising dynamically by tens of percent. Hungary has for long been one of the Czech Republic's most significant trading partners (11th in 2006, 12th in 2005).

The Czech Republic's principal export commodities: two-thirds of Czech exports comprise machinery and transport equipment, industrial goods and various finished products (passenger cars, information technology equipment and parts, tractors, parts and spares for tractors, passenger cars and lorries, television screens, electronic components and parts for the assembly of electronic devices). Other exports commodities are chipboard, aniline, rolled material, and coal.

The Czech Republic's principal import commodities: compression ignition and spark ignition engines for Škoda passenger cars (from the Győr motor works), brakes and bunched cables for the automobile industry, medicines, mobile telephones, consumer electronics parts and components, computer peripheries, television sets, electric motors and parts, light bulbs, paper and cardboard, composite leather, aluminium semi-finished products, meat, smoked meats, and meat products.

Cultural relations

Czech-Hungarian cultural relations are viewed very positively by both sides. True to tradition, the key Czech cultural events in Hungary in the past year included the regular "Bohemia Festival", held as a part of the "Budapest Autumn Festival"; "Bohemian Ball" in Budapest; and the "International Book Festival", featuring presentations of Hungarian translations of Czech literature. The Czech Philharmonic Orchestra, conducted by Z. Mácal, performed in the Palace of Arts in Budapest. There were also concerts by well-known Czech bands in Hungarian cities: Plastic People of The Universe; a concert by Kale as part of the world-famous Sziget summer festival; and a concert by Jiří Stivín & Jazz Systems. There was an excellent response to two exhibitions – one of the life and work of V. Holan and an

exhibition of photographs by J. Všetěčka entitled “Prague, City of Music”. The Toldi and Örökmozgó cinemas in Budapest organised a “Czech Film Weekend”, featuring works of contemporary Czech cinema. The second year of a presentation combining the tourism, trade and cultural aspects of the Czech Republic in Budapest’s Grand Market Hall met with considerable interest.

Celebrations marking the 50th anniversary of the 1956 Hungarian Revolution were a significant cultural event in both countries. Piano compositions by Hungarian composers B. Bartók and Z. Kodály were performed at a gala concert in the Břevnov Monastery, attended by Prime Minister M. Topolánek.

SLOVENIA

(Republic of Slovenia)

The standard of bilateral relations between the Czech Republic and Slovenia is very good. Intensive cooperation went ahead in 2006, principally in the context of the Regional Partnership, European Union and NATO, where most of the meetings of top-level representatives of the two countries took place.

Visits by representatives of the Czech Republic:

9-12 June 2006 – official visit by Minister of Culture V. Jandák;

11-13 July 2006 – working visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic.

Visits by representatives of Slovenia:

11 May 2006 – working visit by Minister of Culture V. Simoniti.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	19 348 716	19 760 491	21 679 046	0.5
	year-on-year index	110.6		109.7	
exports	CZK thousands	9 833 312	10 692 477	10 854 098	0.6
	year-on-year index	109.0	108.7	101.5	
imports	CZK thousands	9 515 404	9 068 014	10 824 948	0.5
	year-on-year index	112.4	95.3	119.4	
balance	CZK thousands	317 907	1 624 463	29 150	
foreign investments - incoming	direct (CZK thousands)	32 000	185 800		
	portfolio (CZK thousands)	no record	no record		
foreign investments outgoing	direct (CZK thousands)	- 128 100	- 73 600		
	portfolio (CZK thousands)	959 700	999 000		

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

In the economic field, the dynamic growth in trade exchange continued in 2006 (up 10%). Trade with Slovenia ranked 26th in the order of the Czech Republic's total foreign trade (22nd in exports and 29th in imports).

The Czech Republic's principal export commodities: passenger cars, machine engineering products, tyres, steel industry products and tubes, cattle, cereals, paper, pulp, chemicals, unroasted malt, glass, timber, foodstuffs, aluminium products, *et al.*

The Czech Republic's principal import commodities: medicines, paper, motor vehicles, white goods, automatic gambling machines, aluminium products, domestic electrical and heating appliances, electricity generator motor parts, chemical products, electrical engineering products, machine engineering products, consumer products.

Cultural relations

Czech-Slovene cultural relations were characterised by high intensity in 2006, as borne out by the reciprocal visits undertaken by the two countries' culture ministers. On 11 May 2006, during Slovene culture minister V. Simoniti's visit, a bust of eminent Slovene architect and former architect of the Prague Castle J. Plečnik was unveiled in the Prague Castle gardens.

The most significant events presenting Czech culture in Slovenia included a concert of music for children written and performed by E. Hradecký in Ljubljana; "Czech Cuisine Days" in Nova Gorica; an exhibition of photographs by P. Dias entitled "Depths of Memory"; and a selection of photographs from the "Jewish Moravia" cycle in Maribor. A week-long presentation of films from EU countries opened with Czech film *Tales of Ordinary Madness*, attended by Minister of Culture V. Simoniti. The traditional Summer Violin School took place in July. The course was held at the Ljutomer music school under the tutorship of Professor T. Tuláček. The culmination of the course was a students' concert. "Labyrinths of Feeling", an exhibition of works by Czech painter D. Janová, opened in autumn in a gallery in the town of Škofja Loka. To mark the Czech national day on 17 November, renowned Czech organist J. Tůma gave a recital in the Franciscan Church in the centre of Ljubljana. The 4th Slovene Animation Festival in the coastal town of Izola featured a presentation of works from the Zlín Film School.

SWITZERLAND

(Swiss Confederation)

The traditionally friendly Czech-Swiss relations continued to develop in the spirit of continuity in 2006. Meetings of top-level representatives were complemented by direct cooperation between higher local government units and communities in the Czech Republic and Swiss cantons, towns and municipalities.

Following the 2005 referendum approving ratification of the Protocol to the Agreement on the Free Movement of Persons between the European Communities and the Swiss Confederation, which extended this agreement to the ten new EU member states, in a referendum in 2006 Swiss voters also agreed with the provision of a “financial contribution” to these new EU members. The contribution in the case of the Czech Republic is worth almost CZK 2 billion, which should be distributed to Czech entities in the agreed way in the coming years. The concerned ministries on both sides are currently negotiating an agreement defining the manner of distribution.

In mutual trade, the previous year’s turnover was again substantially exceeded in 2006. The Czech Republic thus remained Switzerland’s biggest trading partner from Central and Eastern Europe.

Visits by representatives of the Czech Republic:

1 February 2006 – unofficial visit by President V. Klaus to attend the Swiss Finance Conference in Zurich;

22 March 2006 – official working visit by President V. Klaus;

20-21 April 2006 – a delegation headed by the President of the Senate P. Sobotka attended a meeting of the Association of European Senates in Bern;

26 September 2006 – visit to Bern by Minister of Environment J. Kalaš.

Visits by representatives of Switzerland:

28-29 September 2006 – a delegation headed by President of the Council of States R. Büttiker attended an extraordinary meeting of the Association of European Senates in Prague.

Economic relations

		2004	2005	2005	share of 2006 aggregate indicators (%)
turnover	CZK thousands	48 125 586	51 582 100	57 627 108	1.4
	year-on-year index	112.5	107.2	111.7	
exports	CZK thousands	21 288 996	23 541 928	29 531 460	1.4
	year-on-year index	108.4	110.6	125.4	
imports	CZK thousands	26 836 590	28 040 172	28 095 648	1.3
	year-on-year index	116.1	104.5	100.2	
balance	CZK thousands	- 5 547 595	1 203 582	1 435 812	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

Switzerland is the Czech Republic's 17th most important trading partner. The volume of Czech-Swiss trade achieved in 2006 was the largest ever. The Czech Republic's balance of trade surplus in 2006 amounted to CZK 1,436 million in 2006.

The Czech Republic's principal export commodities: machinery and transport equipment, textile and leatherworking machinery, plant equipment and machinery for the power industry, digital data processing systems, automated data processing equipment, telecommunications equipment, office machinery, metalworking machinery, ball-bearings, electrical machinery, market products including metal products, non-ferrous metals, iron products, various constructions, tyres, paper and paperboard, various industrial products including specialist scientific instruments, clothing products and accessories, furniture, children's toys and prams, chemicals including organic chemicals and carbonic acids, foodstuffs.

The Czech Republic's principal import commodities: chemicals (pharmaceutical products and medicaments, organic chemical products, dyes, pigments, essential oils, plastics and plastic products), machinery and transport equipment (metalworking machinery, machine tools, office machinery and data processing equipment, electrical switching devices, electrical equipment and devices, printing machinery, clothing products, paper, paperboard, textile yarns and cotton fabrics, specialist scientific and control instruments, orthopaedic devices and

aids, precision engineering (watch-making) products, jewellery and goldsmiths' products, *et al.*

Bilateral agreements concluded in 2006

- Treaty between the Czech Republic and the Swiss Confederation on Police Cooperation in the Fight against Crime, 1 November 2006.

Cultural relations

Cultural relations are not governed by any treaties; cultural exchange takes place primarily on a commercial basis.

Czech art has traditionally had a good reputation in Switzerland, with the potential for further development. A number of concerts of works by Czech composers and performances by Czech musicians took place. In 2006, the Embassy of the Czech Republic in Bern organised, *inter alia*, a concert by the Vlach Quartet and Trio Artemis, and co-organised the 11th “Bohuslav Martinů International Music Days” in Basel and a performance of the children’s opera *Brundibár* in Zurich.

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.

ESTONIA

(Republic of Estonia)

Estonia is an important partner of the Czech Republic. Both countries’ membership of the European Union and NATO contributed to the further development of mutually beneficial bilateral cooperation in 2006, in both the political and the economic, security and cultural fields.

Visits by representatives of the Czech Republic:

23-24 May 2005 – official visit by President V. Klaus;

8-14 September 2006 – visit by a delegation of the Committee on Regional Development, Public Administration and the Environment of the Senate of Parliament.

Visits by representatives of Estonia:

2-4 April 2006 – visit to Prague by Mayor of Tallinn J. Ratas.

Economic relations

Economic relations with Estonia are developing favourably. Foreign trade turnover has tripled in the last six years, helped by the two countries' membership of the EU. The preliminary results for 2006 show a 35% increase over 2005 levels, which is the highest percentage growth rate in the last six years.

The Czech Republic's principal export commodities: machinery and transport equipment, market products, industrial consumer goods, passenger cars and other passenger vehicles, glass, automatic data processing equipment.

The Czech Republic's principal import commodities: market products, industrial consumer goods, machinery and transport equipment, flat rolled iron products, simply worked timber, prefabricated buildings.

Cultural relations

Cultural relations between the Czech Republic and Estonia have for long been intensive. A number of cultural events took place in 2006 with considerable support from the Embassy of the Czech Republic in Tallinn. In mid-January, the National Library in Tallinn put on an exhibition entitled "Hope and Despair – Life Through the Eyes of Terezin Children", which subsequently travelled to the City Gallery in Kohtla-Järve. "Lux Materiae", an exhibition of modern jewellery by K. Votipka, and an exhibition entitled "Ten Personalities of Czech Graphic Art" were held in Tallinn in March and April respectively. The latter exhibition was also presented on the occasion of "Czech Day in Tallinn", which also featured music by the group Frgál and demonstrations of Czech cuisine and products.

LITHUANIA

(Republic of Lithuania)

Lithuania is an important partner and ally of the Czech Republic. Mutual relations in the political, economic, military and cultural fields continued to deepen in 2006. Mutual trade turnover remained the largest in the entire Baltic region. The intensity of bilateral relations continued to increase in connection with the two countries' membership of the EU and NATO.

Visits by representatives of the Czech Republic:

11-12 January 2006 – visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic;

15-18 March 2006 – visit by a delegation of the Supreme Administrative Court of the Czech Republic;

10-13 April 2006 – visit by a delegation of the Agriculture Committee of the Chamber of Deputies of Parliament;

25-26 May 2006 – official visit by President V. Klaus.

Visits by representatives of Lithuania:

10-11 May 2006 – official visit by Minister of National Defence G. Kirkilas.

Economic relations

The Czech Republic has a pronounced balance of trade surplus with Lithuania, and in 2006 exports grew by 22.5% from 2005 levels. Total trade exchange grew by 30%; imports from Lithuania also increased. Lithuania is a standard and reliable trading partner.

The Czech Republic's principal export commodities: machinery and transport equipment, primarily Škoda passenger cars, steel profiles, sanitary fittings, household

chemicals, electrical household appliances, kitchen furniture, glass and ceramics, heating plant boilers and radiators, tools and implements, clothing, crockery and kitchen utensils, medicines, and human and veterinary medicine products.

The Czech Republic's principal import commodities: refrigerators, chemical raw materials, textile fibres and yarn, furniture and other wooden products, aluminium. The biggest increase in imports came in the chemical raw materials category.

Cultural relations

Cultural cooperation between the Czech Republic and Lithuania is evolving on the basis of historical traditions and mutual interest; it has for long maintained a high standard. The intensity of exhibitions, concerts and other cultural events has increased every year. Cooperation has taken place for many years between the National Library in Prague and the M. Mazvydas National Library of Lithuania in Vilnius. The restoration centres of these two institutions successfully exchange experiences. There is also close cooperation between the National Library of the Czech Republic and the Library of the Lithuanian Academy of Sciences. Theatre institutes also maintain constant contacts, with cooperation developing in the context of a number of theatre projects and festivals.

In 2006, a number of exhibitions and concerts took place with the cooperation of the Embassy of the Czech Republic. On 15 March 2006, the Czech ambassador opened the "Czech Press Photo 2003-2004" exhibition in the Fujifilm Photography Gallery in Kaunas. After successfully running there, the exhibition was moved to the city of Panevezys. "Ten Personalities of Czech Graphic Art", an exhibition devoted to works by 20th century Czech artists, was held from August to September in Vilnius and Klaipeda. In October, as part of a long-term project of the Kaunas Cultural Centre of Various Nations entitled "The Roma Road to Revival: Czech Republic – Lithuania", an exhibition of portrait photographs by C. Wyatt "Roma Rising", featuring portraits of successful Roma professionals from the Czech Republic, was opened at Vilnius Town Hall. Perhaps the most successful of several concerts was the January performance of A. Dvořák's Stabat Mater in Vilnius Cathedral, featuring tenor P. Strnad accompanied by Lithuanian soloists and the Vilnius Cathedral Choir.

LATVIA

(Republic of Latvia)

Relations between the Czech Republic and Latvia have traditionally been good ever since the interwar period. Joint membership of Euro-Atlantic structures has deepened these relations further. Cooperation in the political, security, economic and cultural spheres developed successfully in 2006.

Visits by representatives of the Czech Republic:

3-6 April 2006 – visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament;

5 May 2006 – working visit by Prime Minister J. Paroubek on the occasion of the opening of the Ice Hockey World Championships;

21 May 2006 – working visit by Prime Minister J. Paroubek on the occasion of the closing of the Ice Hockey World Championships.

Visits by representatives of Latvia:

8 October 2006 – working visit by President V. Vīke-Freiberga combined with participation at the Forum 2000 conference.

Economic relations

The Czech Republic's principal export commodities: transport equipment, machinery and plant equipment, stone, glass and plaster products, base metals and their products, foodstuffs.

The Czech Republic's principal import commodities: metals and metal products, foodstuffs, timber and wood products, machinery and plant equipment, textiles and textile goods.

Bilateral agreements concluded in 2006

Arrangement between the Ministry of Defence of the Czech Republic and the Ministry of Defence of the Republic of Latvia on Cooperation in the Field of Military Geography, Riga, 7 December 2006.

Cultural relations

Czech culture was presented in Latvia at a great number of events in 2006. The most significant events included a travelling exhibition entitled “Five Centuries of Czech-Latvian Literary Relations”; an exhibition of cartoons by M. Barták in Smiltene; a highly successful exhibition of graphic works by eminent Czech artist A. Born; and, last but not least, an exhibition by V. Jiránek entitled “S. Freud – Humour and Psychoanalysis”. A number of concerts were staged during the year, for example a concert by G. Demeterová, a joint Czech-Latvian concert given by the Česká píseň and Latgale choirs in Preili, and a concert to mark the Czech National Day. Latvian translations of books by J. Lada and K. Biebl were published and a Czech-Latvian dictionary was brought out. The participation of Czech artists in the ice sculpture festival, radio broadcasts and literary or cinema evenings contributes to the constantly increasing awareness of the Czech Republic and its culture.

2. The Czech Republic’s relations with West European countries

ANDORRA

(Principality of Andorra)

Czech-Andorran relations have consistently been good. In 2006, Andorra supported the Czech Republic’s candidacy to the UN Human Rights Council. On 26 November 2006, the Czech Republic granted its agrément to the Andorran ambassador in Vienna H. E. Joan Pujal. This is the first accreditation of an Andorran ambassador since the establishment of diplomatic relations in 1996.

Visits by representatives of the Czech Republic:

- 3-4 July 2006 – working visit by Deputy Minister of Foreign Affairs for Bilateral Relations T. Pojar.

Cultural relations

In 2006, Andorra again supported Catalan language teaching at the Department of Romance Studies of the Faculty of Philosophy and Arts of Charles University. Andorra started sending language instructors to the most renowned Czech university at the beginning of the 1990s. On average 120 Czech students apply to study Catalan every year, and roughly half that number attend summer school in Andorra.

BELGIUM

(Kingdom of Belgium)

Relations between Belgium and the Czech Republic have been successfully developing at both bilateral and multilateral levels in the context of the European Union and Euro-Atlantic partnership. There were 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. In February 2006, a Programme of Cooperation between the Czech Republic and the Flemish Region for 2006-2007 was signed in Prague and talks began on a Programme of Cooperation between the Czech Republic and the Walloon Region for 2007-2009.

Visits by representatives of the Czech Republic:

- 27 February 2006 – working visit by Minister of Foreign Affairs C. Svoboda;
- 9-11 March 2006 – visit by President of the Supreme Audit Office F. Dohnal;
- 6 October 2006 – working visit by Minister of the Environment J. Kalaš;
- 20-22 January 2006 – visit by a delegation of the Committee for Economy of the Chamber of Deputies of Parliament.

Visits by representatives of Belgium:

- 9-11 October 2006 – visit by Belgian Chief of Defence, General August Van Daele;
- 21 May 2006 – visit by Minister of Foreign Affairs K. de Gucht;
- 20-21 February 2006 – meeting of the mixed commission of the Programme of Cooperation between the Czech Republic and the Flemish Region.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	78 769 030	86 904 772	102529301	2.4
	year-on-year index	130.7	110.3	120.0	
exports	CZK thousands	44 428 238	50 362 515	61 358 934	2.9
	year-on-year index	144.3	113.4	124.3	
imports	CZK thousands	34 340 792	36 542 257	41 170 367	2.0
	year-on-year index	116.5	106.4	114.0	
balance	CZK thousands	10 087 446	13 820 258	20 188 567	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

Trade and economic relations between the Czech Republic and Belgium have been developing very favourably in the context of European integration. Besides contacts at Belgian federal level, efforts to strengthen ties with the Belgian regions have also gone ahead. Cooperation agreements were signed with the Walloon and Flemish governments in 2006.

Belgium is one of the Czech Republic's important trading partners. In 2006, it was the Czech Republic's 13th most significant partner in terms of foreign trade turnover.

The Czech Republic's principal export commodities: machinery and transport equipment (with passenger cars constituting a significant export commodity), industrial consumer goods, telecommunications equipment, electrical engineering equipment, electrical appliances, furniture, live animals.

The Czech Republic's principal import commodities: motor vehicles for passenger transport, electric integrated circuits, sheet glass, chemicals, tractors, and trailers.

Cultural relations

Several fields of Czech culture were presented at events in 2006. The most significant exhibitions included exhibitions of graphic artists, painters and illustrators A. Born and J. Slíva; the private view of photographs by explorer J. Kolbaba; and a thematic exhibition mapping the history and present of the National Theatre. The Museum of Modern and Contemporary Art in Liege put on an exhibition entitled "Alphonse Mucha and Art Nouveau". Theatre presentations included *Baroque Opera* performed by the Forman Brothers Theatre and *One Cannot Complain* by Prague-based Theatre on the Raft. There was a screening of films by J. Menzel, followed by a debate about film-making with the director himself. The principal music events in 2006 were a jazz concert by M. Svoboda and his

quartet, a piano concert by M. Kasík, a concert of Baroque music by the Hofmusici ensemble, and the “Mozart—Prague 2006” project.

DENMARK

(Kingdom of Denmark)

The Czech Republic's relations with Denmark are founded on both countries' membership of the EU and NATO. The two countries share the same views on a number of questions of European and international politics. In the early months of 2006, the Czech Republic openly supported Denmark during the crisis in its relations with Islamic countries brought about by cartoons depicting the prophet Mohamed in a Copenhagen daily newspaper; the Danish government was highly appreciative of the Czech Republic's support. Czech-Danish economic relations have been developing favourably. The volume of trade exchange has risen sharply and Danish firms have displayed interest in collaborating with Czech partners to develop ecological technologies and alternative sources of energy.

Visits by representatives of the Czech Republic:

12 January 2006 – official visit by Prime Minister J. Paroubek;

29 June to 1 July 2006 – visit by President of the Senate of Parliament P. Sobotka;

- 2-3 March 2006 – visit by a delegation of the Committee for Petitions of the Chamber of Deputies of Parliament;
- 5-8 June 2006 – visit by the Standing Senate Commission on Rural Development;
- 9-10 November 2006 – official visit by President V. Klaus.

Visits by representatives of Denmark:

- 21-22 September 2006 – visit by Crown Princess Mary.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	21 086 000	26 070 000	39 088 000	0.9
	year-on-year index	120.2	123.6	149.9	
exports	CZK thousands	9 871 000	14 233 000	20 889 000	1.0
	year-on-year index	121.5	144.2	146.8	
imports	CZK thousands	11 215 000	11 837 000	18 199 000	0.9
	year-on-year index	119.1	105.5	153.7	
balance	CZK thousands	-1 344 000	2 396 000	2 690 000	

Sources: 1) Czech Statistical Office, March 2007 (foreign trade data)
2) Czech National Bank, April 2007 (investment data)

Denmark has for long been one of the Czech Republic's significant economic partners. Mutual trade exchange grew by almost 55 % in 2006, with exports and imports providing equal impetus to this progress. The balance of trade has also been evolving favourably for the Czech Republic.

The Czech Republic's principal export commodities: road motor vehicles, telecommunications equipment, toys and sports equipment, metallurgical products, office machinery, electrical equipment and devices, clothing products, prefabricated buildings, furniture.

The Czech Republic's principal import commodities: toys and mechanical assembly sets (Lego), electric recording devices, pharmaceutical products, plastics and plastic products, aluminium products, optical instruments, chemical silk, paper, pork, fish, food products.

Cultural relations

An exhibition entitled "Czech Glass Design 1945 – 1980" ran from August 2006 to January 2007 in the Jutland town of Kolding; the exhibition presented one hundred years of tradition of Czech glassmaking. A representative exhibition profiling the work of Alfons Mucha entitled "Alphonse Mucha – in the Heart of Art Nouveau" took place from September to November 2006 in Gallery Gl. Holtegaard not far from Copenhagen.

Two presentations of Danish culture in the Czech Republic in 2006 that deserve a mention were the exhibition of photographs entitled "The Danish Royal Court Yesterday and Today", which was held at the Ratibořice chateau from May to the end of October, and a

performance given by the Danish National Symphony Orchestra at the Prague Autumn festival in September.

FINLAND

(Republic of Finland)

The Czech Republic's relations with Finland, which are based on both countries' membership of the EU, have been developing successfully. In view of the Finnish presidency of the EU Council in the second half of 2006, dialogue between the two countries centred on EU issues. During its presidency of the EU Council, Finland received a number of representatives from the Ministry of Foreign Affairs and other ministries to share its practical experiences with them.

Visits by representatives of the Czech Republic:

- 13-16 February 2006 – visit by a delegation of the Committee for Social Policy and Healthcare of the Chamber of Deputies of Parliament;

30 April – 2 May 2006 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament;

27-29 September 2006 – visit by Chairman of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament J. Hamáček.

Visits by representatives of Finland:

28 February 2006 – working visit by Prime Minister M. Vanhanen.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	15 686 000	18 861 000	25 538 000	0.6
	year-on-year index	114.7	120.2	130.4	
exports	CZK thousands	6 968 000	10 343 000	12 378 000	0.6
	year-on-year index	121.0	148.4	119.7	
imports	CZK thousands	8 718 000	8 518 000	13 160 000	0.6
	year-on-year index	110.1	97.7	154.5	
balance	CZK thousands	-1 750 000	1 825 000	- 782 000	

Sources: 1) Czech Statistical Office, February 2007 (foreign trade data)

2) Czech National Bank, February 2007 (investment data)

Trade turnover for 2006 ended in a deficit of EUR 27.6 million, caused by the termination of supplies of suburban commuter railcars for Finnish National Railways. The last two of sixteen contracted units were delivered from the Czech Republic to Finland in 2006. For that reason, the balance of trade has gone into deficit, as had been the case before 2005 when the export of railcars to Finland commenced.

The Czech Republic's principal export commodities: television sets, passenger cars, automatic data processing equipment, rolled steel products, transmission shafts, and tyres.

The Czech Republic's principal import commodities: rolled steel products, television and radio transmission devices, electrical devices for telephone ("wire") transmission, paper, cardboard, and pulp.

Cultural relations

The most significant cultural presentation of the Czech Republic in Finland in 2006 was an exhibition of the works of Alphonse Mucha. In just under three months (March to May), it received 35,000 visitors in Helsinki. An exhibition of five contemporary Czech artists was opened at the Mikkeli Art Museum in July. In August, the Forman Brothers Theatre performed its *Baroque Opera* at the Hippalot arts festival for children in the Finnish city of Hämeenlinna. In September, writer A. Lustig visited Finland to promote the Finnish translation of his *Prayer for Kateřina Horovitzova* at a book fair. An exhibition of graphic art by A. Born took place in Helsinki in September.

FRANCE

(French Republic)

Relations between the Czech Republic and France have been developing successfully at both bilateral and multilateral levels in the context of Euro-Atlantic partnership and European integration. Today, what brings the two countries even closer together, is the fact that they will hold successive presidencies of the EU Council: France in the second half of 2008 and the Czech Republic in the first half of 2009. Consultations on preparations for the successive presidencies, including the formulation of a programme, are already underway.

The overall quality of relations is enhanced by shared historical ties; cultural relations are highly developed. Cooperation at regional level has been developing promisingly: there are more than 50 partnerships between regions, towns and municipalities in the Czech Republic and France. Activity is particularly intensive in the fields of culture, the provision of services to the public, education, town planning and regional development, and communal policy; there are also efforts to find common economic interests. France has for long been one of the Czech Republic's most important trading partners – trade relations have become markedly more dynamic in the past five years. A plant to produce small cars in the Kolín industrial zone, which currently employs almost 3,000 Czech employees, is one example of a significant French investment (undertaken in cooperation with Japanese firm Toyota).

Visits by representatives of the Czech Republic:

20-21 January 2006 – visit to Strasbourg by Chief Justice I. Brožová and judges of the Constitutional Court headed by President of the Constitutional Court P. Rychetský.

27-28 February 2006 – working visit by Minister of Informatics D. Běrová;

12-18 March 2006 – visit by a Senate delegation of the Group of Friends of the Czech Republic and France, led by 1st Vice-President of the Senate P. Pithart;

3-7 April 2006 – working visit by the Standing Commission for Control of the Work of the Military Defence Intelligence Service, the Standing Commission for Control of the Use of Operational Equipment of the Police of the Czech Republic and the Standing Commission for the Media of the Chamber of Deputies of Parliament;

6 April 2006 – working visit to Paris and Dijon by Minister of Foreign Affairs C. Svoboda;

13-15 July 2006 – visit by General P. Štefka, Chief of Staff of the Army of the Czech Republic, on the occasion of Bastille Day.

26-28 August 2006 – working visit to Aix-en-Provence by President V. Klaus;

18-21 September 2006 – visit by a delegation of the Standing Senate Commission on Rural Development.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
Turnover	CZK thousands	162539107	182723752	217790932	5.1
	year-on-year index	119.6	112.4	124.1	
Exports	CZK thousands	79 493 303	99 481 455	118924870	5.6
	year-on-year index	122.5	125.1	129.1	
Imports	CZK thousands	83 045 805	83 242 297	98 866 061	4.7
	year-on-year index	117.0	100.2	118.5	
Balance	CZK thousands	-3 552 502	16 239 158	20 058 809	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

France is one of the Czech Republic's most important trading partners. Economic and trade relations in 2006 were characterised by outstanding growth in Czech exports, the enduring interest of French investors and the stability of mutual economic relations. In terms of total foreign trade turnover, France was the Czech Republic's 4th biggest trading partner in 2006.

The Czech Republic's principal export commodities: machinery and transport equipment, metal and rubber products, textiles, industrial consumer goods, electric motors and generators, chemicals.

The Czech Republic's principal import commodities: machinery and transport equipment, chemicals, medicaments and pharmaceutical products, industrial consumer goods, plastic products.

Cultural relations

The most prominent Czech cultural event in France in 2006 was *Pampaedia* with an exhibition entitled "Orbis Pictus" in the Czech Centre. The project was extremely well

received and the exhibition drew more than 6,300 visitors. The political/cultural event of the year was the French-Spanish-Hungarian “European Cultural Heritage” initiative, which aims to map important sites of historical or cultural value in EU countries and draw up a list intended to complement UNESCO’s heritage list.

Important musical events at the start of the year were the premiere of B. Martinů’s opera *Julietta (The Key to Dreams)* and a performance of the full version of Smetana’s *My Country* at the Bastille Opera in Paris, conducted by Jiří Bělohlávek. The Châtelet Theatre – which, along with the Garnier Opera and Bastille Opera, is one of the most important cultural venues in Paris – staged a concert by Czech pianist I. Moravec with a programme of compositions by Debussy and Chopin, and a performance by the Czech Guarneri Trio. In February, the world premiere of J. Feld’s Viola Concert, performed by the Czech Radio Symphony Orchestra with Raphaël Oleg on viola and conducted by V. Válek, was staged in the Dijon Auditorium. The Apollon Quartet (P. Kudelásek, R. Křižanovský, P. Ciprys, P. Verner) gave a series of three concerts in France in July. Czech organist Irena Chřibková performed at the “Dijon Organ Night” festival. The work of one of the best-known contemporary Czech composers, Petr Eben, was performed in the Cathedral of St. Louis des Invalides on 17 September during European Cultural Heritage Days. At an Advent concert in the same cathedral, there were concerts featuring the soprano Pavla Vykopalová, a soloist of the National Theatre, and organist Irena Chřibková. Czech music by D. Zelenka and J. Mysliveček was also performed at the 27th Ambronay music festival, held under the theme of “Ballades en Bohême”.

Works by well-known Czech painter L. M. Wagner were exhibited in a gallery in the Marais district of Paris in September. Czech graphic art was strongly represented at the Chamalieres Triennale, where works by Max Švabinský were also displayed. An exhibition of works by artist and former Czechoslovak ambassador to France Adolf Hoffmeister opened in Parisian gallery La Minotaure on 30 November.

Czech fashion was successfully showcased during Salon de Paris by leading Czech designers T. Kovaříková, D. Nová, E-Daniela, M. Drápalová, H. Havelková, *et al.*

On 24 November, a ceremony was held in the southern French town of Vence to commemorate eminent Czechoslovak émigré J. Fišera, president of the Association of

Czechoslovak Volunteers in France, Sokol member and rescuer of Jewish children. The ceremony was accompanied by a concert by J. Lewitová and V. Merta.

Black Peter by director M. Forman was screened at the 42nd film festival of the Jean Vigo Institute in Perpignan devoted to films about twenty-year-olds. At the film festival of the prestigious Femis film school in Paris, J. Menzel presented his film *Cutting It Short* and excerpts from his new film *I Served the King of England*.

GREAT BRITAIN

(United Kingdom of Great Britain and Northern Ireland)

Relations between the United Kingdom and the Czech Republic have been successfully developing at both bilateral and multilateral levels in the context of the European Union and the Euro-Atlantic partnership. However, the post-election situation in the Czech Republic meant that there were relatively few high-level bilateral meetings.

Cooperation in the field of security was significant. Both countries are engaged in military operations in Iraq, Afghanistan, and KFOR in Kosovo. Cooperation went ahead on BMATT CEE – British Military Advisory and Training Team for Central and East Europe, which operates in Vyškov and serves to improve the training of non-commissioned officers and to prepare instructors to train non-commissioned officers from Central and Eastern European countries. For the fourth time, the Czech Republic contributed CZK 2 million to a British project to destroy chemical weapons in the Russian Federation.

A new honorary consulate was opened in Cardiff, Wales, in 2006. The expansion of the network of Czech consular posts in the United Kingdom is partly a response to the needs of the ever-growing Czech community, now estimated to number 30,000-35,000 people.

Visits by representatives of the Czech Republic:

9-11 January 2006 - visit by Minister of Education, Youth and Sports Petra Buzková;

27-28 February 2006 – working visit by Minister of Foreign Affairs C. Svoboda;

9-10 May 2006 – working visit by President V. Klaus;

17-19 September 2006 – visit by Deputy Minister of Foreign Affairs Tomáš Pojar.

Visits by representatives of Great Britain:

10 March 2006 – working visit by Prime Minister T. Blair;

13 May 2006 – working visit by Minister for Europe G. Hoon.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	131 977 476	131 371 580	155 767 013	3.7
	year-on-year index	116.7	99.5	118.6	
exports	CZK thousands	81 244 014	86 464 414	101 750 103	4.8
	year-on-year index	109.9	1076.4	117.7	
imports	CZK thousands	50 733 462	44 907 166	54 016 910	2.6
	year-on-year index	129.5	88.5	120.3	
balance	CZK thousands	30 510 552	41 557 249	47 733 193	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

Great Britain has for long been one of the Czech Republic's ten most important trading partners. In 2006, Great Britain represented the 6th largest export market (after Germany, Slovakia, Poland, France and Austria) and the 11th biggest importer to the Czech Republic. Since 2001, the Czech Republic has had a balance of trade surplus with Great Britain, with the value of exports rising every year. The value of imports from Great Britain fluctuates from year to year.

The Czech Republic's principal export commodities: passenger cars, automatic data processing machinery, colour television sets, automobile parts, seats, automatic data processing machinery parts, new rubber tyres, generators and electric motors, audio and other media, car radios, lighting or signalling devices for motor vehicles, air-conditioning equipment components, jet engine and turboprop engine parts, crane parts, forklift truck parts and earthworking, excavating and boring machinery parts, electrical hand tools and

implements, refrigerators and refrigeration equipment, furniture, aluminium containers for aerosols, confectionary not including cocoa, iron and steel products, men's and boy's clothing, air compressors and exhausters.

The Czech Republic's principal import commodities: passenger cars, automatic data processing machinery parts, medicines, automatic data processing machinery, electric condensers, front-end overhead loaders and earth excavators, automobile parts, board games, integrated circuits and electronic microsets, copper wire, organic detergents with surface active agents (laundry agents), impregnated layered textiles, electrical equipment up to 1000V, transmitter and television set parts, transmission shafts and cogs, lorries and all-terrain tipping vehicles, titanium products, electric motor and generator parts, plastic products, transmission devices with receiving equipment, nickel products, tractors, measuring instruments and parts.

Cultural relations

The most significant Czech cultural event of 2006 was the staging of *Rock 'n' Roll*, a play by dramatist of Czech origin Tom Stoppard, at the Royal Court Theatre, London. The play dramatises political and social developments in Czechoslovakia from 1968 to 1990 and Czechoslovakia's links to Great Britain. The play won two Critics' Circle prizes, including Best New Play.

In classical music, the name of the Czech Republic was associated with the first concert of the BBC Proms thanks to J. Bělohlávek, who was appointed conductor-in-chief of the BBC Symphony Orchestra for a three-year term in 2005. Additionally, the Wilhan Quartet, Martinů Quartet, Smetana Trio and young pianists L. Nováček and Z. Šimurdová all performed in Great Britain. Jablkoň, the Robert Balzar Trio and Čechomor performed at the Pulse Festival. In the festival's jazz section, the Czech Republic was represented by pianist E. Viklický and J. Stivín with Golden Violin. A string concert by Jana Nováková and Jan Páleníček commemorated Mozart's 250th birthday. *The Bartered Bride* was performed at the Royal Opera House; the English National Opera performed Janáček's *Jenůfa*. In cinema, H. Třeštková's film *Trapped* met with success at a festival of documentary films. *Fimfárum 2*, *Lunacy* and *Vierka* were screened at the London Film Festival. Presentations of films by P. Juráček and M. Ondříček were screened. In art, K. Šedá and J. Hošek exhibited in Great Britain. Glass art by A. Vašíček and J. Matouš was exhibited. M. Othová had her first

exhibition in the prestigious Photographers' Gallery. At the 60th Edinburgh Fringe Festival the Czech Republic was represented by theatre group Farm in the Cave, pianist T. Spurný, artist K. Kintera and a Czech-British film comedy by director Steen Agro *Shut Up and Shoot Me*. Writers A. Berková and M. Platzová made successful appearances at the world's biggest book fair in Edinburgh.

In June 2006, Minister of Education, Youth and Sports P. Buzková ceremonially opened the T. G. Masaryk Hall in the School of Slavonic and East European Studies – the first Czechoslovak president had been instrumental in the founding of this university. British lawyer Sir Anthony C. Colman received the Gratias Agit 2006 award for promoting the Czech Republic abroad. In September 2006, British ambassador L. Duffield presented 46 Czech World War II veterans with an army badge commemorating the 66th anniversary of the Battle of Britain.

ICELAND

(Republic of Iceland)

Relations between the Czech Republic and Iceland are friendly. The two countries are linked by their membership of NATO, emphasis on the transatlantic link and partnership in the European Economic Area. Cooperation between the two countries has centred on trade relations; Iceland has been displaying growing interest in deepening bilateral relations. The broadening of Czech-Icelandic relations can be observed in tourism, for example. By some estimates, approximately 200 Czech tourists visit Iceland every year, with more than 4,000 Icelanders heading to the Czech Republic. The countries' good relations are supported by cooperation on projects financed out of the funds that Iceland provides to the Czech Republic (and other new EU/EEA members) as part of EFTA countries' bilateral financial mechanism.

Visits by representatives of the Czech Republic:

- 20-25 May 2006 – visit by a delegation of the Committee on Education, Science, Culture, Human Rights and Petitions of the Senate of Parliament.

Economic relations

The volume of mutual trade grew by almost 30% in 2006. The Czech Republic has a pronounced balance of trade surplus with Iceland – the value of exports was 2.5 times greater than imports in 2006.

The Czech Republic's principal export commodities: machinery and transport equipment (accounting for almost three-quarters of total exports to Iceland – passenger cars represent the biggest share), various industrial products and market products. These SITC classes accounted for almost 95% of total exports to Iceland.

The Czech Republic's principal import commodities: market products classified by material, accounting for almost 4/5 of total imports from Iceland. That is followed by chemicals, with an over 10% share.

Cultural relations

Cultural relations between the Czech Republic and Iceland are based on a cultural agreement signed in 1979. At the end of August 2006, a group of thirty musicians from Kyjov, including a dulcimer band and a chamber orchestra, performed in Iceland.

IRELAND

Relations between the Czech Republic and Ireland have been successfully developing at both bilateral and multilateral levels. One reason for the low number of high-level bilateral meetings was the post-election situation in the Czech Republic and the run-up to Irish parliamentary elections in spring 2007. After EU enlargement in 2004, Ireland, along with Great Britain and Sweden, opened its labour market to the Czech Republic. Ireland also makes regular offers of training in EU issues. In 2006, Ireland supported the Czech Republic's candidacy to the Human Rights Council in exchange for Czech support for the Irish candidacy to the same body in 2012.

President of Ireland Mary McAleese visited the residency of the Czech ambassador in April 2006. The event, which was attended by approximately 50 Czech citizens (older and more recent expatriates, businessmen, teachers and others), was part of President McAleese's initiative to meet expatriate communities from the ten new member states. The Czech

minority was thanked for its cultural and economic contribution to the development of Irish society.

Visits by representatives of the Czech Republic:

26 June 2006 – meeting between Deputy Minister of Justice R. Polášek and Minister for Justice M. McDowell;

9-12 October 2006 – visit by the Standing Senate Commission on Senate Chancellery Activities.

Visits by representatives of Ireland:

17 March 2006 – visit by Minister for Agriculture and Food M. Coughlan.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	15 862 116	18 695 340	20 977 947	0.5
	year-on-year index	113.7	117.9	112.2	
exports	CZK thousands	6 448 435	8 051 543	9 108 557	0.4
	year-on-year index	106.7	124.9	113.1	
imports	CZK thousands	9 413 682	10 643 796	11 869 390	0.6
	year-on-year index	119.1	113.06	111.5	
balance	CZK thousands	- 2 965 247	- 2 592 253	- 2 760 833	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

In 2006, Ireland continued to be a leading trading partner of the Czech Republic; in fact, it was one of the most significant of all small countries, especially within the EU. The dynamism of trade exchange from previous years was maintained. Foreign trade turnover with Ireland was worth almost CZK 21 billion in 2006, which was 12.2% more than in 2005.

Ireland was also a significant investor in the Czech Republic, with investments focusing on distribution and logistical services, the paper industry, telecommunications, chemicals, leather production, plastics and food products. Irish investments in real estate, accommodation services, human resources consultancy and radio broadcasting were also substantial.

The Czech Republic's principal export commodities: office machinery and data processing equipment, telecommunications equipment, machinery and plant for the power industry, specialist scientific instruments, road vehicles, leather products, rubber products, textile products, wood products, paper products, glass, ceramics, iron, steel and metal products.

The Czech Republic's principal import commodities: machinery and plant, measuring and other scientific instruments, office machinery, various telecommunication and electrical equipment, medicaments and pharmaceutical products, chemical agents, dyes and tanning materials, various consumer goods, marine products, beverages and other foodstuffs.

Cultural relations

Thanks to the influx of a new generation of Czechs working in Ireland since EU enlargement in 2004, Czech culture has successfully started to spread through the country. Although popular music concerts have regularly been among the most significant Czech events in Ireland, 2006 was a year of classical music. The Pražák Quartet performed in the main hall of Dublin Castle; and violinist Ivan Železný in St. Stephen's Church. At the "MEUsical Partnership Renewed" project in Cork, the Czech Republic was represented by violinist Růžena Sršňová and pianist Anna Stará. The Czech Philharmonic Orchestra was conducted by Jiří Bělohlávek at Dublin's National Concert Hall in November, with the concert broadcast live by RTÉ Lyric. Čechomor, the most popular Czech group in Ireland, gave two concerts in 2006, one during the Dublin Fringe festival and the other in Cork at the Institute of Technology.

Away from music, at the 19th Hopkins Summer School in Monasterevin, the Czech Republic was represented by poet Kateřina Rudčenková; and Prague puppet ensemble Kármato had the honour of opening the International Puppet Festival in Dublin.

Cooperation between the municipalities of Otročiněves in the Beroun district and Glendalough commenced in May 2006. This is the first case of Czech-Irish twinning. Students from Šlapanice grammar school represented the Czech Republic at Euroteens 2006, a meeting of secondary school students from European countries in June. In 2006, Irish entrepreneur Kenneth Belshaw received the Gratias Agit award for promoting the Czech Republic abroad.

ITALY

(Republic of Italy)

Relations between the Czech Republic and Italy have been successfully developing at both bilateral and multilateral levels. The key factor for the Czech Republic is Italy's position as an ally in the EU and NATO. Governmental and parliamentary dialogue has continued, and operative consultations between senior-level ministry staff have been taking place. Bilateral cooperation has also been developing at regional level. There are more than 50 partnerships

between towns and municipalities; relations between Italian and Czech regions have also been evolving. In July, Italy moved to liberalise its labour market, abolishing the transitional measures imposed on the free movement of labour in respect of Czech citizens.

Visits by representatives of the Czech Republic:

- 1-3 September 2006 – President V. Klaus attended the Cernobbio economic forum;
- 7-8 July 2006 – President V. Klaus attended the “Options for Reforms of the International Monetary System” conference in Siena, and met President G. Napolitano and Prime Minister R. Prodi in Rome;
- 20-23 April 2006 – working visit by President of the Constitutional Court P. Rychetský on the occasion of the celebrations of the 50th anniversary of the Italian Constitutional Court;
- 9-12 March 2006 – working visit to the autonomous province of Trento by President V. Klaus;
- 9-10 February 2006 – Minister of Defence K. Kühnl attended an informal meeting of NATO defence ministers.

Visits by representatives of Italy:

- 19-21 April 2006 – official visit by Admiral G. Di Paola, Chief of Defence Staff.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	167642303	166920244	196414213	4.6
	year-on-year index	122.0	99.6	118.2	
exports	CZK thousands	74 692 514	79 760 424	98 976 072	4.6
	year-on-year index	122.8	106.8	125.9	
imports	CZK thousands	92 949 789	87 159 820	97 438 141	4.7
	year-on-year index	121.4	93.8	111.3	
balance	CZK thousands	-18257274	- 7 399 396	1 537 931	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)
2. Czech National Bank, April 2007 (investment data)

Trade exchange between the Czech Republic and Italy developed dynamically in 2006. Italy was the Czech Republic’s fifth biggest trading partner in terms of mutual trade turnover. The Czech Republic’s membership of the EU has been reflected in strengthening trade exchange with Italy. This improvement is also manifest in trade exchange between the two countries’ small and medium-sized enterprises, based in particular on supplies of finished

products and manufacturing subcontracts. Significantly, Czech exports are growing faster than Italian exports.

The Czech Republic's principal export commodities: machinery and transport equipment, industrial products, chemicals and related products, passenger cars, buses, textile yarns, fabrics, iron, metalworking machines, paper, cardboard, agricultural produce (live beef cattle for fattening, hard cheeses).

The Czech Republic's principal import commodities: machinery and transport equipment, industrial products, chemicals and related products, household electrical and mechanical devices, road vehicles, plastic items, footwear, furniture, foodstuffs.

Cultural relations

V. Bělohradský represented the Czech Republic at the 2nd international conference of European authors TransEuropaExpress in Rome in February 2006. A biographical exhibition entitled "Hrabal: Images of a Tender Barbarian" took place in Palermo in March 2006. In July 2006, Cividale del Friuli hosted "Mittelfest 2006", the 15th annual festival of prose, music, dance, poetry, film, creative art and puppetry from CEI countries. The Czech Republic was represented by the Forman Brothers Theatre and its performance of *Baroque Opera*. The 10th year of the Architecture section of Biennale di Venezia, held from 8 September to 19 November 2006, featured an exposition called "Metacizy.cz". A joint project by Czech and Slovak students from Ivan Kroupa's design studio at the Faculty of Architecture of the Czech Technical University was installed in the Czech-Slovak pavilion. Czech films were screened at numerous film festivals.

LUXEMBOURG

(Grand Duchy of Luxembourg)

Relations between the Czech Republic and Luxembourg are problem-free, based on exceptional historical ties: for roughly 130 years both countries were ruled by the same monarch. Relations have been elevated to a new level by the establishment of a resident Czech embassy in Luxembourg and resident Luxembourg embassy in Prague. Luxembourg opened its resident embassy in Prague in October 2002. This was Luxembourg's first diplomatic mission with a resident ambassador in the new EU member states. The ceremonial

opening of the embassy took place on the occasion of the first state visit to the Czech Republic by Grand Duke Henri. On 8 March 2006, the new seat of the Embassy of the Czech Republic in Luxembourg was opened at a ceremony attended by President V. Klaus. The Embassy is located in a house that once belonged to former Luxembourg prime minister P. Werner.

Visits by representatives of the Czech Republic:

- 13-16 February 2006 – visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament;
- 8-9 March 2006 – visit by President V. Klaus.

Economic relations

Luxembourg is not one of the Czech Republic's principal trading partners, but is a key direct investor. Luxembourg came 46th in terms of total trade exchange turnover with the Czech Republic; by contrast, it was the 11th biggest foreign investor in the Czech Republic.

The Czech Republic's principal export commodities: transport equipment, resilient viscose silk yarn, tyre cord, public transport passenger vehicles, fittings, chemicals, industrial consumer goods.

The Czech Republic's principal import commodities: flat metal-coated products, hot-formed profiles, paper, impregnated cardboard, coil wire, ropes, cables, machinery and transport equipment, chemicals.

Cultural relations

Cultural events organised in Luxembourg in 2006 include exhibitions, such as collages and graphic art by O. Nalezínek, oils and collages by I. Mrázková, and an exhibition of Czech sculptures at the Hermann & Valentiny gallery; a concert of medieval, Renaissance and contemporary songs; and a concert of Czech Baroque music for harpsichord combined with a presentation of the instrument and the Czech harpsichord school by I. Bažantová. The most significant educational event of the year was a lecture for students of the University of Public Administration and International Relations in Prague.

MALTA

(Republic of Malta)

Czech-Maltese relations have been developing successfully at both bilateral and multilateral levels. The two countries are linked by membership of the EU, by similar views on its arrangement, and by their experience of several co-existing cultures. In the field of security, both countries have been involved in the fight against international terrorism. The high point in bilateral relations was the official visit by Maltese Minister of Foreign Affairs M. Frendo.

Visits by representatives of Malta:

- 8-10 March 2006 – official visit by Minister of Foreign Affairs M. Frendo;
- 26-29 March 2006 – visit by a delegation of the Standing Committee on Foreign and European Affairs.

Economic relations

Trade exchange between the Czech Republic and Malta has been increasing in recent years, but the volume remains very low. One of the most significant aspects of mutual economic relations is tourism.

The Czech Republic's principal export commodities: industrial products, machinery and transport equipment, raw materials, chemicals, foodstuffs.

The Czech Republic's principal import commodities: electrical equipment and plant equipment, electronic integrated circuits and microsets as sub-supplies for the Czech automobile industry, artificial fibres, knitwear, medicaments.

Cultural relations

F. Renč's film *Rebels* was screened at the 8th European Film Festival in February 2006. Cellist Š. Veis performed at the Victoria International Arts Festival in Malta (Gozo) in August 2006. Young Czech pianist L. Vondráček gave a concert at the Manoel Theatre as part of the celebrations marking 10 years of the existence of the Honorary Consulate in Malta. Czech Culture Week took place in Malta in October 2006; on this occasion of a copy of the

Prague Infant Jesus was presented to the Maltese Association of the Sovereign Order of the Knights of Malta.

THE NETHERLANDS

(Kingdom of the Netherlands)

The Netherlands and the Czech Republic are linked by partnership in the European Union and NATO and by similar opinions on a number of European questions. Both economic and cultural relations between the two countries developed significantly during 2006. Bilateral economic relations developed in traditional fields in 2006 (such as precision machinery and metal production, electrical engineering and plastics, furniture manufacture), as well as in fields with higher value added, such as biotechnologies and ICT, including software, and recently also nanotechnology. The Netherlands was the Czech Republic's 8th biggest trading partner in 2006. In 2006, the Czech Republic continued to be a priority country for the Netherlands in education and culture, which was reflected in the traditional offer of scholarships going beyond the framework of the bilateral agreement on support for Czech-Dutch cultural exchange. Interest in studying Czech (and other Slavonic languages, bar Russian) among Dutch students is decreasing somewhat. True to tradition, there was considerable interest in the Netherlands for Czech language courses at month-long summer language schools in the Czech Republic (including a course organised for expatriates). The Dutch public has for long displayed a strong interest in all forms of Czech culture; partnership cooperation between a number of Dutch and Czech towns has added extra impetus to this interest.

Another link between the two countries is the figure of Jan Amos Comenius – his museum and mausoleum in Naarden are co-financed by both countries. Comenius spent 14 years of his life in the Netherlands, where he wrote or published several works, including *Opera Didactica Omnia, De Rerum Humanarum Emendatione Consultatio Catholica*.

Visits by representatives of the Czech Republic:

21 March 2006 – working visit by Minister of the Interior F. Bublan;

23-24 March 2006 – working visit by President of the Supreme Audit Office F. Dohnal.

Visits by representatives of the Netherlands:

28-29 September 2006 – President of the Senate Y. Timmerman-Buck attended a meeting of the Association of European Senates.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	122521092	144170061	160122263	3.8
	year-on-year index	138.7	117.7	113.5	
exports	CZK thousands	73 986 672	70 285 235	78 558 956	3.7
	year-on-year index	130.4	96.9	115.1	
imports	CZK thousands	48 534 420	73 884 826	81 563 307	3.9
	year-on-year index	153.6	152.2	112.1	
balance	CZK thousands	25 452 251	- 3 599 591	- 3 004 351	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)
2. Czech National Bank, April 2007 (investment data)

The Netherlands is one of the Czech Republic's most significant economic partners. The Netherlands is the Czech Republic's 8th biggest partner in terms of mutual trade turnover. The Czech Republic ended 2006 with a slight balance of trade deficit with the Netherlands. The Netherlands is also one of the leading investors in the Czech Republic. In 2006, the value of direct foreign investments from the Netherlands was second only to German investments.

The Czech Republic's principal export commodities: machinery and parts (primarily computers), television sets and media, iron and steel products, passenger cars, plastics, medical instruments, organic chemical products, furniture, clothing, toys.

The Czech Republic's principal import commodities: computer parts and digital circuits, motor vehicles (primarily towing vehicles and lorries), plastics and plastic products, pharmaceutical products and organic chemical products, flowers and vegetables.

Cultural relations

The most significant cultural event of 2006 was the inauguration of a new permanent “Vivat Comenius” exposition in the Comenius Museum in Naarden. The ceremonial opening was attended by First Deputy Minister of Culture F. Formánek.

In March, former Czech president V. Havel opened an exhibition of B. Šípek in the Drent Museum in Assen. The exhibition was part of Assen’s extensive Prague Spring cultural festival. In October, the Embassy of the Czech Republic in The Hague, the Czech Centre and Haren en Snaren foundation co-organised a concert by the Martinů Trio. The Czech Clarinet Quartet performed in the Escher Museum in The Hague in November as part of the “Voorhout Concerten” cycle. The traditional Christmas Trio concert was held in the Boskant Church in The Hague in December.

NORWAY

(Kingdom of Norway)

The Czech Republic and Norway are primarily linked by their partnership in NATO and membership of the European Economic Area. The countries’ good relations have been strengthened by cooperation on projects financed out of funds that Norway provides to new EU/EEA members as part of a bilateral financial mechanism and EFTA countries financial mechanism.

Visits by representatives of the Czech Republic:

- 11-12 January 2006 – working visit by Prime Minister J. Paroubek and spouse;

27 February to 3 March 2006 – visit by a delegation of the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	16 936 000	18 238 000	23 177 000	0.5
	year-on-year index	93.5	107.7	127.1	
exports	CZK thousands	5 940 000	6 781 000	9 071 000	0.4
	year-on-year index	125.1	114.2	133.8	
imports	CZK thousands	10 996 000	11 457 000	14 106 000	0.7
	year-on-year index	82.3	104.2	123.1	
balance	CZK thousands	-5 056 000	-4 676 000	-5 035 000	

Sources: 1) Czech Statistical Office, March 2007 (foreign trade data)

2) Czech National Bank, April 2007 (investment data)

Trade exchange in 2006 was 27.1% up on 2005 levels, and the sharp rise in the price of the principal import item – natural gas – caused the Czech Republic’s balance of trade deficit to increase substantially. However, when this core item of Czech imports is deducted and only traditional commodities are compared, the balance of trade is highly positive for the Czech Republic, with exports exceeding imports almost 2.5 times in 2006.

The Czech Republic’s principal export commodities: machine engineering products, mostly machinery and transport equipment (Škoda cars), followed by market products. These commodities accounted for more than 4/5 of total exports to Norway.

The Czech Republic’s principal import commodities: mineral fuels, lubricants and related materials – natural gas (accounting for 3/4 of total imports from Norway); followed by market products.

Cultural relations

Czech culture was presented in Norway via a wide variety of cultural events in 2006. In March, there was an exhibition of photographs of Jewish Prague in the Drammen Theatre. An exhibition of drawings by children from the Terezín concentration camp met with considerable interest; it was staged first in Bergen before moving to Trondheim and Oslo. Children’s dance studio LIGHT performed *Ronia, the Robber’s Daughter* in Oslo and Bergen during the summer. The premises of the Embassy of the Czech Republic hosted two classical music concerts during the year. Students of Professor Hlinka presented works by Czech composers. A literary seminar in December again gave the expert public the opportunity to find out about contemporary Czech literature. The cultural season closed with a traditional

puppet show featuring Czech Baroque Advent songs, performed by the Tineola theatre and Ritornello ensemble.

PORTUGAL

(Portuguese Republic)

Portugal is a significant partner and ally of the Czech Republic in both the European Union and the North Atlantic Alliance. The principal factor in the development of bilateral relations between the two countries in 2006 was the opening of the Portuguese labour market for the new EU member states from May 2006. This move was announced by the Portuguese minister of foreign affairs during his meeting with his Czech counterpart in Prague. Both countries also adopted similar positions on certain European matters; both have been strong advocates of the solidarity principle; and both are beneficiaries of the cohesion fund and structural funds. Talks also took place in 2006 concerning a bilateral cultural agreement that will enable, among other things, more active cooperation between the two countries in education, science and research. Both governmental and parliamentary dialogue developed intensively throughout the year. The Czech Republic and Portugal agreed on mutual support for candidacies to the Security Council: the Czech Republic is a candidate for a non-permanent seat for 2008-2009; Portugal for 2011-12.

Visits by representatives of the Czech Republic:

30 January – 2 February 2006 – working visit by Minister of Informatics D. Bérová;

10-11 February 2006 – working visit by Deputy Minister of Foreign Affairs V. Müller;

22-24 October 2006 – working visit by Minister of Justice J. Pospíšil.

Visits by representatives of Portugal:

12-13 March 2006 – official visit by Minister for Foreign Affairs D. Freitas do Amaral.

Economic relations

Economic relations with Portugal have been characterised by considerable dynamism in recent years. A particularly strong upsurge followed the Czech Republic's accession to the European Union.

The Czech Republic's principal export commodities: machinery and transport equipment, market products, passenger cars and parts for their manufacture, including spares, metallurgical products, glass, textiles, tyres, metalworking machinery.

The Czech Republic's principal import commodities: machinery and transport equipment, industrial products, chemicals, market products, electrical instruments, furniture and furniture parts, yarns, clothing parts, tyres, special motor vehicles and their accessories.

Cultural relations

One of the most significant cultural events was the Czech participation in the Almada Theatre Festival in July, where the Czech Republic was represented by the Zlín City Theatre, which performed an adaptation of Portuguese dramatist A. José da Silva's play *Wars between the Rosemary and Marjoram*. The play was staged by J. Listopad, a renowned dramatist and poet of Czech origin in Portugal.

Two Czech feature films were screened at the Lisbon International Independent Film Festival in Lisbon in April: J. Švankmajer's *Lunacy* and M. Procházková's *Shark in the Head*. The "International Biennale on the Theme of Light: Luzboa" took place in Lisbon in September. The Czech Republic was represented by J. Matějková, who installed a light installation evoking an ECG curve in a park in Lisbon. In October, a three-day exhibition of cartoons by V. Jiránek entitled "Humour and Psychoanalysis" was put on in Lisbon. The exhibition was accompanied by a public competition for the best cartoon on the subject.

SPAIN

(Kingdom of Spain)

Relations between Spain and the Czech Republic have been successfully developing at both bilateral and multilateral levels in the context of European integration and Euro-Atlantic partnership. Since the Czech Republic joined the EU, Czech-Spanish relations have been

based more on the EU framework than the bilateral framework, and the interaction of the bilateral and EU levels has had an impact on the overall atmosphere of relations. Cooperation in multilateral forums comprises a significant part of the bilateral agenda. On 22 May 2006, Prague hosted a seminar on the Mediterranean, organised by the Institute of International Relations (Ministry of Foreign Affairs of the Czech Republic) in collaboration with the Spanish Real Instituto Elcano. Political dialogue has been developing successfully, particularly at parliamentary level.

Visits by representatives of the Czech Republic:

27-30 March 2006 – working visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament;

4-7 April 2006 – working visit by a delegation of the Committee for Petitions of the Chamber of Deputies of Parliament;

25-28 April 2006 – working visit by a delegation of the Committee for Health and Social Policy of the Senate of Parliament.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
Turnover	CZK thousands	73 283 725	83 557 698	97 205 825	2.3
	year-on-year index	133.1	114.0	117.0	
Exports	CZK thousands	38 014 342	47 633 021	57 389 146	2.7
	year-on-year index	131.7	125.3	120.4	
Imports	CZK thousands	35 269 383	35 924 677	39 816 679	1.9
	year-on-year index	134.7	101.8	112.5	
Balance	CZK thousands	2 744 959	11 708 344	17 572 467	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

Spain was the Czech Republic's 14th biggest trading partner in terms of total turnover in 2006. Trade exchange has been constantly increasing, not only as a result of the Czech Republic's accession to the European Union. Recent years have been characterised by faster growth in exports than imports. This trend made it possible to overturn the balance of trade deficit from the 1990s – the Czech Republic has now achieved a balance of trade surplus with Spain for the fourth consecutive year.

The Czech Republic's principal export commodities: automatic data processing equipment and units, motors and motor parts, air-conditioning equipment, automobiles and accessories, television sets, recording and reproduction equipment, metallurgical products, tyres, plastic products.

The Czech Republic's principal import commodities: automobiles, their parts and accessories, television sets, lighting and signalling equipment, air-conditioning equipment, automatic data processing units, fruits and vegetables, plastic products.

Cultural relations

The presentation of Czech culture was largely coordinated by the Czech Centre in Madrid. In the first half of the year, the Czech Centre in Madrid focused on Czech theatre and dance: the "Season of Czech Stages" in Madrid took place with the support of the Community of Madrid, with which a Cooperation Agreement was signed. The Czech Republic participated in all the festivals that took place in the Community of Madrid between January and May 2006.

The Forman Brothers Theatre and Théâtre Dromesko gave a joint performance of *The Shack* at the "Escena Contemporánea" festival in Madrid; Petr Nikl's visual music show *Camera Obscura* was also staged in the Spanish capital. *The Shack* was also performed at the Valencia Open Stage Festival. At the Teatralia festival in Madrid, the Líšeň Theatre performed *Sávitrí* and the Karromato puppet theatre gave a performance of *The Emperor's Feast*. The J. Kodet ensemble took part in the "Madrid en Danza" festival - their performance of *Lola & Mr. Talk* was accompanied by a lecture on "Contemporary Dance in Central Europe" by J. Návrátová. The Norbert Quartet performed in Toledo and at Madrid's Conde Duque concert hall; the Panocha Quartet also performed at the latter venue. A Kafka project was presented at the book fair in Neda, La Coruña. The Circus Sacra actors' troupe gave a performance of *Draceana* at the Integrarte festival in Madrid. An exhibition of works by M. Pošvic and P. Faltus was held at the Toledo city gallery. At a festival in Alcalá de Henares, the Buchty a loutky theatre performed *Gilgamesh*, the Švandovo theatre performed *The Beggar's Opera* by V. Havel and there was also a performance by Farm in the Cave. Czech artist and illustrator G. Miklínová presented animation workshops entitled "From Book to Film and Back" in León. The Prague Quadriennale was presented at Madrid's Royal Academy of Dramatic Arts. Works by M. Handl and S. Grebeníčková were exhibited at the

Museum of Glass Art in Alarcón, near Madrid. At the 2006 Sombras Recobradas festival, the Czech National Film Archive presented restoration work being done on films *Treasure*, *Kreutzer Sonata*, *The Organist at St. Vitus's Cathedral*, *Pit of Buried Ideas*, *Prague at Night*, *Battalion*, and *The Cathedral Builder*. Czech artists also displayed their works at the international photography exhibition in Salamanca entitled "Seeing Oneself".

SWEDEN

(Kingdom of Sweden)

Czech-Swedish relations are very good and problem-free at all levels. The two countries are linked by membership of the EU, where they will both – first the Czech Republic, then Sweden – hold the presidency of the EU Council in 2009. Other fields of common interest last year were participation in peace operations in the Balkans and Afghanistan, regional cooperation, development cooperation and humanitarian assistance in crisis areas, and human rights protection policy. The Czech Republic appreciated the activities of Swedish firms in the Czech Republic and intends to encourage Swedish investors. Defence cooperation was also intensive (comprising, *inter alia*, the lease of Gripen supersonic aircraft). The policies of the centre-right governing coalition that has been in power in Sweden since October 2006 are close to the current Czech government's programme; the Swedish government intends to cooperate closely with the Czech government in matters of shared interest, including drawing up a programme for the successive presidencies in the EU Council.

Visits by representatives of the Czech Republic:

- 21-24 February 2006 – visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament;
- 2-5 May 2006 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament;
- 20 October 2006 – official visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic.

Visits by representatives of Sweden:

- 17-19 November 2006 – working visit by Minister for International Development Cooperation G. Carlsson;
- 3-4 December 2006 – working visit by Minister for Foreign Affairs C. Bildt, including participation at the “Strengthening Partnerships to Meet Global Security Challenges” conference.

Economic relations

		2004	2005	2006	share of aggregate 2006 indicators (%)
turnover	CZK thousands	39 515 000	58 001 000	57 823 000	1.4
	year-on-year index	89.3	89.3	99.7	
exports	CZK thousands	20 079 000	28 003 000	35 244 000	1.6
	year-on-year index	102.0	141.1	125.9	
imports	CZK thousands	19 436 000	29 998 000	22 579 000	1.1
	year-on-year index	84.0	154.7	75.3	
balance	CZK thousands	643 000	-1 995 000		

Sources: 1) Czech Statistical Office, March 2007 (foreign trade data)
2) Czech National Bank, April 2007 (investment data)

Trade exchange between the Czech Republic and Sweden continued in the positive trend of previous years. With Czech exports having risen by around 26%, the Czech Republic attained a pronounced balance of trade surplus. Implementation of the offset programme related to the lease of Swedish Gripen fighter jets continued successfully. The volume of direct Swedish investments in the Czech economy also grew.

The Czech Republic's principal export commodities: passenger cars, office machinery (IT), motor vehicle parts and accessories, television sets, fuel pumps, motors and generators, telecommunication equipment, rolled iron products, wires and cables.

The Czech Republic's principal import commodities: iron and steel products (pipes and tubes, rolled steel etc.), paper and cardboard, telecommunication equipment (mobile and other), medicaments, non-ferrous metals (aluminium, lead and alloys), passenger cars including parts and accessories, road tractors and trailers, chemical products (fibrous material, paints, etc.).

Cultural relations

The most significant events in 2006 were "Czech Culture Week", combined with the presentation of the Karlovy Vary region held in Stockholm and Katrineholm, and an international conference on cultural exchange between Central Europe and Sweden in the 17th century.

VATICAN

(Holy See)

Relations between the Czech Republic and the Holy See are founded on the shared spiritual values underlying the West European civilisation and on the closeness of opinion on the basic principles of international politics. Given the multi-religious nature of Czech society, both sides are united by an interest in the harmonious co-existence of citizens with differing attitudes to religious faith.

Cultural relations

In Prague in May 2006, Cardinal Tomáš Špidlík received the Minister of Foreign Affairs' *Gratias Agit* award for promoting the Czech Republic abroad.

At a Christmas exhibition of nativity cribs at the Bramante Hall in Piazza del Popolo in Rome the Czech Republic was represented by an exhibit from the Vysočina Museum in Třebíč.

3. The Czech Republic's relations with South East and East European countries

ALBANIA

(Republic of Albania)

The development of the Czech Republic's bilateral relations with Albania successfully continued in 2006. Bilateral dialogue at all levels was more intensive than in previous years. Impulses for the deepening of cooperation came from talks conducted by Prime Minister S. Berisha in Prague, who expressed interest in Czech experiences with the implementation of social, political and economic reforms and with the process of integration into European and Euro-Atlantic structures.

Visits by representatives of the Czech Republic:

18-23 March 2006 – working visit by the Committee for European Affairs of the Chamber of Deputies of Parliament;

21-25 April 2006 – working visit by a Delegation of Parliament to NATO Parliamentary Assembly;

21-23 May 2006 – working visit by Vice-president of the Senate of Parliament P. Smutny.

Visits by representatives of Albania:

26-28 March 2006 – official visit by Prime Minister S. Berisha.

Economic relations

Trade exchange between the Czech Republic and Albania has been growing for several years now. Mutual trade and economic relations focus on deepening cooperation between small and medium-sized enterprises and institutions in the two countries. Most of the effected transactions do not, however, lead to long-term cooperation between Czech and Albanian firms. Mutual trade exchange still falls short of the absorption potential of the Czech and Albanian markets. The Czech Republic maintains a high balance of trade surplus with Albania.

The Czech Republic's principal export commodities: chemicals industry products (detergents, lubricating and cleaning waxes, polyethylene), tobacco and tobacco products, machinery and apparatus, textile industry products, rubber and rubber products (tyres for buses and lorries), milled products (malt, starch), paper, cardboard, paperboard, plastics and plastic products, construction, transport and agricultural mechanisms and machinery, spares for power-system equipment, finished products.

The Czech Republic's principal import commodities: metallurgical industry products, seeds, fruits and plants for manufacture of scents and medicaments, textile industry products, footwear, ferrochrome, dried fruits, spices.

Cultural relations

Czech-Albanian cultural cooperation is constrained on both sides by the amount of funds earmarked for this purpose. Significant events included "The Beauties of Czech Baroque Architecture", a travelling exhibition organised by the Embassy of the Czech Republic in Tirana at the start of May 2006 on the occasion of "European Culture Week"

under the aegis of the Delegation of the European Commission; the exhibition was accompanied by a concert of Baroque music by Czech and other European composers. The event was subsequently successfully staged in the historical city of Berat.

The core of cooperation in education continues to be the provision of government scholarships. There were 14 Albanian students on government scholarships and 50 self-funded Albanian citizens studying in the Czech Republic in 2006.

ARMENIA

(Republic of Armenia)

The Czech Republic has an interest in the development of all aspects of bilateral relations with Armenia. In 2006, the new Armenian ambassador to the Czech Republic, resident in Vienna, presented his credentials. Armenia expressed its interest in opening a branch of its embassy in Prague.

Visits by representatives of the Czech Republic:

18-22 June 2006 - official visit by a delegation of the Committee on Foreign Affairs, Defence and Security of the Senate of Parliament.

Visits by representatives of Armenia:

3-4 April 2006 – visit to Prague by Deputy Foreign Minister A. Kirakossian (to attend a conference in the Senate of Parliament);

17-20 September 2006 – official visit to Prague by a delegation of the Standing Committee on Foreign Relations of the National Assembly.

Economic relations

Trade turnover grew slightly year-on-year to USD 18.7 million; unlike the previous year, when imports to the Czech Republic grew several-fold, in 2006, the balance of payments again ended the year in a surplus for the Czech Republic.

The Czech Republic's principal export commodities: machinery and transport equipment (food industry machinery, passenger motor vehicles, automatic data processing equipment), glassware and works of art (original sculptures and statues).

The Czech Republic's principal import commodities: iron and steel, raw timber.

Cultural relations

Two government scholarships are offered to Armenia every year.

AZERBAIJAN

(Republic of Azerbaijan)

Relations between the Czech Republic and Azerbaijan concentrate on the economic area. There were no official visits by either country in 2006. One factor that should help activate mutual relations is the planned opening of an Azerbaijani embassy in Prague.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	7 830 870	14 908 841	23 025 394	1,0
	year-on-year index		190,4	154,4	
exports	CZK thousands	653 928	892 645	1 093 703	0,05
	year-on-year index		128,8	122,5	
imports	CZK thousands	7 176 942	14 016 196	21 931 691	1,0
	year-on-year index		195,3	156,5	
balance	CZK thousands	- 6 523 014	-13 123 551	- 20 837 988	

Sources: 1) Czech Statistical Office, March 2007 (foreign trade data)

2) Czech National Bank, April 2007 (investment data)

Azerbaijan is the Czech Republic's most significant trading partner in the South Caucasus, but the structure of Czech imports, which is dominated by mineral fuels, results in a balance of trade deficit. Mutual trade turnover amounted to USD 1.02 billion in 2006, and the balance of trade USD 923 million. Czech firms succeeded in a tender for construction of a road from Baku to the border with the Russian Federation; the Czech Export Bank is financing the project with a loan of USD 180 million.

The Czech Republic's principal export commodities: glassware, goods transport motor vehicles.

The Czech Republic's principal import commodities: mineral fuels, lubricants and related materials.

Cultural relations

The Czech Republic offered Azerbaijan two government scholarships in 2006.

BELARUS

(Republic of Belarus)

The Czech Republic is actively involved in formulating the EU's policy on Belarus. Its concern is to help include Belarus in European integration processes and develop mutually beneficial cooperation in areas of common interest. For that to happen, however, the Belarusian political leadership has to adopt basic democratic principles.

Accordingly, the Czech Republic supported the preservation of the EU's consistent position on and approach to Belarus and developed transformation projects to support civil society as well as cultural and educational programmes.

With regard to a decision taken by the EU Council of Ministers in 1997 and to the standard of mutual relations, high-level visits at bilateral level do not take place.

Economic relations

For the last five years, trade exchange between the Czech Republic and Belarus has shown a growth tendency, with mutual trade turnover in 2006 exceeding the USD 200 million mark (USD 233 million). The two countries' shares of the total balance of trade were practically equal in 2006. Trade cooperation to date has been founded mainly on small and medium-sized enterprises.

The Czech Republic's principal export commodities: machinery and transport equipment (motor and railway vehicle parts), electrical instruments and accumulators, automatic data processing equipment, food industry machinery, pumps, air-conditioning devices, motors and motor parts, glass and glass products, iron and steel products, sanitary products, paper and paper products, pulp, chemicals industry products (polymers, rubber and rubber products, plastic accessories), medicines, hydrocarbons, food products.

The Czech Republic's principal import commodities: mineral oils, yarns, fabrics and textile products, fertilisers, polyacetals and polyamides, iron products and semi-finished products, tractors and spares, wires, cables, table glassware.

Cultural relations

In education, the Czech Republic concentrates on supporting Czech language teaching at the state university in Minsk. The Czech Republic supports contacts between Czech and Belarusian universities and provided eleven scholarships to Belarusian students who cannot study in their home country for political reasons. The Embassy of the Czech Republic organises regular meetings with Belarusian students of Czech studies.

The Embassy of the Czech Republic in Minsk organised several small-scale cultural events for the Belarusian public and played a major role in Europe Day celebrations.

BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina is one of the priority countries of the Czech Republic's foreign policy and development cooperation. That was confirmed by the further deepening of cooperation in 2006, including the Czech Republic's continuing engagement in the EUFOR/Althea peacekeeping mission (guard unit at Eagle Base near Tuzla), the involvement of three Czech police experts in the EUPM police mission, and the constantly increasing volume and scope of Czech bilateral foreign development cooperation. A Memorandum of Understanding between the Ministry of Foreign Affairs of the Czech Republic and the Ministry of Foreign Affairs of Bosnia and Herzegovina concerning Development Cooperation was signed on 22 June 2006.

The opening of Bosnia and Herzegovina's resident embassy in Prague in October 2005 was a major contribution to the further development of relations between the two countries. The frequency of bilateral contacts at the highest political level was somewhat limited in 2006 as a result of parliamentary elections and the formation of governments in both states, but cooperation at working level continued. To facilitate contacts, with effect from 29 August 2006 the Czech Republic introduced a visa-free regime for holders of diplomatic passports of Bosnia and Herzegovina travelling to the Czech Republic. At the NATO summit in Riga (29 November 2006), the Czech Republic supported Bosnia and Herzegovina's accession to

the Partnership for Peace.

Visits by representatives of the Czech Republic:

15-19 March 2006 – visit by President of the Office for Personal Data Protection I. Němec;

22-24 March 2006 – working visit by the Permanent Delegation of the Parliament of the Czech Republic to the Assembly of Western European Union;

29-30 March 2006 – working visit by Minister of the Interior F. Bublan and Police President V. Husák;

24 September 2006 – visit to the Czech EUFOR contingent (at Eagle Base near Tuzla) by Prime Minister M. Topolánek, accompanied by Minister of Foreign Affairs A. Vondra and Minister of Defence J. Šedivý.

Visits by representatives of Bosnia and Herzegovina:

22-23 May 2006 – Minister of Finance and Treasury of BiH institutions L. Marić attends a working seminar organised for Bosnia and Herzegovina to facilitate the transfer of the Czech Republic's experience of harmonizing its law and economic policies with the European Union;

April 2006 - visit by a parliamentary delegation led by F. Leho;

June 2006 - visit by a parliamentary delegation led by F. Šiljegović.

Economic relations

During 2006, preparations were made for the investment by Czech firm ČEZ in the reconstruction and expansion of the Gacko thermo-electric power plant. In December 2006, these preparations culminated in the signing by the prime minister of Republika Srpska in Bosnia and Herzegovina M. Dodik and the CEO of ČEZ M. Roman of a Joint Declaration on Investment in the Reconstruction of the Existing Gacko Thermo-electric Plant and in the Construction of a New Gacko Thermo-electric Plant II, worth a total of EUR 1.5 billion. That

was the biggest single foreign investment in Bosnia and Herzegovina since 1992, when the country gained independence.

The Czech Republic's principal export commodities: motor vehicle chassis and motors (for Škoda vehicles assembled in Bosnia and Herzegovina), tyres, sheet glass, detergents with active surface agent (washing powders), beet sugar, pulp. One aircraft was exported.

The Czech Republic's principal import commodities: iron ore concentrates, base chemical products (benzene, creosote oil and other oils), coloured metal waste scrap (copper, aluminium, lead), air and oil filters, footwear.

Cultural relations

The Czech cultural presence in Bosnia and Herzegovina was intensified in 2006. That is borne out by, among other things, the organisation of "Czech Film Week" in Sarajevo and Tuzla; performances by the Affetto choir and Murcek & Co. opera trio; performances by theatre group Docela velké divadlo from Liberec and Buchty a loutky theatre from Prague; a performance by the Veselé skoky dance ensemble; the Moravian Slovakia Folklore Club's participation at the Bašćaršijske noći festival; the travelling exhibitions "Czech Film Posters", "Czech Cubism in Czech Architecture", and "Obraz" (a joint exhibition of painters I. Komárek and A. Popaja). Most of these cultural events were covered by both regional and national media.

Thirteen students from Bosnia and Herzegovina won Czech government scholarships to begin their studies at Masaryk University in Brno or Palacký University in Olomouc in the 2006/2007 academic year. A number of other students were accepted for study programmes taught in Czech at universities in the Czech Republic. In October 2006, the Faculty of Philosophy at Banja Luka started a two-term Czech language course for beginners, which is attended by around thirty students.

BULGARIA

(Republic of Bulgaria)

Bulgaria is a close and traditional partner of the Czech Republic in South East Europe. The significance of mutual cooperation grew as Bulgaria's accession to the EU drew closer.

That is also confirmed by the pronounced growth in trade turnover and Czech investments in Bulgaria in recent years.

Visits by representatives of the Czech Republic:

18-22 September 2006 – working visit by a delegation of the Committee on National Economy, Agriculture and Transport of the Senate of Parliament.

Visits by representatives of Bulgaria:

14-15 February 2006 – visit by Prime Minister S. Stanishev;

27-28 February 2006 – visit by Minister of Environment D. Chakarov.

Economic relations

Thanks to Bulgaria's stable economic growth and approaching accession to the EU, 2006 again saw a significant increase in mutual trade, and primarily in the exports of Czech goods to the Bulgarian market. The Czech Republic is also viewed in Bulgaria as a significant foreign investor and moreover, at this juncture, as a partner whose experiences with the implementation of EU rules – chiefly in the economic field – could be useful for Bulgaria and mutually beneficial from the Czech Republic's point of view.

The Czech Republic's principal export commodities: passenger cars (Škoda Fabia has been the best-selling passenger car in Bulgaria for a number of years), industrial furnaces, electric wires and cables, television sets, computer technology, sheet glass, plastic tubes, tyres, hosepipes and accessories, polymers, ethylenes, detergents and laundry agents, combed wool.

The Czech Republic's principal import commodities: iron and steel flat rolled products, electric wires and cables, copper bars, rods, profiles, sheet metal, radiators, synthetic rubber, sanitary products and ceramics, men's and women's clothing, bakery products, wine, etc.

Cultural relations

The work of several societies of friends of the Czech Republic, the expatriate association, association of the students of Czech Bohemia Club and the Czech Centre in Sofia provides broad opportunities for developing and promoting mutual relations in the field of

culture. Cultural events in 2006 included exhibitions by J. Všeťka and V. Jíra; an exhibition entitled “Long-lost Faces” to mark the 100th anniversary of the Jewish Museum in Prague; and exhibition of photographs entitled “Egypt – Land of the Pharaohs”, showcasing the achievements of Czech Egyptology; an exhibition of nativity cribs from the Třebechovice Museum as part of the “Czech Christmas” project; an exhibition called “Great Moravia – Great Preslav” in the city of Preslav to mark the 1,120th anniversary of the arrival of St. Methodius’s pupils from Moravia to Bulgaria; and others. In keeping with tradition, Czech films took part in “Sofia Film Fest 2006”.

As part of governmental development assistance, the Czech Republic offered Bulgaria one university scholarship; under the Arrangement on Cooperation in the Fields of Education and Science, the Czech Republic provided eight places at Czech language summer courses, three scholarships for Bulgarian academic and research workers, and three university places.

CROATIA

(Republic of Croatia)

The Czech Republic and Croatia share long-term friendly relations. In 2006, intensive cooperation was confirmed at political level and relations in all other areas continued to deepen. One reflection of this development was the frequency of mutual visits at the highest level. The Czech Republic has actively supported Croatia on its path to EU and NATO membership and shared with Croatia its experience of the integration process and of its involvement in both these structures. Croatia is a long-term and important partner for the Czech Republic in the economic field (trade exchange) and also in culture and tourism.

Visits by representatives of the Czech Republic:

10-14 March 2006 – working visit by Minister of Culture V. Jandák;

13-14 April 2006 – working visit by Minister of Defence K. Kühnl;

23-24 April 2006 – official visit by Prime Minister J. Paroubek.

Visits by representatives of Croatia:

23-24 October 2006 – 1st session of the Mixed Commission in Prague, working visit by Deputy Minister of the Economy, Labour and Entrepreneurship V. Vranković;

13-14 November 2006 – official visit by President S. Mesić.

Economic relations

Dynamic growth in trade exchange continued in 2006 (up approx. 11%). Although Croatian exports are growing faster than Czech exports, the Czech Republic has maintained its long-term and pronounced balance of trade surplus with Croatia.

The Czech Republic's principal export commodities: passenger cars, metallurgical material, electrical machinery and instruments, non-electrical machinery and instruments, detergents, paper and cardboard and products of such, glass products, sugar and confectionary, rubber and rubber products, etc.

The Czech Republic's principal import commodities: electrical machinery (transformers), cocoa and cocoa products, furniture and bedding.

Cultural relations

A concert by singer/songwriter J. Dědeček (in Czech and French) was held in March 2006 during Francophonie Days. An exhibition of works by V. Boudník entitled "Between the Avant-garde and the Underground" was staged in Rijeka in May 2006. An exhibition of photographs by M. Stibor ("Photographs, 1960 to 1970") was then put on in Zagreb in September 2006 in cooperation with the Silesian University in Opava. The guest of honour at the 12th year of "Czech Film Week" in October 2006 was director and producer P. Vachler.

CYPRUS

(Republic of Cyprus)

Relations between the Czech Republic and Cyprus have been successfully developing at both bilateral and multilateral levels, especially in the context of the European Union.

Visits by representatives of the Czech Republic:

10-13 January 2006 – working visit by a delegation of the Committee on EU Affairs of the Senate of Parliament;

14-17 February 2006 – working visit by the Budget Committee of the Chamber of Deputies of Parliament;

25-27 July 2006 – consultations by Deputy Minister of Justice R. Polášek.

Visits by representatives of Cyprus:

3 March 2006 – consultations by Permanent Secretary of the Ministry of Foreign Affairs S. Zackheos;

24 October 2006 – consultations by Permanent Secretary of the Ministry of Foreign Affairs A. Zenon.

Economic relations

In 2006, the Czech Republic's foreign trade turnover with Cyprus registered its biggest growth in the last five years, with exports up 62.6% year-on-year while imports fell by 12.4%. The Czech Republic has a balance of trade surplus with Cyprus.

The Czech Republic's principal export commodities: motor vehicles, digital processing units, detergents with active surface agent (washing powders), television sets, transmission and receiving systems, digital processing units, iron and steel.

The Czech Republic's principal import commodities: In a break with tradition, the principal import commodities in 2006 were iron and steel, and copper and copper products. More traditional import commodities were pharmaceutical products and fruit (primarily citrus fruit).

Cultural relations

There was a concert by Beseda brněnská choir in June and a screening of *From Subway with Love* in October. Both events took place in Nicosia and were accompanied by a

social event. The Pan-Cypriot Union of Expatriates and Friends of the Czech Republic put on several cultural and social activities in 2006 with the cooperation of the Embassy of the Czech Republic in Nicosia. These events primarily targeted families with children and have helped maintain ties with the Czech Republic for children from mixed families. In education, there were also isolated cases of cooperation based on direct agreements and contacts between universities.

GEORGIA

2006 was characterised by a substantial increase in the intensity of political contacts, partly thanks to the opening of the Georgian embassy in Prague. The Czech Republic supports Georgia's orientation towards integration into Euro-Atlantic structures. During the year, there were several consultations between the representatives of the two Ministries of Foreign Affairs and meetings between the Czech foreign affairs minister and Georgian representatives (foreign affairs minister, speaker of parliament) at sessions of multilateral forums. There was active communication on treaty-related questions – in May 2006 a double taxation avoidance treaty was signed, and several further treaties (on air transport, road transport, etc.) are under negotiation.

Visits by representatives of the Czech Republic:

3 May 2006 – consultations by Deputy Minister of Foreign Affairs for Bilateral Relations T. Pojar in Tbilisi;

27-28 October 2006 – official visit to Georgia by a delegation of the President of the Senate of Parliament P. Sobotka.

Visits by representatives of Georgia:

24 May 2006 – consultations by Deputy Minister of Foreign Affairs G. Mandzhgaladze;

19 September 2006 – visit by State Minister of European and Euro-Atlantic Integration G. Baramidze.

Economic relations

Trade contacts between the Czech Republic and Georgia are intensifying, but trade exchange grew by just USD 1 million year-on-year to reach a volume of USD 49.7 million. Czech investors were successful in the privatisation of the energy sector (hydroelectric power stations).

The Czech Republic's principal export commodities: machinery and transport equipment, arms and ammunition, metal products.

The Czech Republic's principal import commodities: edible nuts, parts and accessories for metalworking machinery, manganese ores and concentrates.

Cultural relations

Tbilisi hosted an exhibition of “Ten Personalities of Czech Graphic Art”, “Czech Films Week in Tbilisi”, a concert to mark the National Day, and celebrations marking the 10th anniversary of the Golden Prague expatriate club. These events were well received, as there is considerable interest in Czech culture in Georgia.

The core of educational cooperation consists in offers of government scholarships – 4 scholarships are offered every year. Georgia regularly uses this opportunity, and for the 2006/2007 academic year one candidate was admitted for doctoral studies, and three for bachelor’s and master’s degree studies.

GREECE

(Hellenic Republic)

Relations between the Czech Republic and Greece have been developing successfully in the context of European integration and Euro-Atlantic alliance. Both countries’ priority – in foreign policy and the economic field – continues to be the Balkan region. Bilateral relations developed favourably; the first-ever state visit to Greece by a Czech president was a significant impulse in this regard. Economic cooperation remained at the heart of the relations between the two countries. Priority sectors for its further development in Greece included the defence industry, transport infrastructure (primarily railways), and the environment (environmental protection technologies – bio-diesel production, waste water treatment plants, solid waste recycling). Tourism, which accounts for 90% of turnover in services, occupies an important place in the development of mutual cooperation.

Visits by representatives of the Czech Republic:

- 23 January 2006 – consultations of Deputy Minister of Foreign Affairs T. Pojar with Deputy Minister for Foreign Affairs I. Valinakis in Athens;
- 11-13 April 2006 – visit by a delegation of the Standing Commission for the Work of the Office of the Chamber of Deputies of Parliament;

- 31 May – 2 June 2006 – visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic;
- 22-23 November 2006 – state visit by President V. Klaus with spouse.

Visits by representatives of Greece:

- 7-8 March 2006 – visit by Minister of National Defence E. Meimarakis.

Economic relations

There was a relatively satisfactory increase in the total volume of mutual trade with Greece in 2006. Both Czech exports and imports registered stronger growth, partly due to one-off factors (start-up of production at Toyota Peugeot Citroën Automobile (TPCA) factory, sale of Czech Airlines aircraft to Greek carrier Aegean Airlines), and partly to long-term trends (significant increase in the number of distributors of Czech products, diversification of Czech products sold on the Greek market).

The Czech Republic's principal export commodities: passenger motor vehicles; aircraft, digital processors; transmission equipment for radio telephones; live beef cattle; coniferous wood sawn or chipped; polyethylene; colour television sets; glassware for households and offices.

The Czech Republic's principal import commodities: oranges, mandarins and clementines; other fruit, fresh or dried; spirits and liqueurs; tobacco; T-shirts; processed fruit and nuts; uncarded wool.

Bilateral agreements concluded in 2006

- Programme of Educational and Cultural Co-operation between the Government of the Czech Republic and the Government of the Hellenic Republic for the years 2006-2008, Athens, 16 March 2006.
- Treaty between the Government of the Czech Republic and the Government of the Hellenic Republic on Cooperation in the Field of Tourism, Athens, 22 November 2006.

Cultural relations

A further three-year programme of cultural and educational cooperation was signed in Athens on 16 March 2006; the programme paves the way for continued development of mutual relations, primarily in education. Among other things, the programme enabled the continuation of regular exchanges of participants in summer language courses and a relatively extensive exchange of academic workers. As in previous years, there was considerable interest in university studies in the Czech Republic. A number of cultural events were organised and favourably received by the Greek public in 2006. These included a charity concert by Czech children's choir Severáček from Liberec at the prestigious Athens Concert Hall and a complete retrospective of the films by J. Švankmajer in Thessaloniki. Cultural contacts on a commercial basis have been developing relatively well.

MACEDONIA

(Former Yugoslav Republic of Macedonia/FYROM)

The Czech Republic has supported the Stabilisation and Association Process and the integration of the Former Yugoslav Republic of Macedonia into Euro-Atlantic security structures. The development of contacts at the highest political level and the interest of Czech businesses in investing in FYROM and entering its market indicated the potential for further economic cooperation. The opening of the Embassy of the Czech Republic in Skopje at the start of September 2006 proved that the Western Balkans is a foreign policy priority for the Czech Republic and confirmed the interest in further intensification of bilateral relations.

Visits by representatives of the Czech Republic:

- 21-23 March 2006 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament, led by its chairman J. Vidím.

Visits by representatives of FYROM:

4-5 April 2006 – official visit by Prime Minister V. Buckovski;

18-21 April 2006 – visit by a delegation of the Foreign Policy Committee of the Assembly.

Economic relations

Mutual trade exchange has been growing dynamically in recent years. Czech firms are interested in participating in the privatisation process and in investments, primarily in the power sector. Another area of interest for Czech businesses is the development of transport and communal infrastructure. Several projects were implemented under foreign development cooperation, focusing mainly on environmental protection.

The Czech Republic's principal export commodities: motor vehicles, tractors, reactors, boilers, electrical devices, detergents and laundry agents, glass and glass products, sugar and confectionary, foodstuffs of animal origin, paper, cardboard, paperboard.

The Czech Republic's principal import commodities: iron and steel and products of such, beverages, spirit-based liquids, tobacco and tobacco products, clothing and accessories, knitted textiles, transport equipment, vegetables, fruit, zinc and zinc products.

Cultural relations

Cultural relations between the Czech Republic and FYROM concentrate on educational cooperation, in particular Czech language teaching in FYROM and vice versa. A Czech language teacher is working long-term at the Ss. Cyril and Methodius University in Skopje; there are Macedonian language teachers at Charles University in Prague and Masaryk University in Brno. FYROM expressed an interest in concluding a new Agreement on Cooperation in the Fields of Education, Science and Culture. On a reciprocal basis, four places at Czech language summer schools in Brno and Plzeň and at the Macedonian language summer school in Ohrid are provided every year.

MOLDOVA

(Republic of Moldova)

The opening of the Embassy of the Czech Republic in Chisinau in December 2005 and the presentation of credentials by the Czech ambassador in May 2006 raised the very good and friendly relations between the Czech Republic and Moldova to a new level, as confirmed

by meetings between their senior representatives. Moldova is one of eight priority countries to which the Czech Republic provides assistance under its 2006-2010 foreign development cooperation programme. The volume of mutual trade is gradually increasing; its relatively limited level is due to the low awareness of Moldova on the Czech side and to the limited financial potential and business and marketing opportunities on the Moldovan side.

During 2006, the Czech Republic was successful in its efforts to deepen and broaden relations with Moldova, including within the framework of the EU – on 1 January 2007, Moldova became a direct neighbour of the EU. The Czech Republic also responded to this development at bilateral level, honouring the Czech government's pledge to open a consular section as of that date.

In the area of the EU Common Foreign and Security Policy, the Czech Republic is engaged in efforts to address the consequences of the 1992 Transnistrian conflict.

Visits by representatives of the Czech Republic:

13 September 2006 – official meeting in Prague between President of the Czech Republic V. Klaus and President of the Republic of Moldova V. Voronin;

4 December 2006 – meeting between Minister of Foreign Affairs of the Czech Republic A. Vondra and Minister of Foreign Affairs and European Integration of the Republic of Moldova A. Stratan in Brussels (OSCE meeting);

12 December 2006 – meeting between Deputy Minister of Finance T. Zídek and Moldovan representatives in Brussels at a meeting of the Donors' Consultative Group for Moldova.

Visits by representatives of Moldova:

20-21 April 2007 – official visit by Prime Minister V. Tarlev.

Economic relations

The Czech Republic's foreign trade turnover with Moldova fell by 11% from 2005 to 2006, largely due to a decline in Moldovan exports to the Czech Republic, which were down by more than 33%. Czech exports fell by almost 6%, so the Czech Republic's foreign trade

surplus grew by 4% from 2005. It should be noted, however, that the small volume of trade (total turnover oscillates around a value of CZK 1 billion) means that every successful large-scale transaction causes a leap in the aggregate value.

The Czech Republic's principal export commodities: machinery and transport equipment (passenger motor vehicles, food industry machinery and parts, transmission equipment, et al.), industrial goods, foodstuffs and live animals (meat, malt, alcoholic beverages et al.), chemicals and related products, market products (non-woven textiles, float glass in sheets, steel rods and bars et al.).

The Czech Republic's principal import commodities: iron and steel, foodstuffs and live animals, beverages and tobacco (wine from fresh grapes, fresh or dried fruit, fruit and vegetable juices et al.), market products (knitted or crocheted clothing, footwear with leather or composite leather uppers et al.), and industrial goods (overcoats, mantles, clothing et al.).

In 2006, 11 development cooperation projects went ahead in the fields of environmental quality improvement, migration management, and rural development in Moldova. In addition, two "small local development projects with immediate effect" were implemented.

In the field of transformation cooperation, where Moldova is one of the priority countries, the Czech Republic implemented a significant project monitored by the European Commission and a number of member states, which culminated in a successful seminar on the subject of "Roads towards Democratisation of the Transnistrian Region of the Republic of Moldova - II". Czech, Moldovan, Transnistrian, Ukrainian and Russian non-governmental organisations took part in the project, which followed up activities and the Brussels seminar organised in 2005.

Cultural relations

In 2006, a financial donation from the Czech Republic was used to renovate the V. A. Karásek Czech Music School in the village of Holuboie (Karásek was the first leader of the local brass band from the start of the past century) by the Novohrad Czech expatriate club. The re-opening of the renovated school on the occasion of the annual Czech Day was a celebration of the Czech community that has lived here since the second half of the 19th century.

The Czech Republic provided Moldova with eight university scholarships in 2006. There is very considerable interest in studying in the Czech Republic among Moldovan students and the number of applicants substantially exceeds the offered quota.

MONTENEGRO

(Republic of Montenegro)

The Czech Republic was one of the first countries to recognise Montenegro's independence, which was declared following the May referendum that paved the way for the dissolution of the state union of Serbia and Montenegro. The Czech Republic has supported the Euro-Atlantic integration of Montenegro, including its accession to the Partnership for Peace and the successful completion of technical talks on a Stabilisation and Association Agreement with the EU. On the occasion of the visit by Minister of Industry and Trade M. Urban, an Agreement on Cooperation between the Economic Chambers of the Czech Republic and Montenegro was signed. In addition, a Memorandum of Understanding between the Ministry of Industry and Trade of the Czech Republic and the Ministry for Economic Development of Montenegro was signed. As part of Czech development cooperation, a project worth CZK 22 million is being implemented to clean up a waste tip and sludge pond at an old lead ore mine site in the town of Mojkovac.

Visits by representatives of the Czech Republic:

7 March 2006 – visit to Podgorica by Minister of Industry and Trade M. Urban;

21 September 2006 - meeting between the Minister of Foreign Affairs of the Czech Republic A. Vondra and Minister of Foreign Affairs of Montenegro M. Vlahović on the sidelines of the UN General Assembly in New York.

Economic relations

There was significant growth in mutual trade in 2006. Czech exports of goods amounted to CZK 570 million (up from CZK 201 million in 2005). The value of Czech imports in 2006 was more than CZK 47 million (up from CZK 8 million in 2005). Trade turnover in 2006 reached a value of CZK 617 million, whereas in 2005 it had been CZK 209

million. The Czech Republic had a surplus in the balance of trade in goods (not including services) of CZK 523 million (up from CZK 193 million in 2005).

The Czech Republic's principal export commodities: air-conditioning apparatus, signalling apparatus for transport, laundry agents, iron and steel for railway construction.

The Czech Republic's principal import commodities: iron and steel tubes.

ROMANIA

Romania is an ally and traditional partner of the Czech Republic in South East Europe. Intensive dialogue and mutual cooperation within the NATO framework continued in 2006. The Czech Republic actively assisted Romania prior to its accession to the EU by sharing its experiences and supporting Romania's membership as of 1 January 2006. Economic relations were characterised by the continuing growth in mutual trade exchange and a significant increase in Czech investments, particularly in the power sector and pharmaceuticals industry. Romania is currently the Czech Republic's most significant economic partner in South East Europe, occupying first place in terms of both turnover and Czech exports, while the Czech Republic's balance of trade surplus with Romania is one of the highest in the country's bilateral statistics.

Visits by representatives of the Czech Republic:

10-12 July 2006 – state visit by President V. Klaus with spouse, accompanied by a business mission.

Visits by representatives of Romania:

16 January 2006 – visit by Mayor of Bucharest A. Videanu;

17-18 February 2006 – visit by Minister of Interior and Administrative Reform V. Blaga;

28 February – 2 March 2006 – visit by Minister of National Defence T. Atanasiu;

21-24 March 2006– visit by the Committee for Foreign Policy of the Chamber of Deputies of Parliament;

28-29 September 2006 – visit by President of the Senate of Parliament N. Văcăroiu.

Economic relations

The pronounced growth in mutual trade exchange that has taken place continuously since the year 2000 continued in 2006: the year-on-year increase was again around 30%. Romania is currently the Czech Republic's biggest trading partner in South East Europe in terms of both turnover and exports (trade turnover is close to EUR 1.3 billion); the balance of trade surplus with Romania is one of the biggest in the Czech Republic's bilateral statistics: in 2006 it amounted to over CZK 15.3 billion (over EUR 540 billion).

Romania is gradually moving upwards also in terms of its share of Czech foreign trade: in 2006, it accounted for 0.87% of the Czech Republic's total foreign trade turnover (0.76% in 2005); and its growing share of total exports was confirmed, with the 1% mark again exceeded (1.22%, compared to 1.06% in 2005). The most interesting figure, however, is the share of trade with Romania in the Czech Republic's total balance of trade surplus. The sum of CZK 15.299 billion (EUR 540 million) represents one-third of the Czech Republic's total balance of trade surplus for 2006!

The Czech Republic's principal export commodities: motor vehicles, tractors and other vehicles, reactors, boilers, mechanical instruments and devices, electrical audio and video recording and reproduction devices, iron and steel and products of such, plastics and plastic products, soap, detergents, lubricants, polishes, waxes etc., glass and glass products, paper, cardboard, paperboard.

The Czech Republic's principal import commodities: electrical audio and video recording and reproduction devices, motor vehicles, tractors and other vehicles, aluminium and aluminium products, locomotives, reactors, boilers and mechanical devices, furniture, bedding, light fittings, prefabricated buildings, iron and steel and products of such, rubber and rubber products, footwear, plastics and plastic products, clothing and clothing accessories.

As regards Czech investments in Romania, the situation stabilised in 2006 and the Embassy of the Czech Republic registered a steady influx of investments both in the manufacturing and services sectors, with the biggest existing large-scale and medium-sized investors (e.g. ČEZ, ZENTIVA, HAMÉ, HOBAS) being joined by others such as PPF Investment and OTK. By the end of 2006 the accumulated value of investments had reached around EUR 500 million.

Cultural relations

The cultural presentation of the Czech Republic was organised by the Czech Centre, which concentrated in 2006 on contemporary art and cultural activities reaching out to the young generation. Its events included “Czech Theatre Week”, a seminar on ecology, and exhibitions on modern architecture.

Educational cooperation took place on the basis of the Arrangement between the Ministry of Education, Youth and Sports of the Czech Republic and the Ministry of Education and Research of Romania on Cooperation in the Field of Education for 2002-2005, which was automatically extended to 2006. Under the Arrangement, Czech and Romanian students took part in summer language courses and several-month study stays; and Romanian and Czech language instructors worked at Charles University and Bucharest University respectively.

Programmes for expatriates went ahead in 2006; Czech teachers were sent to Czech communities in the villages of Svatá Helena (Sfinta Elena), Gernik, and Eibenthal, and expatriates took part in the language course at Dobruška and a methodological course on Czech language tuition. The 5th year of the children’s folklore festival was organised by expatriates in October 2006.

RUSSIA

(Russian Federation)

Events in 2006 confirmed the pragmatic nature of relations and the high level of political dialogue between the Czech Republic and Russia, which had a favourable influence on development in all areas of bilateral relations. All talks at the highest or high level in 2006 indicated the possibilities for deeper cooperation in the economic field, partly thanks to the successful session of the Czech-Russian intergovernmental commission in Moscow. The Commission defined its priority focuses and projects, including entirely new accents in the field of science and technology. Despite some slowdown in the political dialogue in the second half of the year as a result of the post-election situation in the Czech Republic, all practical steps taken in this period were testimony to the standard nature of relations, founded on the pragmatic approach of both sides.

The visit of President of the Czech Republic V. Klaus to Omsk and the visit of President of the Senate of Parliament B. Sobotka to Volgograd were a significant confirmation of the effectiveness of the Czech Republic's strategy which aims to develop direct economic cooperation with selected regions of the Russian Federation.

The most important event of 2006 was President V. Putin's official visit to the Czech Republic in March, which marked the culmination of the existing stage of mutual relations. The presidential dialogue concentrated on additional ways to broaden mutual trade exchange and on higher forms of economic cooperation, focusing on manufacturing cooperation, two-way investments, activities on third markets and the establishment of joint ventures. Successful ongoing Czech-Russian projects were mentioned and treaties regarding supplies of energy raw materials were discussed.

In multilateral forums, the Czech Republic was actively involved in talks about the entire spectrum of relations with the Russian Federation and also participated in the search for answers to new challenges and common problems. In the context of relations between the Russian Federation and the European Union, talks on "road maps" for the four common spaces of mutual cooperation were completed and their implementation began; the Czech Republic also supported new impulses within the framework of the NATO-Russia Council.

Visits by representatives of the Czech Republic:

6-10 February 2006 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament, led by its chairman J. Vidím;

12-17 March 2006 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament, led by its chairman V. Laštůvka;

10-12 April 2006 – official visit by President of the Chamber of Deputies of Parliament L. Zaorálek;

24-25 September 2006 – visit to Omsk by President V. Klaus;

17-18 October 2006 – 2nd session of the Czech-Russian Intergovernmental Commission for Economic, Industrial and Scientific and Technical Cooperation, Moscow

23-25 October 200 – official visit to the Volgograd region by President of the Senate of Parliament P. Sobotka.

Visits by representatives of the Russian Federation:

1-2 March 2006 – official visit to the Czech Republic by President V. Putin.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	95 079 761	138 244 344	168 376 579	4.0
	year-on-year index	115.6	145.4	121.8	
exports	CZK thousands	24 172 147	33 646 294	42 509 262	2.0
	year-on-year index	147.02	139.2	126.3	
imports	CZK thousands	70 907 614	104 598 051	125 867 317	6.0
	year-on-year index	107.7	147.5	120.3	
balance	CZK thousands	- 46 735 467	- 70 951 757	- 83 358 055	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. Czech National Bank, April 2007 (investment data)

The total volume of Czech investments in the Russian economy reached USD 94 million at the end of the first half of 2006; a quarter of that sum was accounted for by direct investments (USD 23.4 million). During the first six months of 2006, roughly USD 7 million was invested, USD 2.2 million of which was direct investment.

The Russian Federation has been a long-term trading partner of the Czech Republic. In terms of attained turnover, it ranks among the Czech Republic's biggest trading partners every year. In 2006, it was the 7th biggest trading partner in terms of trade turnover (in CZK) with a 4% share (9th in 2005 with 3.7%). At the same time, it became the 3rd biggest partner in imports, accounting for 6% of imports to the Czech Republic (2nd biggest in 2004 with 5.7%). In terms of total Czech exports, the Russian Federation retained its position from last year, i.e. the 13th biggest destination for Czech exports with a 2% share (also 13th in 2005 but with 1.8%).

The growth trend in mutual trade, both exports and imports, also continued in 2006. According to the first preliminary Czech statistics for the previous year, trade turnover expressed in Czech koruna increased year-on-year by approximately 22%, with Czech exports up by more than 26% and imports up by 20%. As in the past, the Czech Republic had a

balance of trade deficit with Russia as a result of the structure of Czech imports, dominated by energy raw materials (oil and gas), which last year accounted for approx. 82% of the total volume.

(NB: in the dollar equivalent the year-on-year increase in mutual trade was somewhat higher – in turnover approx. 27% higher, in exports 32% and in imports 25%).

The most significant trade-policy event of 2006 was the 2nd session of the Intergovernmental Commission for Economic, Industrial and Scientific and Technical Cooperation (IGC), which was held in Moscow on 17-18 October 2006. Both countries' delegations included representatives of banking circles and the business sphere (on the Czech side e.g. representatives of the Czech Export Bank, Export Guarantee and Insurance Corporation, etc.), as well as representatives of the executive (senior officials and experts from the relevant ministries).

The IGC's talks covered topical questions of mutual cooperation in individual segments of the economy: in the financial and banking sphere, energy, industry, transport, agriculture and food production, science and technology, tourism, innovations, standardisation and metrology, and regional and military-technical cooperation.

The repayment of the remaining part of the former USSR's debt to the Czech Republic continued in 2006. The total value of the RF's debt to the Czech Republic was approx. USD 74.175 million as of 30 December 2006 (the so-called enterprise debt was fully repaid during the year).

The Czech Republic's principal export commodities: motor vehicles (8.86%), automatic data processing equipment (5.03%), medicaments (4.91%), pulp products (2.44%), plastic tubes and hosepipes (2.18%), rolled products (1.53%), machine tools (1.50%), taps, valves etc. (1.44%), table glassware (1.19%), pumps (1.01%), aluminium foil (0.85%), central heating boilers (0.85%), ceramic (heat-resistant) products (0.78%), porcelain (0.77%), beer (0.76%), prefabricated buildings (0.73%), tyres (0.66%), etc.

The Czech Republic's principal import commodities: crude oil (42.58%), natural gas (39.06%), iron ore (4.29%), hydrazine (1.47%), unprocessed nickel (1.15%), raw aluminium (1.12%), fuel cells for nuclear power stations (1.12%), raw iron (0.54%), aerodynes (0.52%), ferrous alloys (0.47%).

Bilateral agreements concluded in 2006

- Memorandum between the Ministry of Interior of the Czech Republic Ministry of the Russian Federation for Civil Defence, Emergencies and Elimination of the Consequences of Natural Disasters and the on Cooperation in the Field of Prevention and Elimination of the Consequences of Emergencies and Fire Protection, 1 March 2006.
- Memorandum on the Exchange of Information and Cooperation in the Field of the Establishment and Operation of Industrial Zones in the Czech Republic and Special Economic Zones in the Russian Federation, 1 March 2006.

Substantial progress was made during the year in discussions on a number of further bilateral instruments.

Cultural relations

The Czech Centre in Moscow and the Consulates General in St. Petersburg and Yekaterinburg contributed to the promotion of Czech culture in the Russian Federation. The cultural and educational section of the Embassy of the Czech Republic in Moscow also dealt with cultural projects in the first half of the year, before it was closed down and its competences transferred to the Czech Centre.

A large number of diverse cultural events took place in 2006, often in cooperation with co-organisers from the Russian Federation. There was an increase in the number of Russian partners cooperating in the presentation of Czech culture in the Russian Federation; and regional programmes, both in the European part of the country and in Siberia, also gained in significance. In Russia, the Czech Republic took part in a number of festivals – theatre, film, art and music festivals – and in several joint projects with other EU member states. In the Czech Republic, the “Russian Cultural Season” successfully took place in 2006, presenting to the Czech public significant cultural activities in contemporary Russia.

SERBIA

(Republic of Serbia)

The Czech Republic supported the efforts by the Republic of Serbia to move closer to European and Euro-Atlantic structures, including accession to the Partnership for Peace. In the context of the European Union's Common Foreign and Security Policy, the Czech Republic promoted an increased political role for the EU in Kosovo and increased responsibility for its overall development. At the same time, the Czech Republic worked hard to deepen traditional bilateral political, cultural and trade ties. Serbia is one of the priority countries of the Czech Republic's foreign development cooperation for the years 2006 to 2010.

Visits by representatives of the Czech Republic:

5-7 March 2006 – visit to Belgrade and Podgorica by Minister of Industry and Trade M. Urban;

24 September 2006 – visit to Kosovo by Prime Minister M. Topolánek, Minister of Foreign Affairs A. Vondra, Minister of Defence J. Šedivý and Chief of General Staff of the Army of the Czech Republic P. Štefka;

3-4 October 2006 – visit to Belgrade by Deputy Minister of the Environment J. Dusík.

Visits by representatives of Serbia (and Montenegro):

- 10 April 2006 – visit by Minister of Defence of Serbia and Montenegro Z. Stanković.

Economic relations

Bilateral trade relations between the Czech Republic and Serbia registered dynamic growth in 2006. Czech exports in 2006 were 117% higher than in 2005, reaching a value of CZK 5.74 billion; Czech imports rose by 159% to CZK 2.32 billion. Trade turnover increased by 128% to reach CZK 8.06 billion. The Czech Republic had a balance of trade surplus of CZK 3.42 billion (CZK 1.74 billion in 2005).

The Czech Republic's principal export commodities: motor vehicles and spares, shunting locomotives, woodchip boards, tyre cords, boilers, mechanical instruments and apparatus, laundry agents, detergents and active surface agents, television sets, tyres, polyethylene.

The Czech Republic's principal import commodities: sheet iron and steel, sheet aluminium, tyres, sheet copper, cocoa products, methanol.

Bilateral agreements concluded in 2006

- Memorandum on Cooperation in the Field of Environmental Protection between the Ministry of Environment of the Czech Republic and the Ministry of Science and Environmental Protection of Serbia, Belgrade, 4 October 2006.

Development cooperation

Serbia is the biggest beneficiary of Czech foreign development assistance and was included among the eight priority countries of the foreign development cooperation of the Czech Republic. The activity in this field is truly exceptional: 23 foreign development cooperation projects were implemented in the country in 2006. Under the government-approved plan, the Czech Republic will provide EUR 11.4 million for projects in Serbia in the years 2006 to 2009. The sectoral priorities are: the environment, economic and industrial development, labour and social affairs, transport, and healthcare.

TURKEY

(Republic of Turkey)

Relations between the two countries developed successfully in 2006. The ongoing accession talks between the EU and Turkey further strengthened and deepened cooperation and dialogue in political and economic areas. The state visit by President V. Klaus in April also contributed to the development of relations. The two countries' membership of NATO was a factor in the intensification of military cooperation. Contacts in the fields of economic cooperation, science and culture also developed successfully.

Visits by representatives of the Czech Republic:

- 16-19 February 2006 – official visit by Minister of Foreign Affairs C. Svoboda;

- 18-20 April 2006 – state visit by President V. Klaus;
- 8-13 May 2006 – visit by a delegation of the Committee for Science, Education, Culture, Youth and Sports of the Chamber of Deputies of Parliament;
- 5-9 June 2006 – visit by Vice-president of the Senate of Parliament E. Outrata, accompanied by a delegation of the Committee on Legal and Constitutional Affairs of the Senate of Parliament.

Visits by representatives of Turkey:

- 29-30 November 2006 – working visit by Minister of State and Chief Negotiator A. Babacan.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	24 390 521	25 272 023	25 428 583	0.6
	year-on-year index	128.4	103.6	100.6	
exports	CZK thousands	13 749 293	12 505 737	12 277 120	0.6
	year-on-year index	145.6	91.0	98.2	
imports	CZK thousands	10 641 228	12 766 286	13 151 463	0.6
	year-on-year index	111.0	120	103.0	
balance	CZK thousands	3 108 065	- 260 549	-874 343	

Sources: 1) Czech Statistical Office, March 2007 (foreign trade data)

2) Czech National Bank, April 2007 (investment data)

Turkey is one of the Czech Republic's most important trading partners. In 2006, Turkey was the Czech Republic's 23rd biggest trading partner in terms of total trade turnover. Turkey is the 20th most important destination for Czech exports. Since the start of talks on Turkey's accession to the EU on 3 October 2005, the country has had even better prospects for the Czech Republic as an EU member; there are many opportunities to participate in development programmes as part of Turkey's preparations for EU accession. Other fields with good prospects are the energy industry, transport infrastructure and the environment.

The Czech Republic's principal export commodities: passenger cars and other passenger vehicles, vacuum tubes, X-ray tubes, diodes and transistors, automatic data processing equipment, motor vehicle parts and accessories, wool, television sets.

The Czech Republic's principal import commodities: passenger cars and other passenger vehicles, clothing and underwear, goods transport motor vehicles, textile clothing items, television sets, motor vehicle parts and accessories.

Cultural relations

Events promoting Czech culture in Turkey included a performance by V. Hudeček with the State Symphony Orchestra at the Ankara State Opera; a concert by composer, pianist and improviser Z. Král; the "Czech Press Photo 2005" exhibition; and screenings of *Beauty in Trouble* and *Shut Up and Shoot Me* at the international travelling "Festival of European Films" in Ankara and Kars. In education, cooperation between universities in Turkey and the Czech Republic successfully went ahead on the basis of the EU's Erasmus and Socrates student exchange programmes, under which dozens of Turkish students studied at Czech universities.

UKRAINE

Bilateral relations between the Czech Republic and Ukraine in 2006 were standard relations between two countries that are linked by a trouble-free past and the will to broaden cooperation wherever it is mutually advantageous. At various levels, the Czech Republic repeatedly declared its will to assist Ukraine in the process of social transformation and European integration. Ukraine is the Czech Republic's second biggest trading partner among the former Soviet Union countries.

The Czech Republic provided Ukraine with development assistance, including projects aimed at the modernisation of nuclear power plants, retraining and professional training, and environmental protection. Another integral part of Czech-Ukrainian relations is the Czech Republic's care for the expatriate community there, which receives funding both for cultural and educational activities and for renovating club rooms.

Visits by representatives of the Czech Republic:

20-24 November 2006 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament, led by its chairman J. Vidím.

Visits by representatives of Ukraine:

17 February 2006 – visit by Prime Minister Y. Yekhanurov.

Economic relations

Economic and trade relations between the Czech Republic and Ukraine can be rated as very good; moreover, with its strengthening orientation towards Europe and planned accession to the WTO Ukraine can be regarded as a market of constantly improving prospects, where the internal conditions for economic and trade cooperation are gradually getting better. In the economic field, the new political leadership is striving to strengthen the positive dynamics primarily in the institutional area, i.e. in the area of operation of both formal and informal institutions and the functioning of property rights, even though there is still quite a long way to go before European standards are attained in this regard. In trade cooperation with the Czech Republic, the trend of rapid growth, chiefly in exports, has been maintained. 2006 confirmed this trend: turnover amounted to almost USD 1.7 billion, while exports grew over the year by 45% to break the USD 1 billion mark for the first time. By comparison, exports in the year 2000 amounted to just USD 145 million. The Czech Republic's balance of trade surplus exceeded USD 370 million and in this item Ukraine accounted for more than 18% of the total Czech balance of trade surplus.

One positive feature of Czech exports is the dominant position of highly processed products, primarily motor vehicle chassis, parts of nuclear reactors, integrated electrical microsets, motor vehicle parts and components, and telecommunication systems and equipment.

In keeping with tradition, imports from Ukraine were dominated by raw materials: iron ores, agglomerated and non-agglomerated concentrates, tar, benzol and ferrous alloys.

Cultural relations

In view of the fact that a Czech Centre operates in Kiev, all cultural contacts and events come under its authority. In 2006, the Czech Centre in Kiev organised or co-organised 41 different cultural events. Most of these events took place in Kiev, but many were also staged outside the capital – particularly in Lvov, Odessa, Kharkov, and Dnepropetrovsk. A number of the events were organised in cooperation with local partners, Czech expatriate associations and certain foreign cultural institutions operating in Ukraine.

The Czech Centre has registered constantly growing interest in Czech language studies. In 2006, a total of 102 students attended courses organised by the Czech Centre for beginners and advanced students. That is an almost 100% increase in demand from the 52 students in 2005.

4. The Czech Republic's relations with Middle East and African countries

ALGERIA

(People's Democratic Republic of Algeria)

Algeria is the Czech Republic's promising partner in Maghreb. The development of the Algerian economy in 2006 can be described as rapid, with particularly dynamic development in infrastructure projects. For those reasons, bilateral relations focused mainly on the advancement of trade and economic cooperation. The Czech Republic continued in the active and long-term presentation of its cultural heritage to the Algerian public.

Visits by representatives of Algeria:

- 29 January – 3 February 2006 – visit by a delegation of the Commission on Foreign Affairs, Cooperation and Emigration of the National People's Assembly, led by its president R. Bentabet.

Economic relations

Algeria is one of the Czech Republic's traditional partners in Maghreb. The consolidation of the economic situation in the country continued in 2006. Trade and economic cooperation centred on exports of Czech goods to Algeria. Exports increased to approx. CZK 3,450 million, with goods worth approx. CZK 1,450 million exported from the Czech Republic to Algeria directly, and other Czech goods worth approx. CZK 2,000 million bought by Algerians from other EU countries. Imports from Algeria were very low. Tentative steps towards a higher form of trade and economic cooperation (manufacturing cooperation, investments) did not produce tangible results in 2006.

The Czech Republic's principal export commodities: steel tubes, profiles and sheets (this commodity accounts for almost half the value of Czech exports), wheat, automatic data processing machinery (computer technology), road-building machinery, lorry tyres, passenger cars, aluminium kegs, spares for helicopters and aircraft, transmission and radar technology, powdered milk and cream, electrical material, consumer and construction glass, pharmaceuticals, paper, machine tools, clothing accessories.

The Czech Republic's principal import commodities: crude oil for use in the petrochemicals industry. This commodity, worth CZK 242 million, accounts for 92% of the total value of imports.

Cultural relations

The Czech Republic was represented by two films at the Francophonie Film Festival held in Algeria in March 2006.

In May 2006, the Nablízko theatre represented the Czech Republic with great success at the 7th European Cultural Festival in Algeria, giving two performances (in Algeria and Béjaia) of Saroyan's play *Tracy's Tiger*, simultaneously translated into sign language. The theatre company's trip to Algeria and contacts between the sign language interpreters and other actors and their hearing impaired audiences were documented in a short film by Czech Television. The Nablízko theatre thus reciprocated the visit of an Algerian theatre group for the hearing-impaired which performed at a festival in Brno in 2005.

On 31 October 2006, virtuoso violinist J. Svěcený, accompanied on the piano by M. Synková, gave a concert in Algeria on the occasion of the Czech National Day celebrations.

ANGOLA

(Republic of Angola)

A series of historic meetings of the top representatives of both countries took place in 2006. Mutual relations thus achieved their best results in modern history. Angola is also one of the Czech Republic's eight priority foreign development cooperation countries for 2006-2010. The increased interest in Angola and other African countries is both a continuation of the former Czechoslovakia's historical ties on the African continent and the result of the

current policy of the majority of EU member states, seeking to consolidate their positions in Africa and face up to the new reality of mounting pressures exerted, above all, by China as it builds up its presence on this continent.

Visits by representatives of the Czech Republic:

25-28 January 2006 – official visit by Minister of Foreign Affairs C. Svoboda, accompanied by businessmen and journalists;

- 9 December 2006 – stopover by a delegation headed by President V. Klaus.

Visits by representatives of Angola:

- 25-28 July 2006 – private visit by President J. E. Dos Santos.

Economic relations

Mutual economic relations have maintained their high dynamism: Czech exports to Angola attained a value of USD 7,650, more than double that achieved in 2005. Imports were worth USD 22,000 and trade turnover USD 7,672,000.

The Czech Republic's principal export commodities: stainless steel seamless tubes, steel tanks and cisterns, brewery equipment, sawing machines, tractors, road rollers, switchboards and control desks.

The Czech Republic's principal import commodities: sawn wood.

Development cooperation

The Czech Republic's development cooperation with Angola focuses on the agriculture and education sectors. In geographical terms, cooperation focuses primarily on the province of Bié, where a development project for a "Centre of Agricultural Education" has been running since 2006; the project closely followed up a previous project for establishment of the Centre. A project in the field of primary and secondary education was also launched in Bié province in July 2006. In the second half of 2006, a new project focusing on the provision of advice regarding fish and poultry breeding was launched, and the first steps were taken towards initiating cooperation in the field of support for increasing the effectiveness of small

farmers' agricultural production. Roughly CZK 13 million was spent on foreign development cooperation projects in Angola in 2006.

Six beneficiaries of Czech government scholarships began their studies in the Czech Republic in October 2006. There are now twenty Angolans studying in the Czech Republic.

Humanitarian aid

In November 2006, the Czech Republic provided Angola with CZK 2 million in humanitarian aid in connection with an outbreak of cholera in certain parts of the country. The humanitarian aid was provided as a financial contribution to the International Federation of the Red Cross and Red Crescent project, inter alia, for the supply of uncontaminated water for households and to promote prevention.

BAHRAIN

(Kingdom of Bahrain)

Due to the non-existence of resident missions, contacts between the Czech Republic and Bahrain are not frequent; nevertheless, political relations can be characterised as standard and problem-free, and there is interest on both sides in developing trade relations, which still fall short of the two countries' potential.

Visits by representatives of the Czech Republic:

- 17 and 19 January 2006 – Prime Minister J. Paroubek stopped in Bahrain on the way to and from India and met representatives of Bahrain in Manama;
- 28 February – 3 March 2006 – official visit by Vice-president of the Senate of Parliament P. Pithart.

Economic relations

Exports amounted to USD 5.64 million and imports USD 840,000 in 2006. The Czech Republic's principal export commodities were motor vehicles, furniture, electronic audio and video recording equipment, machinery and equipment. The principal import commodities from Bahrain included cotton waste and plastic sanitary products. The Czech Republic does

not import either of Bahrain's main export items, which are petrochemical products and aluminium.

Cultural relations

Cooperation in the field of education is not governed by any treaty. There are several self-funded students from Bahrain studying at Czech universities. The principal fields of study are medical fields and technical sciences. The students arrange the study through agencies or seek the advice of the Embassy of the Czech Republic.

CONGO

(Democratic Republic of the Congo)

The long-term standard and friendly mutual relations have received fresh impetus with the gradual political stabilisation in the DRC, accompanied by efforts to revive the country's economy.

The political stabilisation process culminated in parliamentary and presidential elections. The democratic formation and international credibility of the country's government, combined with an economic renewal programme, have paved the way for the deepening of all aspects of mutual relations.

As a contribution to the stabilisation of the security situation in the DRC, the Czech Republic provided a training course for seven Congolese police instructors.

Visits by representatives of the Czech Republic:

- 6-9 December 2006 – Deputy Minister of Foreign Affairs D. Gladiš attended the inauguration of the DRC president on behalf of the President of the Czech Republic. On 8 December President J. Kabila granted a personal audience to his Czech guest.

Economic relations

The volume of mutual trade exchange remained the same in 2006 as in 2005: exports amounted to USD 1,397,000 and imports USD 696,000 (turnover is USD 2,093,000).

By the end of 2006, the president's programme of accelerated economic renewal had already produced positive results for the Czech Republic, such as the conclusion of contracts by Czech firms for the rehabilitation of certain hydroelectric plants. The DRC market is one of the most promising in sub-Saharan Africa.

The Czech Republic's principal export commodities: clothing, tyres and cord, electronic equipment, spare parts for power-generating equipment.

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

CONGO

(Republic of the Congo)

Mutual relations between the Czech Republic and the Republic of the Congo have traditionally been friendly and problem-free. For some time, they have centred on trade and economic cooperation. Both sides have declared an interest in intensifying all aspects of relations. The country gained in significance at the last African Union summit in Khartoum, when President of the Republic of the Congo D. Sassou-Nguesso was elected president of the organisation for 2006.

Visits by representatives of the Czech Republic:

- 7 December 2006 – visit by Deputy Minister of Foreign Affairs D. Gladiš for consultations on issues of common interest.

Talks with a candidate for the post of honorary consul of the Czech Republic in the Republic of the Congo went ahead in 2006. Through its diplomatic mission in Kinshasa in the neighbouring Democratic Republic of the Congo, the Czech Republic also actively participated in the dialogue between the heads of the diplomatic missions of EU member states and the Republic of the Congo.

Economic relations

Czech exports to the Republic of the Congo amounted to USD 1,319,000 in 2006. The value of imports to the Czech Republic in 2006 was USD 753,000.

The Czech Republic's principal export commodities: machinery and transport equipment.

The Czech Republic's principal import commodities: rubber, wood, coffee.

In 2006, the Republic of the Congo expressed an interest in Czech experiences with building hydroelectric plants, and an interest in the purchase of turbines.

EGYPT

(Arab Republic of Egypt)

Egypt is an important partner of the Czech Republic in the Middle East and North Africa and is a traditionally significant trading partner. The Czech Republic is interested in the expanding mutual cooperation in new economic sectors, particularly in environmental projects, transport, and tourism. Regular consultations again took place between deputy foreign ministers in 2006. There is an increasing number of mutual working visits and intensifying information exchange at the level of experts from various ministries.

Visits by representatives of the Czech Republic:

- 19-21 March 2006 – working visit by First Deputy Minister of Foreign Affairs J. Bašta;
- 29-31 March 2006 – visit by Prime Minister J. Paroubek;
- 28 February – 3 March 2006– visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament, led by its chairman V. Laštůvka;
- 22-26 May 2006 – visit by a delegation of the Committee on National Economy, Agriculture and Transport by the Senate of Parliament, led its chairman J. Vaculík;
- 6-7 December 2006 – visit by a delegation led by Deputy Minister of Transport V. Kocourek.

Visits by representatives of Egypt:

- 18-19 January 2006 – visit by Assistant Minister for Foreign Affairs A. Rashid;
- 22-23 June 2006 – visit by Minister of Investment M. Mohieldin.

Economic relations

The Ministry of Industry and Trade of the Czech Republic officially participated in the Cairo International Fair in March 2006. In November, the Czech Republic had a successful presentation at the Exhibition for Machine Tools, Industrial Tools, Welding and Cutting Equipment MACTECH.

The Czech Republic's principal export commodities: motor vehicles, machinery and plant equipment, iron and steel products, artificial silk, electrical engineering and electronic products.

The Czech Republic's principal import commodities: cotton (key import item), clothing accessories, fruit and dried fruit, glass and glass products, vegetables.

Development cooperation

The Czech Republic provided Egypt with five university scholarships for the 2006/2007 academic year.

Cultural relations

Cooperation in science and culture has traditionally had a high standard. At the International Print Triennale, the Embassy of the Czech Republic in Cairo presented works by E. Francová and B. Votavová; works by artists M. Levinská-Borecká and F. Borovec were also presented. An exhibition of graphic art and puppets by Mr and Mrs Řezáč, organised in cooperation with the Czech Women's Association in Cairo, met with great interest.

Czech cinema was represented by *Up and Down* at the EU Film Festival in Cairo and Alexandria; Czech cinema from the 1960s was also presented to the Egyptian public; three films were screened at the Cairo International Film Festival (*Marta*, *Pleasant Moments*, *Virginity Sucks*). In addition, the Embassy organised concerts by R. Měřínský's Trio Musica ad Tabulam in Cairo, Alexandria, and Luxor. Egyptian children took part in the "Lidice 2006" international art competition.

In the field of science and research, a very important role is played by the Czech Institute of Egyptology of Charles University, working at the Abusir site since the 1960s and at the El-Hayez oasis since 2003. During the year, the Embassy organised several excursions to Abusir and prominent Czech Egyptologists gave lectures for the general public and experts.

Short study exchanges between Czech and Egyptian scientists take place on the basis of the Executive Protocol for 2003-2006 between the Academy of Sciences of the Czech Republic and the Egyptian Academy of Scientific Research and Technology.

ETHIOPIA

(Federal Democratic Republic of Ethiopia)

By the standards of the African continent, Czech-Ethiopian relations are rooted in the distant past. Bilateral diplomatic and trade relations have existed since the 1920s and their entire history can be described as problem-free and friendly. The Czech Republic is striving to revive economic and trade relations.

Although not officially classified as a “priority country”, Ethiopia is one of the regular beneficiaries of Czech foreign development cooperation. The fact that the Secretariat of the African Union and UN Economic Commission for Africa are based in Addis Ababa enhances the country’s significance as a partner of the Czech Republic.

Economic relations

The Czech Republic – and formerly Czechoslovakia – supplied Ethiopia with a large quantity of significant plant units, which are still functioning today and were, in their time, pilot projects of individual sectors of the Ethiopian economy (breweries, mills, tanneries, a hydroelectric plant and other projects; construction of the first plant unit commenced back in 1946).

The Czech Republic’s principal export commodities: upsetting machines and road rollers, machinery for preparing textile fibres, parts for machinery, combustion motors and parts thereof, fuel pumps, tyres, gearing, conveyor belts, relays, passenger cars, etc.

The Czech Republic’s principal import commodities: roasted and non-roasted coffee, followed by beans, cut flowers, PVC film, lace curtains, footwear, leather, pineapple juice.

The volume of mutual trade exchange amounted to approx. USD 6 million in 2006.

Cultural relations

Every year the Czech Republic participates in the film festival organised by the Delegation of the European Commission in Addis Ababa.

Development cooperation and humanitarian aid:

Ethiopia is one of the biggest beneficiaries of Czech foreign development cooperation in Africa. Foreign development cooperation projects in the fields of education and the environment were implemented in Ethiopia in 2006. In total, the Czech Republic spent more than CZK 9.5 million on these projects.

The Czech Republic provided Ethiopia with six university scholarships.

At the end of 2006, the Czech Republic provided Ethiopia with CZK 2 million in humanitarian aid in connection with the enduring humanitarian crisis in the country.

GHANA

(Republic of Ghana)

Ghana is a historical and traditional partner of the Czech Republic in sub-Saharan Africa. Mutual relations between the Czech Republic and Ghana continue to be very good and can be described as friendly and problem-free for many years. The development of economic cooperation – the core of mutual relations – went ahead in 2006; the emphasis was placed on the promotion of Czech exports to Ghana, and the Czech Republic had a pronounced balance of trade surplus with Ghana.

Visits by representatives of the Czech Republic:

- March 2006 – working visit by First Deputy Minister of Industry and Trade V. Petříček.

Economic relations

Mutual trade exchange grew in 2006. Czech exports attained a value of USD 14,576,000 and imports USD 2,306,000.

The Czech Republic's principal export commodities: passenger cars, dried milk, digital data transmission systems, tyres, beads, wheeled tractors, gardening tractors and small gardening machinery, reactive dyes, steel, turboprop motors and spares, children's nappies, light fittings, fabrics and clothing, small consumer goods.

The Czech Republic's principal import commodities: tropical wood, citrus fruit zest, pineapples, coffee, rubber, starch, cocoa, cocoa butter.

Development cooperation

In 2006, as in every year since 2005, Ghana was offered four government scholarships for studies at Czech universities for the 2006/2007 academic year; all four were used.

A small-scale foreign development cooperation project for the introduction of Javelin internet software in schools was successfully carried out in 2006.

The Czech-Ghanaian society of friends, whose members are mainly drawn from former students in the Czech Republic and local sympathisers, works actively in the capital city Accra. In Prague, Ghanaian students established an Association of Ghanaians in the Czech Republic.

IRAQ

(Republic of Iraq)

The Czech Republic is actively involved in the stabilisation and reconstruction of Iraq. The mandate of the Czech contingent operating in the south of the country was extended. A military police unit of the Czech army (100 personnel) ensured the security of the deployed forces and helped train Iraqi policemen. The Czech Republic was also involved in training Iraqi policemen in Jordan. Five Czech servicemen served in the NATO training mission.

The Czech Republic had two representatives in the EU mission's liaison office, where they worked as coordinators of the integrated the Rule of Law mission EUJUST LEX, whose objective is to support the reform of the Iraqi criminal justice system by training experts in this area (policemen, judges, public prosecutors, prison staff).

Visits by representatives of the Czech Republic:

- 29 April – 2 May 2006– working visit by First Deputy Minister of Foreign Affairs J. Bašta to Erbil, the capital of the Kurdish Region, where he opened a contact office of the trade and economic section of the Embassy of the Czech Republic in Baghdad.

Visits by representatives of Iraq:

- 14-16 August 2006 – visit by Minister of Energy of the Kurdish Region Hoshiyar Abdul Rahman Siwaili in the context of the Czech Republic’s transformation aid to Iraq;
- 28-30 August 2006 – working visit by State Minister of the Interior of the Kurdish Region Abdul Karim Sultan Sinjari.

Economic relations

The security situation in Iraq remains unstable, which hinders the full development of trade and economic relations.

A programme for the post-war reconstruction and renewal of Iraq was implemented from 2003 to 2006 on the basis of Czech government resolution No. 468 of 12 May 2003. This programme greatly helped a number of Czech businesses enter this foreign market and improved the quality of Czech-Iraqi trade relations.

With the support of the Ministry of Industry and Trade of the Czech Republic and the Confederation of Industry of the Czech Republic, Czech businesses took part in two official international exhibitions and trade fairs concerning reconstruction and renewal in Iraq: “DBX Trade Show” in Sulaimaniya and “3rd Rebuilding Iraq” in Erbil.

The Czech Republic was the first of the countries represented in Iraq to open a contact office of its Embassy’s trade and economic section in Erbil.

The Czech Republic’s principal export commodities: machinery and equipment, mobile water treatment plants, equipment for power generation, ecology and water management, glass.

The Czech Republic’s principal import commodities: not known.

Development cooperation

The Czech Republic continued to provide Iraq with transformation aid in the form of training projects and was actively involved in safeguarding Iraq's cultural heritage. As part of development cooperation, the Czech Republic provided Iraq with two university scholarships for the 2006/2007 academic year.

Cultural relations

At the turn of January and February 2006, the Embassy of the Czech Republic in Baghdad organised the first foreign exhibition in Iraq since the overthrow of Saddam Hussein's regime. The Czech Press Photo exhibition was held at the Culture Ministry's Al-Wasit Gallery. The exhibition was then moved to the photography department of the Institute of Art, and then to Sulaimaniya and Erbil in the Kurdish region. The Czech Republic is the only country that is continuing to organise cultural events, such as "The Beauties of the Czech Republic" and a concert on the occasion of Czech Armed Forces Day.

IRAN

(Islamic Republic of Iran)

In 2006, mutual relations continued to be constrained by the trade restrictions imposed by Iran to prevent imports of Czech goods in retaliation for the Czech Republic's decision to host Radio Farda (the Farsi section of Radio Free Europe/Radio Liberty). The political will to normalise relations exists on both sides, however. Iran has softened its confrontational tone and has proposed that economic, political and diplomatic relations be treated as one package. This trend had not brought any tangible results by the end of 2006, however. As regards Iran's nuclear programme, the Czech Republic adhered to the policy of the international community and the EU: it supported the referral of the issue to the UN Security Council and adoption of a sanctions resolution.

Visits by representatives of the Czech Republic:

- 27 August – 9 September 2006 – visit by Auxiliary Bishop of Prague V. Malý.

Economic relations

In 2006, Czech-Iranian economic relations continued to be constrained by Iran's unilateral, officially undeclared barriers to imports of Czech goods and cooperation with companies registered in the Czech Republic. Czech exporters cannot use letters of credit from Czech banks because local state-run institutions do not accept them; as a result, exporters are compelled to use the services of banks from third countries (Germany, Italy, Austria). This restriction does not apply to imports intended for private Iranian entities. A number of Czech firms therefore export to Iran via third countries.

Czech exports to Iran amounted to approx. CZK 490 million in 2006, while Czech imports from Iran were worth approx. CZK 260 million.

The Czech Republic's principal export commodities: machinery and parts and accessories thereof, including spares (approx. 35% of all exports), technical glass and glassware (approx. 30% of all exports), raw materials (approx. 10%), and industrial semi-finished products (axles etc.) (approx. 10%).

The Czech Republic's principal import commodities: dried fruit and nuts (pistachios, raisins, almonds, dates etc.) (58%), raw materials (approx. 15%), carpets and woven yarns (approx. 7%).

Development cooperation

As part of development cooperation, the Czech Republic provided Iran with one university scholarship for the 2006/2007 academic year.

ISRAEL

(State of Israel)

Relations between the Czech Republic and Israel have traditionally been very good, problem-free and balanced. 2006 was characterised by significantly more intensive cooperation in the economic field. Israel is one of the Czech Republic's most important

trading partners in the Middle East; several trade and investment events took place, further strengthening these relations.

Visits by representatives of the Czech Republic:

- 4 April 2006 – visit by Deputy Minister of Foreign Affairs for Bilateral Relations T. Pojar;
- 15-20 October 2006 – visit by a delegation of the Committee on Foreign Affairs, Defence and Security of the Senate of Parliament, led by its chairman J. Jařab.

Economic relations

The dynamism of mutual trade exchange continues to increase: 2006 was a record year for both the volume of Czech exports and total turnover. There is fundamental growth in Czech exports of products with higher value added.

The Czech Republic's principal export commodities: reactors, boilers, mechanical devices and apparatus, audio and video reproduction equipment, motor vehicles, aircraft and parts thereof, optical, photographic and medical apparatus, iron and steel products, glass and glass products, wood fibre, paper, cardboard, paperboard, extracts, tannins, dyes and pigments.

The Czech Republic's principal import commodities: audio and video reproduction devices, pharmaceuticals, reactors, boilers, mechanical devices and apparatus, optical, photographic and medical devices, plastics and plastic products, cutlery instruments and products, various chemical products, organic chemical products, various products of base metals, vegetable, fruit and nut products.

Humanitarian aid

In July 2006, the Czech Republic responded to Israel's request and provided in-kind assistance (fire hoses and branchpipes) worth CZK 2 million in connection with the armed conflict in the Middle East.

Cultural relations

There were more than twenty cultural events supported by the Embassy of the Czech Republic in 2006. The most important events included a concert of "Jewish Violin in Prague"

by A. Shonert; the private view of an anthology entitled “Writing in Kafka’s Shadow”; an exhibition entitled “Jan Masaryk – Czech Diplomat, Statesman, and a Friend of Israel”; an exhibition of photographs by O. Škácha “Havel – Dissident, President, Citizen”; an exhibition of photographs by V. Vlk; a performance by the Kratochvíl – Ackerman jazz duo; performances by Q-Vox in Tel Aviv and Jerusalem; an exhibition of posters by K. Míšek in Jerusalem; a performance of “The Magic Circus” by Laterna Magica; the co-organising of a “Chanukah Festival for Children” in Givatajim; a performance by the Octopus Pragensis choir; and a concert of classical music to commemorate composers from the Terezín concentration camp. As part of the implementation of the Czech-Israeli cultural agreement, Israel was visited by eight Czech theatre actors and dancers; the Embassy of the Czech Republic presented diplomas to Israeli children who won prizes in the “Lidice 2006” international art competition.

JORDAN

(Hashemite Kingdom of Jordan)

Jordan is a stable partner for the Czech Republic in the Middle East, and the two countries have traditionally shared friendly relations. Cooperation centres on the trade and economic fields.

Visits by representatives of the Czech Republic:

- 10-15 April 2006 – working visit by Minister of Education, Youth and Sports P. Buzková.

Economic relations

Czech exports to Jordan amounted to USD 22,961,000 in 2006. Czech imports from Jordan have grown much faster in the last five years, but their absolute level is still negligible: in 2006 just USD 387,000.

The Czech Republic’s principal export commodities: unmilled spelt (33.2%), sack kraft paper, cardboard, paperboard and cigarette paper (26%), motor vehicles and parts

thereof, switchboards, antennae, transmitters, signalling instruments and converters, optical devices, medical equipment, cables from artificial fibres.

Development cooperation

Cooperation continued in 2006 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 Awasi sheep breeding.

The Czech Republic provided Jordan with one university scholarship.

Cultural relations

In February, the Embassy of the Czech Republic prepared an exhibition of “Czech UNESCO Sites”. In September, four Czech film comedies, *My Sweet Little Village*, *Elementary School*, *Kolya* and *Loners*, were presented in cooperation with the Jordanian Royal Film Commission. *Dark Blue World* was screened at the 28th EU Film Festival in November.

KENYA

(Republic of Kenya)

Kenya is one of the Czech Republic’s important trading partners in sub-Saharan Africa. The dominant aspect of the Czech Republic’s relations with Kenya in 2006 was the further growth of tourism. The first ever charter flight service from Prague to Kenya, opened in February 2006, increased Kenya’s popularity among Czech tourists.

Visits by representatives of the Czech Republic:

- 19-22 March 2006 – visit by First Deputy Minister of Industry and Trade V. Petříček, with representatives of selected Czech firms;
- 7-12 May 2006 – a fourteen-member joint delegation of the Chamber of Deputies and Senate attended a meeting of the Inter-parliamentary Union in Nairobi.

Visits by representatives of Kenya:

22-24 March 2006 – visit by Minister of Tourism and Wildlife M. Dzoro.

Economic relations

On 13 February 2006, the first ever Czech charter flight, operated by Travel Service and carrying 174 tourists, landed in Mombasa. A ceremony to welcome the tourists was attended by representatives of the Kenyan tourist industry and local travel agencies. The event received good coverage in the Kenyan media.

Trade turnover displays an upward trend. In 2006, the value of Czech exports reached USD 4,862,000; mutual turnover was USD 6,956,000.

The Czech Republic's principal export commodities: digital systems, parts for aircraft motors, newspaper and kraft paper, small aircraft, steel rods, glass costume jewellery.

The Czech Republic's principal import commodities: tobacco, tea, unroasted coffee, cut flowers, pineapples, guavas, avocados, wool, essences and extracts, works of art made from wood.

Development cooperation and humanitarian aid

In 2006, an environmental project in Kenya was completed and a small local healthcare project was implemented. In total, the Czech Republic spent more than CZK 2.5 million on these projects. Three university scholarships were provided to Kenya in 2006.

At the end of 2006, the Czech Republic provided humanitarian aid worth CZK 3 million to Kenya to deal with the consequences of the catastrophic drought in east Africa.

Cultural relations

The European Film Festival took place in Nairobi in May 2006, with the traditional participation of the Czech Republic. J. Werich's *Fimfárum* was screened at the festival. Graphic art by K. Demel was exhibited on the occasion of the Czech National Day and met with considerable interest.

KUWAIT

(State of Kuwait)

Relations between the Czech Republic and Kuwait have traditionally been friendly and open. As with other countries on the Arabian Peninsula, the core of cooperation between the Czech Republic and Kuwait is economic cooperation, where unused potential remains on both sides. The Czech Republic has an interest in greater intensification of political relations. The number of Kuwaitis for whom the Czech Republic has become a favourite tourist and spa destination continued to increase in 2006.

Economic relations

Trade turnover was USD 330,000 in 2006 and the balance of trade, as in previous years, ended with a large surplus for the Czech Republic.

The Czech Republic's principal export commodities: passenger cars, machinery and equipment for the oil industry and healthcare, foodstuffs.

The Czech Republic's principal import commodities: crude oil and petroleum products.

Cultural relations

Several cultural events took place in Kuwait in 2006. In May, a joint exhibition of works by artists from EU countries was organised; the Czech Republic participated in the exhibition by lending two paintings (Slavoj Kovařík, Ivan Krupa) and by co-producing the exhibition catalogue. A concert by the Czech Trio (Dana Vlachová, Milan Langer, Miroslav Petráš), organised in cooperation with the Kuwait Chamber Philharmonia, was held on 8 December 2006. Works of art by provided to the Czech Ministry of Foreign Affairs on long-term loan by the Union of Creative Artists of the Olomouc Region continue to be displayed in the Czech embassy building and ambassador's residence in Kuwait.

In 2006, Kuwait offered scholarships for the 2007/2008 academic year, which were passed on for allocation in the Czech Republic.

LEBANON

(Republic of Lebanon)

Relations between the Czech Republic and Lebanon have traditionally been friendly and balanced. The Czech Republic supports Lebanon's independence, sovereignty and democratisation process. It was in this spirit that the Czech Republic called for the implementation of the relevant UN Security Council resolutions concerning the de-escalation and stabilisation of the situation in Lebanon.

Economic relations

Trade exchange forms the core of Czech-Lebanese economic relations; the Czech Republic has traditionally had a pronounced balance of trade surplus. Incoming tourism from Lebanon, mainly for treatment in Czech spas, also plays a significant role in economic relations. In connection with the armed conflict between the Shiite movement Hezbollah and Israel, in summer 2006, the Czech Republic provided Lebanon with humanitarian and post-conflict aid worth almost EUR 750,000.

The Czech Republic's principal export commodities: milk and dairy products, glass and glass products, paper, costume jewellery, iron and steel, non-rail vehicles, machinery and mechanical equipment and parts and components thereof.

The Czech Republic's principal import commodities: tobacco, iron and steel products, beverages.

Development cooperation

The Czech Republic granted three government scholarships to Lebanese students for the 2006/2007 academic year.

Humanitarian aid

In connection with the armed conflict between the Shiite Hezbollah movement and Israel, the Czech Republic was the one of the first EU countries to provide humanitarian aid worth CZK 5 million. It offered aid in the form of treatment of sick children in the Czech Republic (Medevac programme), and earmarked CZK 7 million for post-conflict renewal, specifically a project by non-governmental non-profit organisation People in Need to support

the return of families displaced from the south of Lebanon and a project by Czech non-governmental non-profit organisation Adra to renew access to drinking water in villages south of Tyre. At a donors' conference in Stockholm, the Czech Republic pledged to contribute a further CZK 8 million towards renewal in Lebanon. The Czech Republic was also involved in humanitarian aid to Lebanon during the war and in post-war renewal as a member of the EU and the UN and through the direct activities (without government support) of certain Czech non-governmental organisations.

Bilateral agreements concluded in 2006

- Agreement between the Government of the Republic of Lebanon and the Government of the Czech Republic on Cooperation in the Field of Tourism, entry into force on 18 August 2006.

Cultural relations

An exhibition of paintings by Czech artist J. Votruba on the subject of “The Music of W. A. Mozart” took place in February and March during the regular classical music festival Al Bustan. The Prague Chamber Ensemble also performed at the festival. In October, accordionist J. Bezpalcová gave two concerts in Beirut featuring interpretations of works of Czech and international classical music. *Some Secrets*, a film by director A. Nellis, was screened at the 13th EU Film Festival held in Beirut in November and December.

LIBYA

(Great Socialist People's Libyan Arab Jamahiriya)

Following the relaxation of the sanctions regime, in 2006, the Czech Republic continued with the process of developing bilateral relations, in both the political and, above all, the economic field, where the Czech Republic and Czech businesses focused their activities. The issue of Libyan debt to the Czech Republic remains unresolved.

Visits by representatives of the Czech Republic:

- 9-14 May 2006 – working visit by the Economic Committee of the Chamber of Deputies of Parliament.

Economic relations

For the second time, the Czech Republic officially participated in the international Tripoli Trade Fair, where a number of Czech firms were represented.

The Czech Republic took part in the 3rd international trade fair Libya Build 2006.

The Czech Republic's principal export commodities: metal products (instruments for machine-tools, steel structures), non-metal mineral products (table glassware, crystal), iron and steel (pipes for oil wells), Škoda passenger cars, lighting equipment, power-generation machinery and equipment (motor drives).

The Czech Republic's principal import commodities: crude oil.

Cultural relations

In the field of education, there is unwaning interest among Libyan students in self-funded studies at Czech universities.

MALAWI

(Republic of Malawi)

Malawi is one of the poorest countries in sub-Saharan Africa. Moreover, the country is often affected by natural disasters. Current bilateral relations between the Czech Republic and Malawi therefore centre on development cooperation.

Economic relations

The Czech Republic's principal export commodities: parts and accessories for telecommunications equipment.

The Czech Republic's principal import commodities: the core item has for long been tobacco, followed by spices, tea and nuts.

On several occasions, the leadership of the Republic of Malawi expressed its appreciation of economic transformation in the Czech Republic, with the understanding that experiences from this process could also be beneficial to Malawi.

Development cooperation and humanitarian aid

In 2006, the Czech Republic spent CZK 1,700,000 on a foreign development cooperation project in Malawi entitled “*Sue Ryder Nursing and Rehabilitation Field Work*”. The project comes under the authority of the Ministry of Health of the Czech Republic and was scheduled to run from 2004 to 2006. The aim of the project is to improve the quality of life of the local population by means of basic treatment and rehabilitation of both the physically and the mentally disabled. Preventive activities within the community to improve awareness of health risks and measures to prevent illnesses are also an integral part of the project. Another significant aspect is the prevention of social exclusion of disabled individuals.

MOROCCO

(Kingdom of Morocco)

Following the Czech Republic’s accession to the European Union, both sides have displayed increased interest in the development of bilateral cooperation; the development continued in 2006, chiefly in the areas of trade, economic and cultural cooperation, as confirmed by the Czech business mission in February 2006 that strengthened the interest of both sides in further cooperation. The opening of another honorary consulate of the Czech Republic in the city of Fes was another positive step towards the further expansion of contacts. Cultural cooperation and the presentation of Czech culture continued successfully.

Visits by representatives of the Czech Republic:

- 13-14 February 2006 – official visit by Prime Minister J. Paroubek and Minister of Culture V. Jandák;
- 9-12 July 2006 – working visit by Deputy Minister of Foreign Affairs for Legal, Consular and Economic Issues P. Svoboda to attend a Euro-African ministerial conference on migration;
- 15-19 November 2006 – working visit by Deputy Minister of Foreign Affairs for External Economic Relations and Presentation of the Czech Republic Abroad D. Gladiš.

Visits by representatives of Morocco:

- 20-24 April 2006 – working visit by Minister of Territory Development, Water and Environment M. El Yaghzi.

Economic relations

Economic relations between the two countries developed successfully during 2006. Important events in this regard were the presentation of several Czech glassmaking firms during an exhibition of Czech glass in Rabat and Casablanca in November and the Czech Republic's official participation in SISTEP, an international machine engineering and subcontracting trade fair in Casablanca.

The Czech Republic's principal export commodities: office machinery and data processing machines (computers), iron and steel, electrical devices, instruments and appliances, dairy products (dried milk), paper and cardboard, textile yarns, rubber products (tyres), road vehicles, plant (primarily for the textile and leatherworking industry), machinery and accessories (ball-bearings, casts), chemicals.

The Czech Republic's principal import commodities: clothing and footwear, vegetables and shellfish, transistors, relays, semiconductor parts.

Cultural relations

In 2006, Czech culture was presented in Morocco at several small-scale events and through participation in undertakings organised by the Delegation of the European Commission in Rabat. Significant events included two classical music concerts by pianist S. Gallin, one with a Japanese pianist and Venezuelan guitarist in Rabat, the other during the traditional cultural festival in the city of Asillah. In May, the Embassy of the Czech Republic in Rabat organised a cultural evening on the occasion of the exhibition entitled "Prague – the Heart of Europe", which featured a performance by Moroccan musician Rachid Toumi and his band. Before Christmas, the ambassador's residence hosted a meeting of Czech expatriates, combined with a screening of *I'm Sitting on a Branch and I'm Fine*.

Guitarist D. Dorůžka successfully took part in "Jazz aux Oudayas", a jazz festival organised under the aegis of the European Union, performing together with musicians from

Austria. The Czech Republic also took part in the regular EU Film Festival (under the aegis of the Delegation of the European Commission in Morocco), during which *Something Like Happiness* was shown in several Moroccan cities.

NAMIBIA

(Republic of Namibia)

In 2006, a visit by Minister of Foreign Affairs C. Svoboda, which followed up the previous top-level visit to the Czech Republic by President S. Nujoma in 1999, confirmed the very good standard of mutual relations Namibia. Czechoslovakia's significant support for Namibian independence in 1990 earned the country considerable political credit among Namibian representatives. Unfortunately, this political capital has still not been transformed into concrete trade and economic cooperation. In keeping with tradition, development cooperation is one area that has displayed a certain dynamism.

Visits by representatives of the Czech Republic:

- 20-31 January 2006 – official visit by Minister of Foreign Affairs C. Svoboda with a business delegation.

Economic relations

Although trade exchange registered a 100% increase from 2005 to 2006, the sums involved remain somewhat negligible. Exports were worth USD 235,000 in 2006, imports USD 1,398,000 and trade turnover USD 1,633,000.

The Czech Republic's principal export commodities: industrial machinery and equipment.

The Czech Republic's principal import commodities: fruit, fish and shellfish, metal products.

Development cooperation

Namibia is one of the biggest beneficiaries of Czech foreign development cooperation in Africa. In 2006 – as in previous years – the Czech Republic implemented development

cooperation projects in the fields of education, social and industrial development, and the environment. In total, the Czech Republic spent more than CZK 10 million on these projects in 2006.

Two government scholarships were provided in 2006.

NIGERIA

(Federal Republic of Nigeria)

Following the revival of both political and economic relations in 2005 with visits to the Czech Republic by the Nigerian defence minister and to Nigeria by a delegation of the foreign affairs committee of the Chamber of Deputies of Parliament, bilateral relations reached their highest point in 2006. Given the Czech Republic's economic capacities and the Nigerian potential, further opportunities for intensifying economic cooperation remain on both sides.

Visits by representatives of the Czech Republic:

- 2-4 February 2006 – visit by Minister of Foreign Affairs C. Svoboda;
- 7-9 December 2006 – state visit by President V. Klaus.

Visits by representatives of Nigeria:

- 23-27 April 2006 – visit by a delegation of the House Committee on Foreign Affairs and the House Committee on National Security of the National Assembly;
- 15-19 August 2006 – visit by the Emir of Kano Alhaji Ado Bayero Dan 'Abd Allahi Bayero and Ooni of Ife (King of Ife) Okunade Adele Sijuwade Olebuse II.

Economic relations

Czech exports to Nigeria have been growing very dynamically in recent years and have reached their highest level since the establishment of the Czech Republic. Nigeria is the second biggest market for Czech goods in sub-Saharan Africa, and there is outstanding potential for further growth in economic cooperation.

The Czech Republic's principal export commodities: generators, razorblades, parts for gas turbines, passenger cars, electric conductors, wheat.

The Czech Republic's principal import commodities: crude rubber, cotton, cashew nuts, charcoal.

Development cooperation

As previously, for the 2006/2007 academic year Nigeria was offered three university scholarships.

Cultural relations

In October 2006, the Nigerian capital Abuja hosted an exhibition of "Czech Architects Abroad". In December 2006, the Embassy of the Czech Republic staged an exhibition of "Czechs in Africa". A series of concerts in December 2006 presented dulcimer music by the Danaj ensemble from Strážnice.

PALESTINIAN AUTONOMOUS TERRITORIES

The outcome of the Palestinian elections in the territory of the Palestinian Authority in 2006 prevented the further development of relations with the Czech Republic. Following the Hamas movement's victory in the January parliamentary elections, the European Union and its member states, including the Czech Republic, froze their relations with the new Palestinian government. There were no contacts in bilateral relations; development cooperation went ahead, however.

Economic relations

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, plastic products, motor vehicles, instruments and mechanical devices.

Development cooperation

As part of development cooperation, the Czech Republic provided Palestine with four university scholarships for the 2006/2007 academic year.

In 2006, the Czech Republic continued to implement a significant foreign development cooperation project in the power industry field in the Palestinian Autonomous Territories (“Electrification of Tubas District”), worth over CZK 50 million.

REPUBLIC OF SOUTH AFRICA

In 2006, relations with the Republic of South Africa were further deepened and strengthened; South Africa is the Czech Republic’s oldest partner in sub-Saharan Africa and remains the most important. Last year brought the first ever state visit to the Republic of South Africa by a president of the Czech Republic; this was also the first state visit to the country by a Central European head of state since the end of the apartheid era. Despite the growing trade turnover, both countries have declared an interest in stepping up trade and economic relations, where the potential remains unused.

Visits by representatives of the Czech Republic:

- 10-14 May 2006 – visit by a delegation of the Committee for Economy of the Chamber of Deputies of Parliament, led by its vice-chairman O. Vojříř;
- 9-13 December 2006 – official visit by President V. Klaus.

Bilateral agreements concluded in 2006

- Agreement between the Government of the Czech Republic and the Government of the Republic of South Africa on Economic Cooperation, Pretoria, 12 December 2006.

Economic relations

In 2006, the Republic of South Africa consolidated its position as the Czech Republic’s most important trading partner on the entire African continent.

Mutual trade exchange registered further sharp growth to exceed USD 370,630,000. The published results for 2006 speak of exports worth USD 197,457,000, imports worth USD 173,173,000, which represents an increase in exports of 31.6% over 2005 levels, and an increase in turnover of 31.4%. Imports from the Republic of South Africa were also up 35.1%.

The Czech Republic's principal export commodities: automatic data processing equipment, parts and spares for motor vehicles, electrical equipment, paper and cardboard and products thereof, machinery and equipment, finished products.

The Czech Republic's principal import commodities: textile fibres (wool), machinery and equipment, fruit, iron and steel, non-ferrous metals, leather and leather products.

Cultural relations

In 2006, Czech culture was presented in the Republic of South Africa through an exhibition of "Slivovitz and Its Soul" in Pretoria and Cape Town; Pretoria also hosted a festival of Czech films for children and youth. Czech organist J. Tůma gave concerts in Pretoria, Cape Town and other cities. In Johannesburg during summer and autumn 2006, there were an exhibition of paintings by J. Pechová, and a Czech film evening held at the Goethe Institute. Cape Town hosted an exhibition of Czech glass artists R. Lenner and O. Staňková and the South African premiere of Dvořák's opera *Rusalka*; there was also a tour of gala concerts marking the 250th anniversary of the birth of W. A. Mozart. Cooperation between the Archa Theatre and its partner theatre in Soweto is developing successfully.

In the field of direct educational contacts, there continued to be successful cooperation between Charles University in Prague (law faculty, medical faculty) on the one hand and University of Pretoria and University of Cape Town on the other, and between the University of South Bohemia and the University of Potchefstroom and University of Pretoria. The University of Pretoria has also begun cooperation with the Czech University of Agriculture. A cultural exchange programme between three Prague and three Pretorian primary schools has also gone ahead successfully. The programme was initiated in 2003 by the University of South Africa's children's literature research unit and is implemented in cooperation with the Embassy of the Republic of South Africa in Prague and the Central Bohemia In-Service Teacher Training Centre. Candidates seeking to study Czech are provided with contacts to the Slavonic Studies Summer School in Prague and the expatriates' Czech course at Dobruška.

SAUDI ARABIA

(Kingdom of Saudi Arabia)

Saudi Arabia is an important partner for the Czech Republic in the Middle East. In bilateral relations, economic and trade cooperation is the Czech Republic's long-term priority. The number of Saudi citizens coming to the Czech Republic for medical treatment, recreation and business displays an upward trend.

Visits by representatives of the Czech Republic:

- 5 February 2006 – visit by Minister of Health D. Rath.

Visits by representatives of Saudi Arabia:

- 11 May 2006 – working visit by Minister of Foreign Affairs His Royal Highness Prince S. Al-Faisal.

Economic relations

The principal indicators of Czech trade with Saudi Arabia were essentially maintained in 2006, with Czech exports recording their first very slight decline after years of sharp growth. Similarly, Saudi exports to the Czech Republic were at a level corresponding to 2005. Export activities of Czech firms have recently been influenced by the strengthening of the euro, in whose area the Czech Republic is situated, and the falling US dollar, which has the principal influence on the Saudi currency that is fixed to it. For that reason, the fact that Czech Republic kept its 2006 export balance with Saudi Arabia at 2005 levels can be deemed a success. By contrast, Saudi exports to the Czech Republic remain relatively low, primarily because the Czech Republic is not a direct buyer of Saudi crude oil.

The Czech Republic's principal export commodities: boiler parts, road motor vehicles (in particular Škoda passenger cars), dairy products (dried milk, white cheeses), iron and steel products (profiles, set squares, tubes, etc.), paperboard, compressors, fuses and detonators for non-military use, costume jewellery, tyres, hospital furniture, etc., and – for the first time – cereals (barley).

The Czech Republic's principal import commodities: polyethylene, followed by non-woven and impregnated textiles, acyclic alcohols and a wide variety of petrochemicals industry products, iron and steel structures, leather, etc.

Cultural relations

There are currently several self-funded Saudis studying medical and technical fields at Czech universities. The Saudi authorities confirmed the recognition of diplomas issued by Charles University in Prague, Masaryk University in Brno, and the Brno University of Technology.

SYRIA

(Syrian Arab Republic)

Syria is a traditional partner for the Czech Republic in the Middle East, primarily in the economic field, where Czech products have a good reputation. The implementation of the previous year's agreement on the settlement of Syria's debt to the Czech Republic and Syria's repayment of a substantial portion of the debt made it possible to negotiate a double taxation avoidance treaty at expert level. The signing of this treaty will undoubtedly help intensify mutual cooperation, in the economic field and elsewhere.

Economic relations

The positive trend of increasing business activities in the territory continued in 2006, resulting in strong growth in Czech exports to Syria, which were almost 30% higher than in the previous year. Conversely, imports continued in their pronounced decline caused by the cessation of imports of petroleum products. As a result, the Czech Republic developed a pronounced balance of trade surplus.

The Czech Republic's principal export commodities: spares for plant supplied in the past, industrial machinery, textile yarns and fabrics, modernisation of vacuum distillation equipment for the Baniyas refinery, supplies for a petrol pipeline; almost half of total exports comprise road vehicles, Škoda automobiles. The predominant commodities are machinery,

transport equipment and categories of industrial goods, which have retained a stable position on the Syrian market.

The Czech Republic's principal import commodities: raw materials, cotton, textile products.

Cultural relations

The Embassy of the Czech Republic in Damascus co-organised a traditional exhibition of children's drawings in Homs and the presentation of prizes to children honoured in the "Lidice 2006" international art competition. In September, there was an exhibition of paintings by Mrs T. Patrick, a Czech artist living in the Middle East.

TANZANIA

(United Republic of Tanzania)

2006 was a breakthrough year for mutual relations between the Czech Republic and Tanzania, primarily due to the visit by Minister of Foreign Affairs C. Svoboda, which revived bilateral relations in both the political and economic area. Tanzania is a relatively stable democracy struggling with widespread corruption, which impedes the development of investments and trade in the country. The Tanzanian authorities are genuinely interested in Czech investments in all sectors, as the country is developing fast and its needs are growing.

Visits by representatives of the Czech Republic:

- 31 January – 2 February 2006 – official visit by Minister of Foreign Affairs C. Svoboda, accompanied by a business delegation.

Economic relations

In the context of sub-Saharan Africa, Tanzania is one of the Czech Republic's bigger trading partners.

The Czech Republic's principal export commodities: telecommunications equipment, paper and paperboard, computer technology, aircraft.

The Czech Republic's principal export commodities: tobacco, cotton.

Development cooperation

In Tanzania, the Czech Republic is implementing a foreign development cooperation project in the field of healthcare, entitled “Healthcare Assistance to Lusocho Hospital, Usambara Region”, worth almost CZK 6 million in total. Under the project, a doctor was sent to Tanzania to assist in healthcare provision at the Lusocho hospital and to train local healthcare staff.

Tanzania was again offered two scholarships for the 2006/2007 academic year.

Humanitarian aid

In May 2006, the Czech Republic provided CZK 3 million in humanitarian aid in connection with the food crisis in east Africa. Aid was also provided via the Embassy of the Czech Republic in Nairobi for a children’s shelter in Msimbazi (CZK 50,000) and via the UN World Food Programme (CZK 2,950,000). The WFP contribution was then split between the provision of immediate food aid (CZK 2,275,000) and the School Feeding Programme (CZK 675,000).

TUNISIA

(Republic of Tunisia)

For a number of years, the Czech Republic’s bilateral relations with Tunisia have been problem-free and are among the most intensive in context of the southern Mediterranean. Relations have centred on economic and trade exchange, as well as on the increasingly important field of tourism. The political dimension is underlined by regular visits to Tunisia by high-level representatives of the Czech Republic, which broaden the opportunities for Czech businesses on the Tunisian market.

Visits by representatives of the Czech Republic:

- 12-13 February 2006 – official visit by Prime Minister J. Paroubek accompanied by Minister of Culture V. Jandák.

Visits by representatives of Tunisia:

- 30 October – 5 November 2006 – visit by Minister of Tourism T. Haddad on the occasion of the 48th international conference of tourism journalists and writers (FIJET).

Economic relations

The Czech Republic's principal export commodities: electrical devices, instruments and appliances, construction iron and steel, fuels and mineral oils, office machinery and computers, fabrics and fabric products, transport equipment, boilers, cables, tyres, kraft paper, pharmaceuticals, glass and costume jewellery.

The Czech Republic's principal import commodities: clothing products and accessories, electrical devices and instruments, plant equipment, footwear, fabrics, medicaments and pharmaceutical products, fruit, vegetables, fish.

Cultural relations

Pupils from Tunisian schools again successfully participated in the "Lidice 2006" international art competition.

In the field of education, cooperation between the Faculty of Philosophy and Arts of Charles University and the Arab League Education, Culture and Science Organisation (ALECSO) developed dynamically. Seven students of Arab studies of the Faculty of Philosophy and Arts of Charles University took part in the 42nd Arabic summer school, which was held in Tunisia from 7 July to 4 August 2006.

UNITED ARAB EMIRATES

The United Arab Emirates is the Czech Republic's biggest trading partner outside Europe. Political relations are problem-free and open. In 2006, the Czech Republic continued to focus on the trade and economic area, which has been developing successfully. The Czech Republic regularly undertakes official participation at a number of specialised trade fairs and exhibitions, including tourism development fairs. The increased interest among tourists from

the UAE in Czech spa and recreation facilities is therefore gratifying. There is long-term interest in investments in the Czech Republic among UAE businesses.

Economic relations

For many years now, economic relations between the Czech Republic and United Arab Emirates have been characterised by dynamic growth, particularly in Czech exports.

In terms of trade turnover, the United Arab Emirates is the Czech Republic's biggest trading partner in the Middle East and North Africa region. It is the Czech Republic's 30th biggest trading partner in this regard. "Czech Days in Dubai", a project to promote the Czech Republic, was held in November 2006. It included a series of events, most notably trade conferences and two seminars on the Czech spa treatment tradition.

By year-on-year comparison, the high value of exports – almost CZK 11 billion – was successfully maintained, while imports doubled to reach almost CZK 1 billion. The Czech Republic continues to have a pronounced balance of trade surplus with the UAE.

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

The Czech Republic's principal import commodities: aluminium and aluminium products, textile products, essential oils and cosmetic products, electrical engineering products, printing materials.

Cultural relations

Cultural contacts between the Czech Republic and United Arab Emirates are unilaterally developed by the Czech side which organises numerous events. From 6 to 11 April 2006, Dubai hosted the 3rd International Peace Music Festival for Young Virtuosos, organised by Riad Kudsi, conductor of the Emirates Youth Symphony Orchestra. Czech violinist Michal Matouš (14) took part in the competition and took the second place. The 5th festival of European films "European Art Movies" took place in Abu Dhabi and Al Ain in the first half of 2006. The Czech Republic was represented by *Invention for Destruction* and *Elementary School*. An exhibition entitled "Prague – City of Music", prepared by the Czech

Centre as a presentation of the Czech Republic and Prague abroad, was held in the middle of November.

YEMEN

(Republic of Yemen)

Czech-Yemeni relations have for long been stable and problem-free, as borne out by several mutual visits during 2006. The Czech Republic is striving to step up economic and trade relations to a level corresponding to both countries' potential. Yemen is one of the Czech Republic's eight priority foreign development cooperation countries for 2006-2010.

Visits by representatives of the Czech Republic:

- 29 April – 1 May 2006 – visit by Minister of Foreign Affairs C. Svoboda;
- 4-9 March 2006 – visit by a delegation of the Senate of Parliament.

Visits by representatives of Yemen:

- 18-19 March 2006 – unofficial visit by President A. Saleh.

Economic relations

Economic relations with Yemen are developing primarily in the area of trade, but the relatively low volumes achieved to date mean that the figures vary considerably from year to year. Czech exports to Yemen far exceed imports from Yemen.

No trade exchange in services and investments has been registered between the two countries to date.

The Czech Republic's principal export commodities: passenger cars, non-military arms, electrical components, steel tubes, spare parts for combustion engines, compressors, medicaments, transmission equipment.

The Czech Republic's principal import commodities: frozen fish fillets.

Development cooperation

Yemen was again included among the priority countries of the Czech Republic's foreign development cooperation for the years 2006 to 2010. Cooperation between the two countries takes place on the basis of a memorandum of understanding focusing on development cooperation in the sectors of water management, power generation and education.

Implementation of a project to modernise and increase the efficiency of the Al Hiswa power station was commenced in 2006; two water management projects, "Supplies and Treatment of Drinking Water on the Socotra Archipelago" and "Assistance in the Treatment and Recycling of Waste Water from the Hospital in the City of Hadibo", continued. CZK 17 million was spent on foreign development cooperation projects in Yemen in 2006.

The Czech Republic provided Yemen with four university scholarships for the 2006/2007 academic year.

ZAMBIA

(Republic of Zambia)

The traditionally friendly relations between the two countries continued to develop in 2006. Zambia has for long been one of the Czech Republic's eight priority foreign development cooperation countries and was included in the programme for 2006-2010. The increased economic interest in Zambia and its untapped economic potential is due to the favourable internal political conditions for cooperation with this country.

Economic relations

The Czech Republic's principal export commodities: telecommunications equipment, accessories for television and radio broadcasting equipment, flexible pipes from base metals with accessories, paper and cardboard.

The Czech Republic's principal import commodities: fish and marine products, turboprop motors, cut flowers, flower buds for bouquets, for ornamental purposes, fresh, dried, etc.

Baobab Safari, the first ever Czech-Slovak tourist office, was opened in the city of Livingstone in June 2006. That was the first Czech investment in Zambia.

Development cooperation

The development cooperation programme between the Czech Republic and Zambia centres on cooperation in the healthcare sector. Projects are also implemented in the fields of geology and agriculture. CZK 17 million was spent on foreign development cooperation projects in Zambia in 2006.

The first office of a Czech NGO in Zambia was opened in the city of Solwezi in 2006. There, the Archdiocesan Charity Prague started to implement its successful Distance Adoption project that has already been launched in several countries, including Uganda.

Foreign development cooperation projects include “Assessment of the Environmental Impact of Copper-Cobalt Ore Extraction in the Copperbelt Region”, and a Czech-Canadian project in Masuku for equipping a school and local clinic with solar panels; the Czech Republic has also cooperated in the field of museum studies, equipped the Kanyenda clinic and a school in Solwezi, etc.

As part of development cooperation, the Czech Republic provided Zambia with seven university scholarships for the 2006/2007 academic year.

Cultural relations

The Embassy of the Czech Republic in Harare, in cooperation with the National Museum in Livingstone, organised an exhibition of works by B. Jirků. An exhibition of the best-known Zambian painter S. Kappata was staged in České Budějovice. The Zambian National Museum actively promoted the work of Emil Holub.

ZIMBABWE

(Republic of Zimbabwe)

The determining factor in 2006 was the continuing sanctions against the Zimbabwean regime, which has committed gross violations of fundamental civil rights and freedoms. The EU

sanctions were targeted so as not to restrict humanitarian aid to the population. The Czech Republic, as an EU member state, continued to be a co-architect of this common EU policy in 2006. Given the impossibility of developing normal economic and political relations, the Czech Republic increased its focus on cultural exchange.

Economic relations

For the reasons stated above, economic relations between the two countries have stagnated. Movements of goods to and from the Czech Republic thus usually take place via third countries.

The Czech Republic's principal export commodities: paper, paperboard and products thereof; parts and accessories for office machinery and automatic data processing equipment; pens, pencils and fountain pens; plastic tubes, pipes and hosepipes; parts and accessories of office machinery and automatic data processing machinery; printed materials.

The Czech Republic's principal import commodities: fruit and vegetables; minerals; polypropylene; men's and boy's trousers and overalls, shorts, etc.; cut flowers.

Cultural relations

In the interests of maintaining an awareness of the Czech Republic, the Embassy of the Czech Republic in Harare continued its active cultural work in all branches of the National Gallery of Zimbabwe, i.e. in Harare, Bulawayo, and Mutare. During 2006, these institutions staged an exhibition of graphic art by B. Jirků, an Easter exhibition, and the launch of a collection of poetry by J. Seifert in both principal Zimbabwean languages, Shona and Ndebele. The Embassy also successfully paved the way for the first solo exhibition of sculptor Lovemore Bonjisi, supported the activities of the sculptors' community in Tengenege, and was the patron of an exhibition of modern Zimbabwean art at the Botanical Gardens in Prague and in Český Krumlov. In cooperation with Zimbabwean partners, the Embassy of the Czech Republic contributed to a concert tour by pianist Libor Nováček. Czech cinema was represented at the International Images Film Festival for Women.

5. The Czech Republic's relations with North and South American countries

ARGENTINA

(Argentine Republic)

In 2006, there was a further deepening of Czech-Argentine bilateral relations, which are centred on trade cooperation. Argentina has traditionally been one of the Czech Republic's leading partners in Latin America, partly for its foreign policy significance and regional importance. Argentina (a member of the South American common market Mercosur/Mercosul) is currently one of the Czech Republic's principal trading partners in the whole of South America. New opportunities are emerging for Czech businesses, chiefly in the energy industry.

Visits by representatives of the Czech Republic:

- 2-7 March 2006 – official visit by Prime Minister J. Paroubek.

Economic relations

Trade relations with Argentina continued to deepen in 2006, albeit at a slower pace than in 2005. Exports increased slightly and imports fell.

The Czech Republic's principal export commodities: inorganic chemicals products, industrial machinery and equipment, power-generating equipment, electrical devices, instruments and appliances, industrial plant equipment, office machinery and automatic data processing equipment, metal products, organic chemicals, road vehicles, non-metal mineral products.

The Czech Republic's principal import commodities: the principal commodity has traditionally been agricultural and food products, i.e. vegetables and fruit, fish, crustaceans and molluscs, oil-seeds and oleaginous fruit, animal feed, beverages, sugar, sugar products and honey, meat and meat products, leather, leather products and dressed furskins, but also road vehicles, textile fibres and their wastes.

Bilateral agreements concluded in 2006

- Agreement on Economic and Industrial Cooperation between the Government of the Czech Republic and the Government of the Argentine Republic, Buenos Aires, 6 March 2006;
- Programme of Scientific and Technical Cooperation between the Ministry of Education, Youth and Sports of the Czech Republic and the Ministry of Education, Science and Technology of the Argentine Republic, Buenos Aires, 6 March 2006.

Cultural relations

A whole series of cultural events took place in 2006: successful sculptor J. E. Spanihel represented the Czech Republic at the international sculpture contest “Bienal del Chaco 2006”; Czech film *The City of the Sun* was successfully screened at the international film festival in Mar del Plata; and the prestigious “Independent Film Festival” in Buenos Aires featured films by J. Švankmajer, who was also the guest of honour and a member of the jury at the festival. There were also a number of concerts by leading Czech music ensembles, including Virtuosi di Praga and the Czech Philharmonic Orchestra. The Jiří Srnec Black Light Theatre gave a performance in Buenos Aires in August 2006. In the field of cooperation with expatriates, the successful work of Czech language instructors in Argentina went ahead.

BOLIVIA

(Republic of Bolivia)

The Czech Republic and Bolivia share friendly and trouble-free relations, yet from the long-term point of view their intensity falls short of the existing potential.

Economic relations

Trade exchange in 2006 registered slight growth from previous years.

The Czech Republic’s principal export commodities: motors, tubes, pencils, tiles, glass, knitting machines, lathes, ball-bearings.

The Czech Republic’s principal import commodities: tin, nuts, veneers.

Development cooperation

2006 brought the end of a six-year foreign development cooperation project of the Czech Republic; under the project, the Institute of Production Technology and Management of J. E. Purkyně University in Ústí nad Labem assisted in the introduction of a production management study programme (including fitting out study workshops and training teachers) at the Public University of El Alto. The annually provided Czech government scholarships for study at Czech universities are highly appreciated. For the 2006/2007 academic year, Bolivia was offered a total of six scholarships for undergraduate and postgraduate study.

BRAZIL

(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 and is a traditional and promising market for Czech businesses. The Czech Republic's Honorary Consulate in Recife opened in January 2006. The most important event in mutual relations in 2006 was the official visit to Brazil by the Czech prime minister in March, which focused on the deepening of mutual political dialogue and support for Czech businesses' activities in Brazil.

Visits by representatives of the Czech Republic:

- 2-4 March 2006 – official visit by Prime Minister J. Paroubek, accompanied by First Deputy Minister of Foreign Affairs J. Bašta, Deputy Minister of Industry and Trade M. Tlapa, Deputy Minister of Education, Youth and Sports P. Kolář and a business mission.

Economic relations

Brazil has for long been the Czech Republic's most important economic partner in Latin America. The trend towards high trade balance deficits on the side of the Czech Republic has been reversed in recent years. The values of imports and exports are now comparable. Total turnover in 2006 ended with a minimal surplus for Brazil.

The Czech Republic's principal export commodities: motor vehicle combustion engines, rail track, motor vehicle parts, seamless steel tubes, motor parts, pearls and imitation pearls, pumps and other liquid transport machinery, aircraft, tyres, air-conditioning equipment, electric motors, coal soot. Transmission shafts, glass products, electrical components and measuring devices are other significant commodities.

The Czech Republic's principal import commodities: chicken meat and offal, raw aluminium, unprocessed tobacco, soya cakes and oil, coffee and coffee concentrates, television set parts, poultry preserves and products.

Cultural relations

Cultural contacts currently take place mainly on a commercial basis. The Czech Philharmonic Orchestra gave two concerts in São Paulo in May 2006. A book on Czech missionary S. Fritz was presented at a ceremony in Manaus in November 2006. A teacher of Czech continued to work with the expatriate community in São Paulo in 2006. Thanks to the interest shown by students, cooperation was expanded to other areas of Brazil as well; a further language instructor has worked in Porto Alegre in the south of Brazil since September 2006.

CANADA

Canada is the Czech Republic's second most important transatlantic ally. The good bilateral relations were unaffected by the parliamentary elections that were held in Canada on 23 January 2006 and brought the Conservative Party to power, headed by the new prime minister S. Harper. The two countries continued to cooperate intensively, even though part of the agenda was transferred to the European Union. In December 2006, an Agreement Concerning the Facilitation of Temporary Work Stays of Youth was signed, enabling study and work stays for citizens of both states who satisfy certain criteria. Talks on an Agreement on the Promotion and Reciprocal Protection of Investments went ahead, but again no compromise acceptable to both sides could be found in 2006. The two countries held very close positions on a number of multilateral issues, such as UN reform modalities, the implementation of Kyoto Protocol commitments and the need for cooperation in the provision of transformation assistance to selected countries. Good cooperation continued in the form of trilateral development projects, which focused on four of the Czech Republic's priority

countries in 2006 and amounted to a total value of almost CZK 10 million. Interest in deeper cooperation in addressing the crisis in Afghanistan was evident at a conference held in Prague at Canada's instigation in October 2006.

The Czech Republic also stepped up cooperation with individual Canadian provinces. The first part of a joint research project with the University of Winnipeg concerning the integration of minorities in the urban environment was implemented; the province of Alberta took steps in the Czech Republic to recruit skilled Czech labour. Another proof of the deepening cooperation with Canada was the opening of the Czech Consulate General in Toronto on 1 February 2006; on 12 October 2006 a new Honorary Consulate was opened in Winnipeg.

The only outstanding problem in the otherwise good mutual relations is the visa asymmetry issue. In 2006, Canada again did not respond to the efforts of the Czech Republic and certain other EU countries to have the visa requirements for their citizens abolished. The visa waiver thus continues to be non-reciprocal. The talks held between Canada and the European Commission, acting on behalf of the affected EU member states, have not led to a solution.

Visits by representatives of the Czech Republic:

24-28 February 2006 – working visit by Deputy Minister of Foreign Affairs P. Svoboda.

- 21-24 April 2006 – visit by Minister of Foreign Affairs C. Svoboda.

Visits by representatives of Canada:

- 17 January 2006 – visit by Deputy Minister of Foreign Affairs D. Mulroney.

Economic relations

Trade exchange between the Czech Republic and Canada accounts for a relatively small proportion of the both countries' overall foreign trade (less than 1%) and does not play a major role, either for the Czech Republic, or for Canada's individual provinces, or for Canada as a whole.

The Czech Republic's principal export commodities: computer technology parts, railway wheelwork, rail track, metallurgical products and fittings, glass, uranium and uranium isotopes, communication technology parts, furniture, electric condensers, motors and generators, machine tools, beer, footwear, automobile parts. More than 80% of Czech exports is accounted for by machinery and industrial products.

The Czech Republic's principal import commodities: digital integrated circuits, metallurgical products and fittings, medicines and medicaments for retail, aircraft turbines, sound and light signalling apparatus, office machinery, animal feed, sports equipment, beverages. Machinery and transport equipment account for around 50% of imports.

Bilateral agreements concluded in 2006

- Agreement between the Government of Canada and the Government of the Czech Republic Concerning the Facilitation of Temporary Work Stays of Youth, Ottawa, 23 November 2006.

Cultural relations

In 2006, Czech culture was presented mainly in art (an exhibition of five Czech graphic artists in Ottawa in September and October 2006; an exhibition of illustrator J. Sliva in October 2006; and an exhibition of O. Kulhánek in Toronto in February 2006); cinema (Czech films screened at several commercial and non-commercial film festivals); music (a tour by the Boni Pueri children's choir, concerts by the Panoch Quartet and works of Czech classical music composers performed by the Toronto Philharmonic Orchestra). The Czech Republic was represented by an extensive exposition on the Czech spa tradition at "Folklorama", Canada's biggest folk arts festival, in Winnipeg.

The Czech Republic continued to develop its cooperation with expatriates in Canada. Expatriate clubs' projects were supported with funding of CZK 694,000, and four members of the Czech community attended the language course for expatriates at Dobruška. During his visit to Canada, Minister of Foreign Affairs C. Svoboda presented the *Gratias Agit* prize to J. Čermák and to J. Škvorecký and his wife Z. Salivarová; he also presented a financial donation to the expatriate community in Manitoba to preserve a unique historical building. The biggest expatriate organisation in Canada, the Czech and Slovak Association, held its annual congress

in Edmonton, where the traditional resolutions addressed to the prime ministers of the Czech Republic, Slovakia and Canada were adopted.

CHILE

(Republic of Chile)

Czech-Chilean relations centre on trade and economic cooperation; political contacts are constantly increasing, however, both at governmental and parliamentary level. Chile's internal political stability and relative economic prosperity has made it one of the Czech Republic's important partners in Latin American in the last decade. Chile was the second Latin American country to sign a political and economic association agreement with the EU (in force since 2003) – the Czech Republic's EU membership thus gave a new dimension to the partnership with Chile, going beyond the purely bilateral framework.

Visits by representatives of the Czech Republic:

- 6-12 March 2006 – visit by First Deputy Minister of Foreign Affairs for Current Political Issues J. Bašta (inauguration of President M. Bachelet);
- 29 September – 5 October 2006 – visit by a delegation of the Committee on Regional Development, Public Administration and the Environment of the Senate of Parliament.

Economic relations

The positive trend of growing trade exchange accelerated substantially in 2006. Record results were achieved in exports. In 2006, the traditionally friendly relations between the Czech Republic and Chile continued to develop, a trend that remained in place even after a new president – Michelle Bachelet Jeria, the first woman president in Chile's history – took office. The Czech Republic has a balance of trade deficit with Chile. Although mutual trade is displaying growth, its size does not correspond to the potential of both economies.

The Czech Republic's principal export commodities: machinery and equipment, welded and seamless tubes, iron and carbon steel hollow profiles, motor vehicles, steam boilers, tubes, hosepipes and plastic accessories.

The Czech Republic's principal import commodities: ferrous alloys, wine, dried and fresh grapes, apples and pears, pulp.

Development cooperation

As a part of foreign development cooperation, the Czech Republic provided Chile with one master's degree scholarship for the 2006/2007 academic year. In response, the Diplomatic Academy of the Ministry of Foreign Affairs of Chile traditionally offers one-year study placements for junior Czech diplomats on its diplomacy and foreign affairs course.

A development project to assist with the rehabilitation of the natural environment of fire-damaged Torres del Paine national park entered its second phase in 2006. The Ministry of Agriculture of the Czech Republic approved a project worth a total of CZK 15 million for reforestation of the affected territory.

Cultural relations

At the start of 2006, Chile was visited by Amfora, an amateur football team made up of well-known personalities of Czech sporting and cultural life. This was the team's first visit to Chile, which helped promoted the Czech Republic and Czech culture. In keeping with tradition, the Czech Republic took part in the Festival of European Cinema in Santiago de Chile and other major cities, jointly organised by EU member states. The city of Temuco in the south of Chile hosted a festival of Czech films for children and an exhibition of photographs of "Pilgrimage Sites in the Czech Republic". An exhibition of photographs by Czech explorer P. Pavel was staged on Easter Island.

COLOMBIA

(Republic of Colombia)

Colombia is a traditional partner of the Czech Republic in Latin America. Relations are centred on economic cooperation and trade. Colombia is the Czech Republic's biggest trading partner in the Andean Community of Nations.

Visits by representatives of the Czech Republic:

29 June – 4 July 2006 – visit by Deputy Minister of Defence J. Kopřiva with a delegation.

Economic relations

Colombia is a traditional trade and economic partner of the Czech Republic in Latin America. Relations between the Czech Republic and Colombia strengthened during 2006. Bilateral agreements concluded during the year are testimony to that fact. Mutual relations are governed by the agreements between the EU and the Andean Community. Total trade turnover fell in 2006 due to a reduction in direct imports of Colombian bananas to the Czech Republic following the increase in the EU's customs tariff on imports of bananas from Latin America.

The Czech Republic's principal export commodities: passenger cars and parts, dried whey, construction machinery, turboprop engines, artificial casing, cosmetic products, tractors and tractor parts, short firearms and ammunition, iron and steel tubes, light bulbs, imitation pearls, polymers, profiles, medicines, medical chairs, shafts, gearing, ball-bearings, paper.

The Czech Republic's principal import commodities: bananas, coffee, including roasted coffee and concentrates, cut flowers, confectionary, safety glass, live fish, fruit, light fittings, brushes.

Bilateral agreements concluded in 2006

Arrangement between the Ministry of Defence of the Czech Republic and the Ministry of National Defence of the Republic of Colombia on Cooperation in the Field of Defence Materiel, Bogotá, 3 July 2006.

Development cooperation

In the 2006/2007 academic year, three doctoral studies candidates and three candidates for bachelor's/master's degree study were admitted to universities in the Czech Republic.

Cultural relations

As in previous years, the Czech Republic took part in “Eurocine”, an annual festival of contemporary cinema from the European Union, with the screening of *The City of the Sun* by director M. Šulík. One of the most significant and successful bilateral cultural events was a tour by the twenty-five-member choir Iuventus Svitavy. Colombia was also visited by the Jiří Srnec Black Light Theatre, whose tour embraced the capital Bogotá and five other Colombian cities. Other significant events during the year were documentary exhibitions about the life and work of B. Hrabal and F. Kafka, and an ethnographic exhibition of photographs by F. Synek entitled “The Beauties of Folk Costumes in My Country”.

COSTA RICA

(Republic of Costa Rica)

Costa Rica has for long been a traditional partner of the Czech Republic in Central America. Mutual relations centre on economic and trade and cultural cooperation; political relations have also been relatively intensive and traditionally friendly.

Economic relations

Economic and trade relations between the Czech Republic and Costa Rica have been trouble-free for many years. The volumes of exports and imports are currently dependent solely on the two countries’ commercial and financial possibilities.

The Czech Republic’s principal export commodities: artificial casing, plastic tubes, razorblades, paper, cardboard and paperboard, iron and steel hot-worked I-profiles, tractor and automobiles parts and accessories, pencils, power saws, crystal drinking glassware, sack kraft paper, etc.

The Czech Republic’s principal import commodities: digital monolithic integrated circuits, bananas and plantains, other monolithic integrated circuits, pineapples, automatic data processing equipment, antennae, automatic data processing equipment parts, electric switches etc. Czech imports from Costa Rica are dominated by microprocessors, which account for roughly half of all imports.

Development cooperation

Following up a “Natural Risks Assessment” development project in Nicaragua, which continued in 2006, a Czech foreign development cooperation project for the preparation of a study on geological conditions and maps of geological risks and geomorphological conditions in Costa Rica was approved last year. Implementation of the project should start during 2007.

Three scholarships for bachelor’s and master’s degree studies were allocated to Costa Rica for the 2006/2007 academic year.

Cultural relations

Under an initiative of the Embassy of the Czech Republic in Costa Rica, concerts of Czech music were staged in the prestigious Auditorio Nacional in the capital San José, and a documentary exhibition of “Pilgrimage Sites in the Czech Republic” took place in three exhibition halls in San José and Cartago.

CUBA

(Republic of Cuba)

The level of Czech-Cuban relations is currently low. The 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. Given the existing level of bilateral political relations, there were no visits by either Czech or Cuban senior representatives in 2006. The economic area thus remains at the core of bilateral relations. Cuba has for a long time also rejected development assistance, including university scholarships.

In January 2006, Cuba temporarily detained two Czech citizens on the grounds that they had been taking photographs of areas on the outskirts of Havana, which the Cuban authorities described as “documenting negative aspects of Cuba”. The Ministry of Foreign Affairs of the Czech Republic summoned the Cuban chargé d’affaires in Prague to explain the actions of the Cuban authorities and at the same time protested that the Czech citizens were

prevented from contacting the Embassy. In April 2006, Cuba refused to extend the visa of a diplomat serving at the Embassy of the Czech Republic in Cuba; the Czech Republic reciprocated by not extending a Cuban diplomat's visa.

Economic relations

Trade exchange between the Czech Republic and Cuba increased in 2006. The growth in Czech exports was particularly strong, up 76% from 2005. The Czech Republic has a long-term balance of trade surplus with Cuba.

The Czech Republic's principal export commodities: surgical furniture, malt, dried milk, transformers, electric generator motor parts, pump parts, motorcycles and accessories, kitchen furniture, taps and other pipe fittings, butter, switchboards, transformer parts.

The Czech Republic's principal import commodities: cigars and tobacco products, rum, grape must, microwave tubes, fruit and fruit juices.

Cultural relations

Cuba makes cultural relations conditional on politics, which considerably limits the opportunities for presenting Czech culture. The Embassy of the Czech Republic in Havana publishes an information bulletin in Spanish.

JAMAICA

Mutual relations centre on cooperation in multilateral forums. Relatively intensive contacts also take place in the context of the European Union's relations with African, Caribbean and Pacific countries (ACP). Jamaica has for long been the biggest beneficiary of the Czech Republic's development cooperation in Latin America and the Caribbean.

Economic relations

The level of mutual trade exchange is insignificant, mainly because of re-exports. The Czech Republic's principal export commodities are dried milk, metallurgical material and textile products. Imports from Jamaica are dominated by rum, dried fruit and spices.

Development cooperation

Since 2001, the Czech Republic has provided funding for a bilateral development project for the research, ecologisation and industrial use of non-metallic mineral resources. The project, implemented by limited liability company GET s.r.o., is in its second phase (2006-2010). The aim of the project is to ensure the supply of raw materials for production, supplies of technologies for processing non-metallic raw materials and for the production of lime and limestone for sugar refineries. CZK 5 million was released for the project in 2006.

MEXICO

(United Mexican States)

The Czech Republic has for long had friendly relations with Mexico. Mexico is also one of the Czech Republic's most important economic and trading partners in Latin America. There is intensive cooperation in the field of culture as well. As regards economic cooperation, in May 2006, an Agreement on the Establishment of a High-level Working Group for the Strengthening of Bilateral Economic Cooperation was signed between the Czech Republic and Mexico. The Agreement was signed on behalf of the Czech Republic by Prime Minister J. Paroubek.

Visits by representatives of the Czech Republic:

- 20-25 March 2006 – visit by Minister of the Environment L. Ambrozek;
- 22-28 April 2006 – working visit by Deputy Minister of Defence R. Polášek;
- 7-8 March 2006 – working visit to the federal states of Tijuana and Baja California by Deputy Minister of Foreign Affairs P. Svoboda.

Economic relations

Mutual trade exchange in 2006 was characterised by 40% growth from 2005 levels. The Czech Republic has a slight balance of trade deficit with Mexico. Compared with 2005, however, Czech services exporters achieved their first successes, although such cases are relatively isolated at present. Overall, however, the full potential for mutual trade is not being used. The expansion of trade cooperation will be assisted by the Agreement between the Ministry of Industry and Trade of the Czech Republic and the Ministry of Economy of the

United Mexican States on the Establishment of a High-level Working Group for the Strengthening of Bilateral Economic Cooperation, which was signed at the EU-Latin America summit in Vienna in May 2006.

The Czech Republic's principal export commodities: automatic data processing machinery parts, air-conditioning machinery and apparatus, glass, glass pearls, imitation pearls and precious stones, grinders, chassis parts, signalling apparatus, lights for motor vehicles, combustion engine piston parts, passenger car and lorry accessories, tyres, antibiotics, rods, iron, bars, pump parts, switchboards, electrical devices, etc.

The Czech Republic's principal import commodities: automatic data processing machinery parts, transmission and receiving systems, medical, surgical and veterinarian apparatus, electrical material, other units and equipment for automatic data processing, vehicles, combustion engines, antennae, parabolas of all kinds, chassis parts, portable electrical and digital equipment, iron and steel products, etc.

Bilateral agreements concluded in 2006

- Agreement between the Ministry of Industry and Trade of the Czech Republic and the Ministry of Economy of the United States of Mexico on the Formation of a High-level Working Group to Strengthen Bilateral Economic Cooperation, Vienna, 12 May 2006;
- Memorandum on Cooperation in the Field of Environmental Protection between the Ministry of Environment of the Czech Republic and the Ministry of Environment and Natural Resources of United Mexican States, Mexico, 20 March 2006.

Cultural relations

In 2006, a number of projects involving a wide variety of both governmental and non-governmental entities brought an increase in the quantity and, most importantly, the quality of Czech-Mexican cultural relations. Events worth mentioning include the two runs (spring and autumn) of the Czech Art Workshop (in Mexico City and Oaxaca), accompanied by Czech puppet shows; Czech musicians' participation in Mexican festivals (Milan Svoboda Quartet, Talich Quartet, Škampa Quartet); a Czech-Mexican writers' exchange project with the personal participation of P. Placák and M. Ajvaz in Mexico; a successful presentation of Czech scenic dance (Prague Dance Theatre), and personal visit to Mexico by the director of

the Prague Dance Festival Y. Kreuzmannová; the second part of an exchange programme between artists from the federal state of Michoacán and J. E. Purkyně University in Ústí nad Labem and the Academy of Arts, Architecture and Design in Prague; expert technical assistance provided to the National Museum of the Cultures in Mexico, which is working to restore an original collection of Czech folk art, etc.

PERU

(Republic of Peru)

Relations between the Czech Republic and Peru are very good; relations centre on trade exchange and also relatively intensive political cooperation. Peru is one of the most attractive South American destinations for Czech tourists.

Visits by representatives of the Czech Republic:

- 20-25 March 2006 – visit by Deputy Minister of the Environment T. Novotný.

Visits by representatives of Peru:

- 30 March 2006 – visit by Vice Minister for Foreign Affairs H. Forsyth.

Economic relations

Bilateral relations between the Czech Republic and Peru stand on a friendly, problem-free footing, with the emphasis on widening cooperation in the economic and trade area. Bilateral agreements concluded during the year are testimony to that fact. Trade exchange between the Czech Republic and Peru grew from 2005 to 2006.

The Czech Republic's principal export commodities: motors, knitting machines, aircraft parts, ball-bearings, printing machinery, wires, matches.

The Czech Republic's principal import commodities: fish products, coffee, sheet metal, zinc oxide, cotton yarn, citrus fruit, fruit, natural dyes.

Bilateral agreements concluded in 2006

- Agreement on Archive Cooperation between the Ministry of Interior of the Czech Republic and the National Archive of the Republic of Peru, Prague, 30 March 2006;
- Agreement on Scientific Cooperation between the Academy of Sciences of the Czech Republic and the National Council on Science and Technology of Peru (CONCYTEC), Prague, 22 February 2006;
- Programme of Cooperation in the Fields of Culture, Education, Science and Sports between the Government of the Czech Republic and the Government of Peru for the Years 2006-2009, Prague, 7 August 2006.

Development cooperation

As part of foreign development cooperation, the Czech Republic annually provides Peru with government scholarships for study at Czech universities; there is considerable interest in this opportunity among Peruvian students. There were 29 Peruvians studying in various years of universities in the Czech Republic in 2006. Five new scholarships for bachelor's/master's degree study were awarded for the 2006/2007 academic year.

In 2006, the Czech Republic implemented development cooperation projects targeting agriculture and the environment in Peru. The Czech Republic released more than CZK 7 million for these bilateral development cooperation projects in 2006.

Cultural relations

“Humour and Psychoanalysis”, an exhibition of cartoons by V. Jiránek, was staged in Lima during the Latin American Congress of Psychoanalysts. Trio Guarneri from Prague and the Virtuosi di Praga chamber orchestra performed in Lima to great success; and Czech cinema was presented at the annual Festival of European Film.

URUGUAY

(Eastern Republic of Uruguay)

Czech-Uruguayan relations have for long been good and are focused on economic and trade exchange. The fact that Uruguay is the seat of South American common market (Mercosur/Mercosul) has great significance for the development of mutual relations.

Economic relations

In the past, Uruguay was not a key partner of the Czech Republic in Latin America in terms of the level of mutual trade exchange. However, Uruguay's significance has grown within the Latin American region and with the ongoing process of South American economic integration in Mercosur, of which Uruguay is a member. Furthermore, an agreement on a free trade area between the EU and Mercosur is coming closer to being signed. The favourable influence of strong economic growth in Uruguay was also reflected in the development of mutual economic and trade relations in 2006.

The Czech Republic's principal export commodities: boilers and parts, natural alkaloids and juices, tyres, medicaments and pharmaceutical products, ball-bearings, firearms and ammunition, mirrors, household glass, dyes, electromechanical instruments and tools, electrical material, mobile telephones.

The Czech Republic's principal import commodities: wool, yarn, beef and lamb, hides, cheese, wine.

Development cooperation

As part of development cooperation, the Czech government provided Uruguayan candidates with one scholarship for postgraduate study for the 2006/2007 academic year (the same quota as in 2005/2006).

Cultural relations

The Czech Philharmonic Orchestra gave a concert in Montevideo in June 2006. Also in June, on the occasion of the 64th anniversary of the annihilation of Lidice, commemorative ceremonies were held at memorials to the Lidice tragedy in Montevideo and Canelones. The

Jiří Srnec Black Light Theatre gave a very successful performance in Montevideo in August 2006. In November, the Embassy of the Czech Republic organised a concert of works by Z. Fibich, B. Martinů, A. Dvořák and B. Smetana performed by leading Uruguayan musicians and singers.

USA

(United States of America)

The United States of America is the Czech Republic's most important transatlantic ally. Mutual relations are excellent in all respects; the only outstanding problem is the visa asymmetry issue. Bilateral relations were dominated by two fundamental themes: the aforementioned visa asymmetry, and the USA's interest in locating a European missile defence component in the Czech Republic.

Czech-US relations have retained their character of a strong alliance founded on shared values and the transatlantic link, as well as on close relations between the USA and the EU. The two countries' policies on the fight against terrorism and support for democracy and human rights share many common elements.

Regarding the visa asymmetry issue, following the visit to Washington by Minister of Foreign Affairs C. Svoboda a campaign was launched to include the Czech Republic in the Visa Waiver Programme (VWP). On the sidelines of the UN General Assembly in New York on 21 September 2006, Minister for Foreign Affairs A. Vondra initiated a meeting of seven foreign affairs ministers of V4 and Baltic countries, at which the ministers agreed to coordinate and step up their activities with regard to the US Congress and the US administration and to name this partnership the "Coalition for Visa Equality".

The USA revived the missile defence issue in April 2006. The first consultations between the USA and the Czech Republic took place after the Czech parliamentary elections. During the autumn of 2006, there was a substantive debate on the Czech internal political scene and among the general public.

Another significant event in Czech-American relations was the change in the post of the US ambassador in Prague. After three years in office, Ambassador W. Cabaniss was replaced by R. Graber.

Visits by representatives of the Czech Republic:

- 19-23 February 2006 – working visit by Deputy Minister of Foreign Affairs T. Pojar (bilateral consultations);
- 19-21 April 2006 – working visit to Chicago by Minister of Foreign Affairs C. Svoboda (ceremonial opening of the Consulate General of the Czech Republic);
- 23-27 April 2006 – working visit to Los Angeles and Chicago by President V. Klaus;
- 4-7 May 2006 – working visit by President V. Klaus;
- 16 May 2006 – working visit by Minister of Foreign Affairs C. Svoboda;
- 15-17 August 2006 – working visit by Deputy Minister of Foreign Affairs T. Pojar, accompanied by a delegation of representatives of the Ministry of Foreign Affairs and the Ministry of Defence regarding the missile defence issue;
- 20 September 2006 – working visit by Minister for Foreign Affairs A. Vondra (on the occasion of the Minister's participation in the UN General Assembly in New York).

Visits by representatives of the United States of America:

- 5 December 2006 – working visit by Under Secretary of State for Democracy and Global Affairs P. Dobriansky (on the occasion of the Under Secretary's participation in a conference on global security).

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	93 429 048	96 850 519	98 169 607	2.3
	year-on-year index	119.2	103.6	102.5	
exports	CZK thousands	38 965 379	48 860 950	49 399 661	2.3
	year-on-year index	110.5	125.4	101.1	
imports	CZK thousands	54 463 669	47 989 569	48 769 956	2.3
	year-on-year index	121.2	88.1	105.9	
balance	CZK thousands	-15498291	871 381	629 705	

Sources: 1. Czech Statistical Office, March 2007 (foreign trade data)

2. 2) Czech National Bank, April 2007 (investment data)

Trade between the Czech Republic and the USA has increased almost twenty-fold since 1989, and in 2006 turnover reached a new maximum of USD 4.23 billion. In recent years, the USA has dropped out of the group of the Czech Republic's ten most significant

trading partners; in 2006, it occupied 13th place. Exports of Czech goods and services to the USA first broke the USD 2 billion mark in 2005; that figure was again beaten in 2006, when exports for the year amounted to USD 2.13 billion, an almost 4% increase from 2005. Despite the faster growth in imports from the USA (6.9%), the Czech Republic had a balance of trade surplus of USD 26.4 million. Direct American investments in the Czech economy account for around 8% of total direct foreign investments. This share makes the USA the fourth biggest investor in the Czech Republic. Economic and trade cooperation between the Czech Republic and the USA is currently governed by a total of 19 treaties and agreements.

The Czech Republic's principal export commodities: computer technology, electronics, combustion engine parts, aviation technology, optical equipment, aircraft and other transport equipment, medical equipment, ferrous alloys.

The Czech Republic's principal import commodities: office machinery and computer technology, civil aircraft and parts, industrial machinery, electrical machinery, medical equipment, medicaments and pharmaceuticals, telecommunications equipment, power-generating equipment, transport equipment.

Cultural relations

In 2006, the cultural presentation of the Czech Republic in the USA was again organised by the Czech embassies and the Czech Centre in New York, with the effective cooperation of honorary consulates, expatriate clubs and local cultural institutions. Significant exhibitions include "Roma Rising", an exhibition of photographs by American C. E. Wyatt depicting the Roma minority in the Czech Republic; "Czech Stones", an exhibition of jewellery by K. Votípka, accompanied by a performance by violinist P. Mareček; and an exhibition entitled "Three Czech Artists: Rittstein, Jirků, Bolf" as part of an EU festival. L. Seifertová's *History of the Brave Czech Nation*, a giant illustrated book about Czech history, began its American tour at a National Day reception at the Embassy of the Czech Republic.

Czech music enjoys great favour among American audiences. In February, there was a further concert in the series of Czech classical music by Washington Musica Viva, led by pianist C. Banner, which performed works by P. Eben, B. Martinů and A. Dvořák. On Valentine's Day, the Los Angeles Philharmonia organised a concert featuring M. Kožená with the Canadian Chamber Orchestra, conducted by B. Labadie, in the famous Walt Disney Concert Hall. The Consulate General in Los Angeles hosted a meeting between the expatriate

community and opera star of Czech origin S. Červená, the daughter of the founder of the “Červená sedma” (“Red Seven”) cabaret. I. Mládek’s “Mini Čundrcountry Show” in June and the September tour by music group Čechomor with L. Dusilová aroused great interest among the expatriate community.

Regular screenings of Czech films on DVD in Washington featured *Sekal Has to Die* by director V. Michálek, *Girlie* by B. Tuček, *Lovers and Murderers* by V. Polesný, and *Cutting It Short* by J. Menzel. In the field of dramatic art, successful cooperation was launched with Georgetown University, where G. Preissová’s play *Jenůfa* was staged in the recently opened Gonda Theatre. A series of staged readings of new Czech plays was also launched in cooperation with the Scena Theatre. P. Zelenka’s play *Theremin* was the first work to be presented.

One significant event was the laying of the foundation stone of a memorial to victims of communism in Washington; the Czech Republic was among the countries that contributed to the project. Subsequently, on 14 November 2006, the annual reception of the Victims of Communism Memorial Foundation was held at the Embassy of the Czech Republic, attended by outgoing US defence secretary D. Rumsfeld; at the reception, M. Horáková was awarded the Truman-Reagan Medal of Freedom in memoriam.

Cooperation with the large expatriate community is a significant aspect of Czech-American relations. The American Friends of the Czech Republic organised a commemorative gathering at the statue of T. G. Masaryk in Washington on the occasion of the first Czechoslovak president’s birthday; the event was attended by Deputy Minister of Foreign Affairs of the Czech Republic P. Svoboda. There was also a meeting between expatriates and a delegation of the Chamber of Deputies of Parliament, headed by Senator K. Schwarzenberg. Fifteen Czech-American expatriate organisations received financial support from the Czech Republic for their cultural and social projects. Twelve expatriates applied to take the course of Czech for expatriates at Dobruška. In May 2006, the Czech foreign affairs minister awarded its *Gratias Agit* prize. American laureates included M. Albright, former secretary of state of the USA, and the pan-American organisation American Sokol. Five individuals and organisations were also awarded a bronze “Czernin Palace” commemorative medal and diploma.

VENEZUELA

(Bolivarian Republic of Venezuela)

Bilateral relations between the Czech Republic and Venezuela are problem-free and focus on trade and economic cooperation.

Visits by representatives of the Czech Republic:

- 18-20 March 2006 – visit by Deputy Minister of the Environment T. Novotný;
- 2-8 May 2006 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament, led by its chairman V. Laštůvka.

Economic relations

Bilateral relations between the Czech Republic and Venezuela centre on trade and economic cooperation. Venezuela is one of the few countries of Latin America with which the Czech Republic has had a long-term balance of trade surplus. The tendency of the new government of President H. Chávez to keep increasing expenditure on government contracts and state investments is paving the way for the development of bilateral trade and economic relations, in particular Czech exports.

The Czech Republic's principal export commodities: switchboards and electricity distribution systems, motor vehicles, cigarette paper, men's and boys' clothing made of chemical fibres, turboprop engines, artificial casing, iron and steel profiles, automatic data processing equipment, video projectors, circular knitting looms, iron and steel sleeper screws, offset printing machinery, electric light fittings, liquid and gas pressure gauges, etc.

The Czech Republic's principal import commodities: non-alloyed aluminium, homogenised reconstituted tobacco, non-glass spectacle lenses, mineral mixtures and products for heat insulation, fresh and dried bananas and plantains, tinned sardines and sprats, cut tropical tree leaves, men's and boys' clothing, condensers, rum, paprika, pepper, turboprop engines, melons.

Development cooperation

As part of foreign development cooperation, the Czech Republic provided Venezuela with two scholarships for master's degree study at Czech universities for the 2006/2007 academic year.

Cultural relations

At the annual "Euroscopio" festival of cinema from European Union countries the Czech Republic was represented by *The City of the Sun* by director M. Sulík. There were also two very successful exhibitions: "Czech Architects Abroad", and an exhibition of photographs by F. Synek entitled "The Beauty of Folk Costumes in My Country".

The Venezuelan-Czech Association continued to offer a wide range of cultural events in 2006. The culmination of its work was the erection of a plaque commemorating the Lidice tragedy in the Caracas district of Lidice – La Pastora. The Jatelinka amateur folklore ensemble attached to the expatriate association gave almost twenty performances at international festivals held in Venezuela in 2006, as well as on several occasions during visits by official Czech representatives. In addition, the ensemble excellently represented the Czech Republic at a dance competition on the Venevisión national television station.

6. The Czech Republic's relations with Asian and Pacific countries

AFGHANISTAN

(Islamic Republic of Afghanistan)

The Czech Republic's concern is for stability and development in Afghanistan. The Czech Republic is actively involved in Afghanistan both at bilateral level and also as part of the international community.

The Army of the Czech Republic operated in Afghanistan as part of the ISAF (International Security Assistance Force) in two locations: in Faizabad (Badakhsan province) in northeast Afghanistan and at Kabul International Airport (KAIA).

A further 120 personnel served with a separate mandate in the anti-terrorism Operation Enduring Freedom (OEF). These servicemen returned to the Czech Republic in the middle of November 2006.

From 12 December 2006 to 31 March 2007, the Czech Republic is the lead nation for air traffic control at KAIA.

Visits by representatives of the Czech Republic:

- 15 September 2006 – working visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic;
- 1 December 2006 – working visit by Deputy Minister of Defence M. Barták (with a delegation composed of Chief of General Staff P. Štefka, Deputy Minister of Foreign Affairs for Current Political Issues J. Bašta, Chairman of the Committee for Defence and Security of the Chamber of Deputies J. Vidím, and a number of parliamentary deputies and senators).

Economic relations

As in previous years, in 2006 the Czech Republic was actively engaged in the reconstruction and renewal of Afghanistan. The persisting tense situation in the country means that mutual economic relations are still at a relatively low level. Once the situation calms down, however, Afghanistan will be a great challenge for Czech businesses: both for supplies of new equipment and the modernisation of plant equipment supplied earlier.

Development cooperation

For the 2006/2007 academic year, the Czech Republic offered Afghanistan five government scholarships, three for bachelor's and master's degree university study and two for doctoral study.

As part of development cooperation, the Czech Republic is implementing projects in the fields of transport, education and the environment in Afghanistan. Over CZK 10 million was spent on these development cooperation projects in 2006.

Humanitarian aid

More than half the Czech Republic's humanitarian aid in 2006 was channelled into Afghanistan: CZK 33 million out of a total of CZK 65 million. The aid was provided both in the form of a project for the renewal of medical facilities in the Kabul and Badakhshan provinces, implemented by the Czech non-governmental non-profit organisation People in Need and worth a total of CZK 14.4 million (with only part of the project completed, it should continue in 2007), and a project by Czech non-governmental non-profit organisation Berkát ("Healthy Eyes for Afghanistan"), worth CZK 641,531.

Additional aid of CZK 5 million went towards mine clearance in affected territories. The aid was implemented by the HALO Trust in the provinces of Kabul and Badakhshan. The project should continue in 2007.

In April 2006, aid worth CZK 5 million was provided through the UN Children's Fund (UNICEF) for a project targeting the water sector; and a further CZK 3 million was earmarked for the work of one Czech expert in Afghanistan under UNICEF's "Junior Professional Officer" (JPO) programme.

In November 2006, the Czech Republic provided a financial contribution to the fund set up by the ISAF command for humanitarian aid to the Afghan civilian population affected by ISAF operations.

AUSTRALIA

(Commonwealth of Australia)

The Commonwealth of Australia is an important political, economic and cultural partner for the Czech Republic in the Asian-Pacific region. Mutual relations in 2006 were very good. Contacts were significantly enriched by the activities of the large Czech expatriate community.

The good standard of relations is partially affected by the non-reciprocal visa requirement. Despite diplomatic efforts and partial successes, Australia continued to apply much stricter visa requirements in respect of the Czech Republic than in respect of older EU countries, even though Australian citizens have been able to travel to the Czech Republic without visas since May 2004.

Economic relations

Australia is a significant economic partner of the Czech Republic in the Asian-Pacific region. The large Czech expatriate community also contributes considerably to the development of economic relations between the two countries.

The Czech Republic's principal export commodities: construction machinery, automatic data processing equipment, raw timber, telecommunications equipment, paper and cardboard, steam turbines, goods transport motor vehicles, household glassware, artificial casing, rail transport equipment, electrical hand tools, mineral products, steel structures, electric circuits.

The Czech Republic's principal import commodities: wool, medicaments, including veterinary medicaments, aluminium alloys, wine, taps, valves and fittings, concentrates of aluminium, titanium and other ores, electric circuits, measuring and controlling instruments, hearing aids, medical apparatus.

Cultural relations

The Embassy of the Czech Republic in Canberra and Consulate General in Sydney took part in organising a number of cultural events, the most significant of which was a tour by the Janáček Philharmonic Orchestra and separate performances by its soloists.

CAMBODIA

(Kingdom of Cambodia)

One significant impulse for the development of Czech-Cambodian relations was the official visit to the Czech Republic by King Sihamoni in September 2006. Minister of Finance V. Tlustý visited Cambodia in November 2006. In March last year, King Sihamoni granted an audience to Czech ambassadors who were participating in a regional meeting of heads of Czech diplomatic missions in Phnom Penh. The Czech Republic does not have a resident embassy in Cambodia: Czech interests in Cambodia are covered by the Embassy of the Czech Republic in Bangkok.

Development cooperation

As part of development cooperation, a project worth approx. CZK 2.9 million to improve the infrastructure for tourism at Angkor Wat was approved for 2006-2007.

Humanitarian aid

In February 2006, approval was given to the provision of CZK 5 million in humanitarian aid to Cambodia to deal with the persisting long-term crisis (supplies of food and medical and social assistance for the affected population). The humanitarian aid was provided through the Cambodian non-governmental organisation Rainbow Gateway. The project was consistently monitored by the Embassy of the Czech Republic in Bangkok.

Cultural relations

There were 4 Cambodian beneficiaries of Czech government scholarships (three on a master's/bachelor's study programme; one on a doctoral study programme) studying in the Czech Republic in 2006.

CHINA

(People's Republic of China)

Relations between the Czech Republic and China are free from major problems and are developing within the possibilities and limitations that result from the differences in political systems and the significant difference in the size and international position of the two countries. The Czech Republic's position in these relations is strengthened by its membership of the EU, and in some areas its decisions are guided by the Union's common positions. For example, during 2006 the Czech Republic was involved in formulating the text of the Joint Statement from the EU-China summit in Helsinki, in defining a mandate for the European Commission's negotiations with China on a future Partnership and Cooperation Agreement, in the EU Council's conclusions on the EU's updated strategy on China, and in formulating the EU's position on various aspects of relations with China (visa policy, arms embargo, human rights dialogue, etc.). Within the framework of the EU's common position, the Czech

Republic was also mainly involved in interaction with China on multilateral forums within the UN system, in the context of EU-ASEAN+3 talks, in the Asia-Europe Meeting (ASEM), etc.

Economic cooperation remains at the core of current Czech-Chinese bilateral contacts, but in spite of considerable activity at the political level the balance of trade deficit with China continued to worsen sharply, partly due to bureaucratic obstacles and specific technical aspects of the territory. Some Czech businesses have had bad experiences with violations of patent law or other intellectual property rights in China. On 1 September 2006, the new Agreement between the Czech Republic and the People's Republic of China on the Promotion and Protection of Investments entered into force; talks went ahead on a new double taxation avoidance agreement. The key bilateral high-level visits of previous years were followed in 2006 by further important exchanges of both ministerial delegations and delegations of cities or regions and provinces. Given the export and investment capacities of the Czech Republic, these direct contacts represent a positive trend in the development of mutual cooperation. Expert-level working visits and direct contacts between many non-state entities in various thematic areas testify to the interest on both sides.

Visits by representatives of the Czech Republic:

- 14-16 February 2006 – working visit by Deputy Minister of Foreign Affairs J. Bašta;
- 19-25 February 2006 – official visit by President of the Chamber of Deputies of Parliament L. Zaorálek with a business mission;
- 12-17 March 2006 – working visit by Deputy Minister of Finance D. Trezziová;
- 18-22 April 2006 – working visit by a delegation of the Agriculture Committee of the Chamber of Deputies of Parliament;
- 9-16 April 2006 – working visit by Deputy President of the Czech Mining Authority A. Blažek;
- 26 April – 4 May 2006 – working visit by-parliamentary deputy R. Tomíček with a business mission;
- 10-17 May 2006 – working visit by parliamentary deputy Z. Rujbrová and a delegation of the Committee for Petitions of the Chamber of Deputies of Parliament;

- 10-17 May 2006 – working visit by Chairman of the Committee for Foreign Affairs of the Chamber of Deputies V. Laštůvka;
- 5-11 June 2006 – working visit by Lieutenant-General J. Ďurica and a delegation of the Army of the Czech Republic;
- 1-8 July 2006 – working visit by Deputy Minister of Industry and Trade M. Tlapa with a business mission, including participation at the 6th session of the Czech-Chinese Joint Economic Committee;
- 27-28 September 2006 – working visit by President V. Klaus (transit visit to the province of Shaanxi during a visit to Mongolia, Vietnam and Singapore);
- 13-15 December 2006 – working visit by Deputy Minister of Foreign Affairs H. Bambasová.

Visits by representatives of China:

- 16-18 April 2006 – official visit by Vice-premier of the State Council Hui Liangyu;
- 20-22 May 2006 – working (transit) visit by Chief of General Staff of the Chinese People's Liberation Army Liang Guanglie;
- 18-25 August 2006 – working visit by Vice Minister of Commerce Gao Hucheng;
- 12-13 September 2006 – working visit by Minister of National Defence Cao Gangchuan.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	97 978 258	101 256 923	136 779 626	3.2
	year-on-year index	119.3	102.6	135.1	
exports	CZK thousands	6 988 006	7 154 440	8 973 359	0.4
	year-on-year index	102.3	102.4	125.4	
imports	CZK thousands	90 990 252	94 102 484	127 806 268	6.1
	year-on-year index	120.8	102.6	135.8	
balance	CZK thousands	-84 002 246	-86 948 044	-118 832 909	

Sources: 1) Czech Statistical Office, March 2007 (foreign trade data)

2) Czech National Bank, April 2007 (investment data)

In 2006, the balance of trade deficit continued to worsen, growing by 36.5% to CZK 118.833 billion. Imports to the Czech Republic were worth CZK 127.806 billion, an increase

of 35.8%. Czech exports to China were rose by 25.4% to attain a value of CZK 8.973 billion. Although the achieved growth in exports is significant, it was not enough to turn around the trend of the deepening balance of trade deficit. Besides the constantly growing interest among Czech businesses in entering the Chinese market, in 2006, a greater number of enquiries by Chinese businesses about the investment environment in the Czech Republic were registered; that can evidently be attributed both to the Chinese government's support for Chinese firms' foreign investments and to improved awareness of the advantages of the Czech investment environment, with particular regard to the EU single market.

The Czech Republic's principal export commodities: motor vehicle parts and accessories, transmission shafts and cranks, machine tools for drilling and boring, parts for office machinery and automatic data processing equipment, machines for preparing textile fibres, weaving machines etc., artificial casing, consoles, panels for controlling or distributing electricity, electric condensers, specialised machine tools, air-conditioning equipment, electronic integrated circuits and microsets.

The Czech Republic's principal import commodities: parts for office machinery and automatic data processing equipment, complex digital data processing systems, input or output units, unrecorded media for audio and video recording, electronic integrated circuits and microsets, parts and accessories for telecommunications equipment, memory units, transmission apparatus for radio-telephony, radio-telegraph etc., children's toys, data processing equipment not elsewhere specified.

Bilateral agreements concluded in 2006

- Agreement between the Czech Republic and the People's Republic of China on the Promotion and Protection of Investments, Prague, 8 December 2005 (entered into force on 1 September 2006).

Cultural relations

In 2006, an exhibition of "Czech Comics" took place in Beijing; an exhibition entitled "Czech Folk Costumes – Photographs and Real Life" was staged in the National Museum of China; and the Academia Praha Brass Quintet gave a concert to commemorate the 250th anniversary of the birth of W. A. Mozart. "Flowers of the Heart", an exhibition of paintings by J. Straka, took place in the southern city of Shenzhen. One of the most significant Chinese

cultural events in the Czech Republic was the exhibition entitled “Living in Silk: Chinese Textiles through 5000 Years” at the National Museum in Prague.

In education, student exchanges went ahead on the basis of the Agreement on Educational Exchanges between the two countries’ education ministries; on the Czech side there was also increased interest in scholarships and study in China, in technical fields as well the humanities. In autumn 2006, a new Czech language instructor took over at the Beijing Foreign Studies University. China expressed an interest in opening a Confucius Institute for Chinese language teaching at Palacký University in Olomouc.

HONG KONG

The Czech Republic develops its relations with Hong Kong, as a Special Administrative Region of the People’s Republic of China, with the emphasis on trade and economic cooperation. The Czech Republic has a Consulate General in Hong Kong, which also handles relations with the Macau Special Administrative Region. The Czech Republic has a balance of trade surplus with Hong Kong, and mutual trade turnover displays a distinct growth tendency.

Economic relations

Hong Kong is one of the few Asian economies with which the Czech Republic has had a balance of trade surplus for several years (since 1999). In terms of Czech exports, Hong Kong is the fourth biggest destination in Asia after Japan, China and India. Hong Kong’s cultivated legal and business environment, low taxes and traditional and close ties to the huge Chinese market and production capacities makes it attractive for Czech businesses. Talks on a double taxation avoidance agreement went ahead in 2006; three agreements on cooperation in criminal matters could not be concluded, largely for technical reasons on the Czech side.

Czech exports to Hong Kong attained a value of USD 281 million in 2006. The vast majority of imported and exported goods comprise re-exports intended for southern regions of the People’s Republic of China. Czech imports from Hong Kong fell to USD 152 million in 2006 (probably due to the move away from re-exports via Hong Kong to direct supplies from mainland China).

The Czech Republic's principal export commodities: glass components (rods etc.), basic electronic parts and materials (tantalum and ceramic capacitors, silicon lamellae, optic fibres, etc.), industrial products, electric machinery and apparatus (electric motors, microscopes, etc.), industrial machinery and parts and components thereof, branded textiles.

The Czech Republic's principal import commodities: electronics, computer peripherals, textiles, footwear, integrated circuits, toys, unrecorded electronic media, other consumer goods.

Visits by representatives of the Czech Republic:

February 2006 – working visit by President of the Chamber of Deputies of Parliament L. Zaorálek and a six-member delegation of the Chamber of Deputies.

Visits by representatives of Hong Kong:

September 2006 – working visit to Prague by Secretary for Economic Development and Labour Stephen Ip as part of a mission of the Hong Kong Trade Development Council.

MACAU

The Czech Republic develops its relations with Macau, as a Special Administrative Region of the People's Republic of China, with the emphasis on trade and economic cooperation.

Mutual trade with this region by itself is limited and insignificant, yet certain re-exports to southern areas of China take place via Macau. These transactions are essentially unlimited in terms of the range of goods, but highly sporadic, so the statistics may vary greatly from year to year.

Visits by representatives of the Czech Republic:

- February 2006 – working visit by President of the Chamber of Deputies of Parliament L. Zaorálek and a six-member delegation of the Chamber of Deputies.

TAIWAN

In accordance with the “One China” policy, the Czech Republic maintains diplomatic relations with the People’s Republic of China; in respect of Taiwan, the Czech Republic’s activities take place entirely on the non-governmental level in the fields of economy and trade, culture, science, education and tourism. The Czech Republic is represented here by an Economic and Cultural Office in Taipei.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	17 998 619	19 846 381	26 835 323	0.6
	year-on-year index	97.8	110.3	135.2	
exports	CZK thousands	960 702	1 227 541	1 261 588	0.1
	year-on-year index	87.9	127.8	102.8	
imports	CZK thousands	17 037 917	18 618 840	25 573 735	1.2
	year-on-year index	98.4	109.3	137.4	
balance	CZK thousands	-16 077 216	-17 391 299	-24 312 147	
	portfolio (CZK thousands)	400	6 000		

Sources: 1) Czech Statistical Office, February 2007 (foreign trade data)
2) Czech National Bank, March 2007 (investment data)

Taiwan was the Czech Republic’s 17th biggest trading partner in 2006. The Czech Republic has its fourth biggest balance of trade deficit with Taiwan, behind China, Russia and Japan. Thanks to the unrelenting interest among Taiwanese investors, however, the Czech Republic was the leading EU country in terms of Taiwanese investments, and Taiwan was the second biggest Asian investor in the Czech Republic. A further influx of investment in the manufacture of computer components, LCD modules and other consumer electronics parts can be expected over the coming 3-5 years.

The Czech Republic's principal export commodities: passenger cars, electrical machinery, apparatus and equipment, office machinery and computer technology, textiles and fabrics, scientific and controlling apparatus.

The Czech Republic's principal import commodities: computer technology components and accessories, digital integrated circuits, complex digital data processing systems, data processing equipment, input and output systems, bicycles and bicycle accessories.

Cultural relations

In Taiwan in 2006, there were an exhibition of "The Magic World of Czech Illustrators for Children" and an exhibition of "Czech Puppet Theatre" from the National Museum in Prague. For the first time, the Ministry of Foreign Affairs' Gratias Agit prize was awarded in 2006 to a Taiwanese citizen, Sommer Kao (Kao Sung-Ming), for promotion of the Czech Republic abroad.

In education, active cooperation and student exchanges continued between universities, in particular the Czech Technical University, the Academy of Performing Arts, and the Faculty of Philosophy and Arts of Charles University in Prague and their Taiwanese partner universities. In the field of scientific cooperation, a follow-up development and production project between the Academy of Sciences of the Czech Republic and Taiwan Genome Sciences Inc. continued. In November 2006, the second annual Asian Film Festival FILMASIA took place in Prague, devoted to Taiwanese cinema.

DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA

Relations between the Czech Republic and the Democratic People's Republic of Korea continued to develop in certain areas; in others, however, there could be no further progress due to the political situation surrounding North Korea's military nuclear programme. On 29 June 2006, resident Czech Ambassador H. E. M. Tomčo presented his credentials in Pyongyang.

Economic relations

Mutual trade turnover was 73% lower in 2006 than in the previous year. Czech exports grew by more than 350% from 2005 levels, with imports approx. 81% down.

The Czech Republic's principal export commodities: machinery, industrial consumer goods, chemicals, beverages, tobacco.

The Czech Republic's principal import commodities: chemicals, machinery, industrial consumer goods.

Development cooperation

Every year, the Czech Republic provides the DPRK with university scholarships. Four North Korean students began their studies in the Czech Republic in the 2006/2007 academic year.

Cultural relations

At the invitation of the President of the Chamber of Deputies of Parliament L. Zaorálek, a North Korean children's ensemble visited the Czech Republic from 17 May to 1 June 2006. The Czech public had the opportunity to learn about life and culture in the Democratic People's Republic of Korea from an exhibition of photographs by T. Svoboda entitled "Women of North Korea", which was held at the National Gallery's Trade Fair Palace exhibition hall in Prague from 15 August to 30 September 2006.

INDIA

(Republic of India)

Czech-Indian relations show a rising tendency, with a high level of mutual contacts. Mutual relations centre on trade and economic cooperation. After China, India is the second biggest export destination for Czech products in Asia.

The culmination of the growing dynamism of mutual relations in recent years was the Czech prime minister's visit to India in January 2006, during which the problem of India's debt incurred during the existence of the former Czechoslovakia was successfully resolved. The outstanding sum was repaid in April 2006. It was also agreed that regular consultations would take place between the two countries' foreign affairs ministries at deputy minister

level, and that the work of the joint committee for armament questions between defence ministries and the joint committee for economic cooperation between the ministries of trade and industry would be revived.

Additionally, talks on an agreement between the Czech Republic and India abolishing the visa requirement for holders of diplomatic and service passports started in 2006.

Visits by representatives of the Czech Republic:

- 17-19 January 2006 – working visit by Prime Minister J. Paroubek;
- 26 March – 1 April 2006 – working visit by the Economic Committee of the Chamber of Deputies of Parliament;
- 8-16 April 2006 – working visit by Member of the European Parliament J. Zahradil (as part of his work in the European Parliament’s Committee on Development).

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
Turnover	CZK thousands	9 785 785	12 058 595	14 848 679	0.4
	year-on-year index	144.0	123.2	123.1	
Exports	CZK thousands	5 132 719	6 286 305	8 957 991	0.4
	year-on-year index	151.2	122.5	142.8	
Imports	CZK thousands	4 653 066	5 772 290	5 890 687	0.3
	year-on-year index	136.9	124.1	1.02	
Balance	CZK thousands	479 653	514 015	3 085 304	

Sources: 1) Czech Statistical Office, February 2007 (foreign trade data)

2) Czech National Bank, March 2007 (investment data)

Last year, cooperation with India reached a higher qualitative level. Following the Indian prime minister’s visit, a treaty was signed and a joint venture established with a view to implementing a USD 1 billion project for the modernisation of the port of Nizampatnam in the state of Andhra Pradesh. The project involves the creation of a special economic zone and construction of a power station and a urea factory. Indian firms displayed increased interest in investing in the Czech Republic. During the year, there were three significant investments in Czech industry (by Ashok Leyland, Alok Industries, and Tata Tea).

The Czech Republic’s principal export commodities: parts for passenger cars and lorries (Octavia and Tatra products are assembled in plants in India), textile machinery,

electrical apparatus and parts, chemical products, turbines and parts of power-generating equipment, ball-bearings, pumps, machine tools, glass products.

The Czech Republic's principal import commodities: parts for various electrical sound recording devices and apparatus, unrecorded media, clothing and other textile products, cotton, pharmaceutical products, footwear and other leather products, chemicals.

Development cooperation

In 2006, the Czech Republic provided three government scholarships, all of which were used. Indian students were also admitted to study at the Pedagogical Faculty under the Erasmus Mundus programme.

Cultural relations

At "Little Europe", the annual festival of central European cinema organised by the Czech language lectorate at the Department of Slavonic Studies of the University of Delhi, the Czech Republic was represented by *Closely Observed Trains*.

Czech virtuoso pianist L. Nováček toured India in January; he performed in Delhi, Calcutta, Mumbai, Goa and Puna.

The 11th European Union Film Festival took place in four Indian cities from 3 March to 11 April 2006. Nineteen films were watched by an estimated 30,000 festival-goers. The Czech Republic was represented by *Kolya*.

An exhibition of "UNESCO World Cultural Heritage sites in the Czech Republic" was installed at the Indian National Trust for Art and Cultural Heritage (INTACH).

Artworks by 43 Indian children were awarded prizes in the "Lidice 2006" art competition. 21 Czech winners in Shankar's International Children's Competition received medals and diplomas for their artworks.

The Consulate General of the Czech Republic in Mumbai organised several cultural events during the year: at the beginning of the year, the gallery at the Consulate General staged an exhibition of photographs and books by J. Hanzelka and M. Zikmund from their travels through India in 1961-2, entitled "H+Z Expedition".

During a two-week cultural programme, documentary films *Bittersweet Memories* by H. Třeštková and *Pushkar - City of Gods* by the husband-and-wife team of I. and V. Havel were screened; the latter screening was accompanied by a concert and the inauguration of a new CD featuring Indian and Czech performers.

In February 2006, the famous Czech pianist R. Kvapil and singer R. Štěřba performed in Mumbai and Bangalore.

INDONESIA

(Republic of Indonesia)

Relations between the Czech Republic and Indonesia have for long been problem-free. The long tradition of economic cooperation forms the core of bilateral relations. Cooperation in the area of defence is also developing successfully. On 21 November 2006, a new intergovernmental Agreement on Cooperation Activities in the Field of Defence was signed; intensive talks on the sale of special material are also taking place.

The Czech Republic is also actively engaged in humanitarian and development cooperation in Indonesia. In May 2006, the Czech Republic provided Indonesia with CZK 5 million in humanitarian aid for dealing with the consequences of an earthquake in Yogyakarta province.

Two development cooperation projects were completed in 2006:

- *“Transport service in Yogyakarta”* (implemented since 2004 with a total budget of CZK 6 million), whose purpose is to draw up a study on the basis of which the Yogyakarta region and city authority will be able to design traffic systems in the region to improve the quality of life for the population.
- *“Preparation of a Study on Extension of the Runway at Adisutjipto Airport in Yogyakarta”* (implemented since 2005 with a total budget of CZK 5,973,000), whose purpose is to draw up a study on the basis of which the Yogyakarta region and city authority will be able to decide whether to build a new international airport.

A project entitled *“Establishment of a Consultancy and Advisory Centre for Agricultural and Environmental Engineering at UNITA University in Tarutung”* is currently

ongoing (implemented by the Czech University of Agriculture in Prague, the total budget is CZK 5.5 million). The aim of the project is to build a consultancy and advice centre for agricultural engineering at the UNITA university in Tarutung. In the 2006 summer term, 2-3 teachers from the Czech University of Agriculture were sent to UNITA.

Visits by representatives of the Czech Republic:

- 22-24 November 2006 – working visit by Deputy Minister of Defence J. Kopřiva.

Bilateral agreements concluded in 2006

- Agreement between the Government of the Czech Republic and the Government of the Republic of Indonesia on Cooperation Activities in the Field of Defence, Jakarta, 21 November 2006.

Economic relations

Czech trade with Indonesia has a very long tradition and has been developing successfully in recent years. The signing of an exclusive General Loan Facility Agreement between Československá obchodní banka and Mandiri Bank, the strongest Indonesian state-owned bank, in February 2006 in Jakarta, is a significant impulse for further trade cooperation.

The leading Czech firms in Indonesia are Bohemia Crystalex and Rieter-Elitex.

The Czech Republic's principal export commodities: organic chemicals, telecommunications equipment, industrial fittings and pumps, textile and leatherworking machinery, glassware, paper and cardboard, electric machinery.

The Czech Republic's principal import commodities: natural rubber, automatic data processing equipment, telecommunications equipment, audio recording and reproduction equipment, footwear, clothing products, wood.

Development cooperation

As part of development cooperation, Indonesia was allocated a quota of three government scholarships for bachelor's/master's degree study in the 2006/2007 academic year.

The Czech Republic is implementing development cooperation projects in transport and agriculture in Indonesia. More than CZK 5 million was spent on these development cooperation projects in 2006.

Humanitarian aid

In 2006, the Czech Republic provided Indonesia with humanitarian aid to deal with the consequences of an earthquake in the vicinity of the city of Yogyakarta on the island of Java in May 2006. Aid worth CZK 4 million was provided via two Czech non-governmental non-profit organisations – the Czech Catholic charity Caritas and the Adra civic association – which dispensed aid in the affected area immediately after the earthquake.

Cultural relations

In December 2006, the Czech Republic participated in an EU film festival as part of the 8th Jakarta International Film Festival, with the screening of *Something Like Happiness* by director B. Sláma.

In December 2006, there was a presentation of the Czech Republic as part of a programme for Indonesian teachers of the languages of EU member states, organised in cooperation with the German Goethe Institute and the delegation of the European Commission.

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. Bilateral efforts to develop cooperation in the fields of science, technology, research and development are being stepped up. The substantial influx of Japanese investments in the Czech Republic continued in 2006.

Visits by representatives of the Czech Republic:

- 27 October – 1 November 2006 – working visit by Deputy Minister of Industry and Trade R. Szurman;

- 10-13 December 2006 – working visit by Deputy Minister of Foreign Affairs H. Bambasová.

Visits by representatives of Japan:

- 10-12 January 2006 – working visit by Parliamentary Secretary of the Japanese Defence Agency J. Aichi;
- 2-3 May 2006 – working visit by Vice Minister for Internal Affairs and Communications N. Furuya;
- 14-16 May 2006 – working visit by Vice Minister for Foreign Affairs S. Yachi.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	65 003 441	66 055 831	72 411 627	1.7
	year-on-year index	174.2	101.6	109.6	
exports	CZK thousands	5 791 695	7 876 820	9 200 596	0.4
	year-on-year index	127.5	136.0	116.8	
imports	CZK thousands	54 952 644	58 179 012	63 211 031	3.0
	year-on-year index	167.6	105.9	108.6	
balance	CZK thousands	-49 160 949	-50 302 192	-54 010 435	

Sources: 1) Czech Statistical Office, January 2007 (foreign trade data)

2) Czech National Bank, March 2007 (investment data)

Japan is currently one of the Czech Republic's most important economic partners. Bilateral economic relations are apparently better than ever before in the post-war period. The substantial influx of Japanese investments in the Czech Republic continued in 2006. Eleven investment projects were announced, worth a total of CZK 10.5 billion and envisaged to create approx. 4,600 new jobs. Japan thus retained its position among the biggest investors in the Czech Republic; in terms of the number of projects it is in third place behind Germany and the USA, in terms of value it comes second after the Republic of Korea, and it is the leading investor in terms of planned job creation.

The Czech Republic ended 2006 with a trade deficit of CZK 54 billion, an increase of 7.4% over the previous year.

The Czech Republic's principal export commodities: industrial machinery and plant equipment, road vehicles, iron and steel, power-generating machinery and equipment.

The Czech Republic's principal import commodities: telecommunication and audio recording and reproduction equipment, electric devices, instruments and appliances, road vehicles.

Cultural relations

Czech classical music has always had an excellent reputation in Japan; traditional Japanese art forms are popular in the Czech Republic. On 7 June 2006, Czech Japanologist, translator and author V. Hrdličková was awarded, by decision of the Emperor of Japan, the Order of the Rising Sun – Gold Rays with Rosette for her outstanding contribution to the promotion of Japanese culture in the Czech Republic. The Czech Centre in Tokyo opened on 31 October 2006.

There was an exchange of four university students on two-year scholarships between the Czech Republic and Japan. Six Japanese scholarship beneficiaries attended the Slavonic Studies Summer School. Czech students of Japanese studies were awarded other scholarships for one-year study stays in Japan.

KAZAKHSTAN

(Republic of Kazakhstan)

Czech-Kazakh relations were focused on cooperation in the economic and trade area in 2006. The problem of Kazakhstan's debt to the Czech Republic remains unresolved.

Visits by representatives of the Czech Republic:

- 4-7 April 2006 – working visit by the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament;
- 21-23 November 2006 – working visit by Vice-Governor of the Czech National Bank M. Singer.

Economic relations

All indicators of the Czech Republic's foreign trade with Kazakhstan displayed substantial growth in 2006 from 2005; turnover increased by 49 %. The highest figures in the history of the Czech Republic's foreign trade with Kazakhstan were achieved in exports, imports and turnover.

The Czech Republic's principal export commodities: hot-rolled raw steel, gas generators, pumps, passenger cars and parts for their assembly, medicines, machinery for the manufacture of paper, industrial computers and parts for their assembly, cigarette paper, seamless tubes, barley and malt.

The Czech Republic's principal import commodities: crude oil, compressed and liquefied gases (propane-butane), ferrous alloys, tobacco.

Development cooperation

Kazakhstan was offered three scholarships for bachelor's/master's degree study and one for doctoral study for the 2006/2007 academic year. There were fourteen Kazakh students studying on government scholarships in the Czech Republic in 2006.

As part of development cooperation, the Czech Republic is implementing projects in the fields of healthcare and the environment in Kazakhstan. Almost CZK 3 million was spent on these development cooperation projects in 2006.

MALAYSIA

Relations between the Czech Republic and Malaysia have been developing successfully at both bilateral and multilateral levels; more opportunities are emerging for making use of the potential for trade and economic cooperation.

Visits by representatives of the Czech Republic:

- 15-16 February 2006 – working visit by Deputy Minister of Foreign Affairs for Bilateral Relations T. Pojar;
- 22-24 March 2006 – official visit by President of the Senate of Parliament P. Sobotka.

Visits by representatives of Malaysia:

- 28-31 January 2006 – working visit by General Abdul bin Zainal, Chief of Armed Forces Staff.

Economic relations

The Czech Republic's trade deficit is mainly caused by imports of parts and components for computers assembly and manufacture in the Czech Republic. In terms of the Czech Republic's overall foreign trade, trade with Malaysia ranked 29th in terms of turnover, 23rd in imports and 55th in exports.

The Czech Republic's principal export commodities: electrical devices, instruments and appliances, power-generating machinery and equipment, furniture and furniture parts, paper and cardboard and products thereof, telecommunications equipment, chemicals and chemical products, road vehicles.

The Czech Republic's principal import commodities: electrical equipment and apparatus, office machinery and automatic data processing equipment, telecommunications equipment, crude rubber.

Cultural relations

In 2006, the Czech Republic was presented in Malaysia at several events organised by the Embassy of the Czech Republic in cooperation with Malaysian and Czech organisations, and also as part of the European Union's cultural activities. In March 2006, film director J. Hřebejk gave a lecture and led two seminars in Malaysia devoted to his film works and the development of Czech cinema. In June and July 2006, an exhibition of "Czech Art Nouveau" was staged in Kuala Lumpur, featuring twelve decorative panels by A. Mucha and E. Havlová's photographs of significant Art Nouveau buildings in Prague. An exhibition of works by Czech artist P. Nikl took place in September and October 2006 as part of a cultural presentation of the embassies of EU member states. At the 7th EU Film Festival in November 2006 in Malaysia, the Czech Republic was represented by *Something Like Happiness* by director B. Sláma.

In September 2006, the first group of seventy Malaysian students began their studies of medicine at Czech universities.

MONGOLIA

Relations between the Czech Republic and Mongolia have traditionally been friendly, with both sides seeking to develop trade and economic cooperation. Implementation of the “Programme of Development Cooperation between the Czech Republic and Mongolia for the Years 2006 to 2010”, approved by Resolution of the Czech Republic Government No. 664/2005, started in 2006.

Visits by representatives of the Czech Republic:

- 17-24 September 2006 – working visit by a delegation of the Committee on Education, Science, Culture, Human Rights and Petitions of the Senate of Parliament;
- 25-27 September 2006 – state visit by President V. Klaus with spouse.

Visits by representatives of Mongolia:

14-15 December 2006 – working visit by Minister of Food and Agriculture D. Terbishdagva.

Economic relations

Relations between the Czech Republic and Mongolia have traditionally been friendly, with both sides seeking to develop trade and economic cooperation. Resolution of the Czech Republic Government No. 664 of 1 June 2005 approved the “Programme of Development Cooperation between the Czech Republic and Mongolia for the Years 2006 to 2010”.

The Czech Republic’s principal export commodities: food products (confectionary, biscuits, beer, food preparations, sauces, ketchups etc.), construction materials and construction-related products (vacuum windows, heating equipment, electrical fittings, water meters).

The Czech Republic’s principal import commodities: semi-precious stones and textile products, in small volumes.

Bilateral agreements concluded in 2006

- Agreement between the Government of the Czech Republic and the Government of Mongolia on the transformation of the Mongolčechoslovakmetall joint venture and on the termination of the Framework Agreement between the Government of the Czechoslovak Socialist Republic and the Government of the People's Republic of Mongolia on cooperation in the field of geological exploration, mining and processing of mineral resources in the People's Republic of Mongolia of 1 September 1979 and the Agreement between the Government of the Czechoslovak Socialist Republic and the Government of the People's Republic of Mongolia on the establishment of a joint venture to carry out geological exploration works, mining and processing of mineral resources in the People's Republic of Mongolia of 1 September 1979, concluded by an exchange of diplomatic notes, 28 June 2006;
- Agreement between the Ministry of Education, Youth and Sports of the Czech Republic and the Ministry of Education, Culture and Science of Mongolia on Cooperation in the Fields of Education, Science and Youth for the Years 2006 - 2009, Ulan Bator, 25 September 2007.

Development cooperation

Mongolia is one of the Czech Republic's eight foreign development cooperation priority countries. Ten new bilateral development projects were launched in Mongolia in 2006. In the prioritised sectors of economic and industrial development, the environment, agriculture and rural development, and labour and social affairs, the projects targeted the processing of animal products, modernisation and development of human resources in the national central hospital in Ulan Baator, water management, the issue of waste water, hydrogeology, the management of environmental burdens, and also a project to support poultry breeding and a preparatory project preceding the introduction of a social work study programme. CZK 50 million was spent on foreign development cooperation projects in Mongolia in 2006.

Eight Mongolian beneficiaries of Czech government scholarships began their undergraduate study at Czech universities in 2006.

Cultural relations

Significant events in the presentation of Czech culture in Mongolia included an exhibition of graphic art by F. Kupka at the Modern Art Gallery in Ulan Baator in September and October 2006, and a concert of Czech and Mongolian music organised by the Embassy of the Czech Republic on the occasion of Czech National Day at the State Opera and Ballet Theatre in Ulan Bator on 30 October 2006.

As a result of long-term cooperation in university education, a relatively large number of the foreign graduates of Czech universities come from Mongolia. Czech language tuition is performed at the Mongolian State University; a language instructor sent from the Czech Republic worked at the university in 2006.

NEW ZEALAND

Relations between the Czech Republic and New Zealand are good, which is testimony to New Zealand's political, economic and cultural significance as a partner of the Czech Republic in the Asian-Pacific region. The two countries' positions on trade liberalisation and environmental protection are particularly close.

Visits by representatives of the Czech Republic:

- 12-15 May 2006 – working visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament, led by its chairman J. Kubera.

Cultural relations

Cultural, educational and scientific cooperation is intensifying. There is a growing number of Czech students working in New Zealand following the conclusion (in 2005) and non-problematic implementation of an Agreement on a Working Holiday Scheme.

PAKISTAN

(Islamic Republic of Pakistan)

Bilateral relations between the Czech Republic and Pakistan have recently displayed a positive trend and are developing successfully. 2006 was a year of further intensification of relations at working level and continuing regular inter-ministerial contacts. Culmination of the growing dynamism of mutual relations was the reopening of the Pakistani embassy in Prague in September 2006.

Visits by representatives of the Czech Republic:

- 28-30 March 2006 – working visit by First Deputy Minister of Foreign Affairs J. Bašta.

Economic relations

The rising trend in mutual economic relations and the overall revival of bilateral relations that started in 2004 continued in 2006. The Pakistani market has a substantial and as yet relatively untapped potential for Czech exporters. Mutual trade exchange more than tripled between the years 2000 and 2006.

The Czech Republic's principal export commodities: textile machinery, machine tools, machine engineering products, costume jewellery and glass products, paper, chemicals, pharmaceuticals.

The Czech Republic's principal import commodities: leather products, textiles, clothing, sports equipment.

Humanitarian aid

Aid projects by Czech non-governmental non-profit organisations People in Need and Adra for the reconstruction and rehabilitation of the territory hit by an earthquake in 2005 went ahead in 2006. More than CZK 9,285,096 was spent on these development cooperation projects in 2006.

Cultural relations

From 9 to 20 November 2006, Lahore hosted the international “World Performing Arts Festival”, featuring a wide variety of foreign musicians, dancers, mime artists, theatre companies, puppet theatres and folklore ensembles. Czech participants included leading Czech mime M. Sochor, who performed his cycle “The Man Who Returned”, solo dancer L. Čapková, a member of the NANOHACH dance company and winner of the Tanec Praha 2006 dance festival, and Czech medieval music ensemble Psalterium. In addition, dancer L. Čapková performed again in Islamabad on the occasion of Czech National Day on 17 November 2006.

The Lahore festival also featured a film section, in which the organisers allocated space for four Czech films: *Some Secrets*, *Divided We Fall*, *Indian Summer* and *Wrong Side Up*.

A participant in the “Lidice 2006” International Children’s Art Competition received an honorary prize for her work.

THE PHILIPPINES

(Republic of the Philippines)

The successful development of Czech-Philippine relations continued in 2006, most notably at parliamentary level. In 2006, the Czech Republic implemented a development project in the Philippines and provided humanitarian aid. In trade and economic cooperation, the Czech Republic continued to have trade deficit with the Philippines.

Visits by representatives of the Czech Republic:

- 19-22 March 2006 – official visit of the President of the Senate of Parliament P. Sobotka.

Visits by representatives of the Philippines:

- 6 May 2006 – official visit of the delegation of the Senate of the Philippines, headed by its president F. Drilon.

Economic relations

Although mutual exchange of goods has registered a sharp fall in imports in the last three years while Czech exports have grown, the Czech Republic continues to have a trade deficit with the Philippines. Exports from the Philippines to the Czech Republic continue to centre on cheap electronic components and memory units. In contrast to imports from certain other southeast Asian countries that are dominated by consumer goods, these components are first assembled in electronic equipment and then exported, largely to EU countries, which helps improve the Czech Republic's overall balance of trade.

The Czech Republic's principal export commodities: integrated electronic circuits and microsets, followed by transistors, semiconductor and photosensitive equipment, electric capacitors (fixed, rotating, trimming), tubes, hosepipes and plastic accessories, water turbines, waterwheels, regulators, etc.

The Czech Republic's principal import commodities: integrated electronic circuits, microsets, automatic data processing equipment, units, readers, diodes, transistors, semiconductor and photosensitive equipment, optic fibres, cables, lenses, prisms, rubber, textile products.

Development cooperation

As part of development cooperation, the Czech Republic is implementing a water management project (drinking water supplies) in the Philippines worth a total of roughly CZK 40 million.

Humanitarian aid

In October 2006, the Czech Republic sent to the Philippines two oil biodegrading specialists, who took part in the international community's assistance to the Philippines in connection with the efforts to deal with an oil spill following the wreck of the Solar 1 tanker in August 2006.

In addition, the Philippines received immediate humanitarian financial aid in connection with the efforts to deal with the consequences of Typhoon Durian in November 2006. The aid was provided via the Philippine National Red Cross. The Czech Republic's total aid to the Philippines in 2006 thus amounted to CZK 600,000.

Cultural relations

2006 was a year of celebrations of the friendship between Czech-born Professor F. Blumentritt and Philippine national hero J. Rizal. A travelling “Rizal – Blumentritt” exhibition ran from March to December, accompanied by seminars at universities. As part of the celebrations, Rizal’s poem *Mi ultimo adiós*, written on the eve of his execution, was translated into Czech and displayed at the Rizal memorial at Fort Santiago and the collected correspondence between the two eminent figures was published.

The 9th EU film festival “Cine Europa” took place in November and December 2006. The Czech Republic was represented at the festival by *Zelary*.

REPUBLIC OF KOREA

The Republic of Korea is one of the Czech Republic’s leading partners in East Asia. Economic relations continued to form the core of mutual cooperation; the Economic Chamber of the Czech Republic opened its branch in Seoul on 28 August 2006. There has been good long-term cooperation between the two countries in both bilateral and multilateral areas of foreign policy.

Visits by representatives of the Czech Republic:

- 17-19 May 2006 – working visit by Minister of Industry and Trade M. Urban.

Visits by representatives of the Republic of Korea:

- 2-4 March 2006 – working visit by Deputy Minister for Foreign Affairs and Trade Yun Byung-se;
- 8-11 March 2006 – working visit by Vice-speaker of the National Assembly Kim Duk-kyu;
- 1-3 August 2006 – working visit by Chairman of Committee for Reunification, Foreign Relations and Trade of the National Assembly Kim Won-wung.

Economic relations

		2004	2005	2006	share of 2006 aggregate indicators (%)
turnover	CZK thousands	15 896 090	16 285 210	19 082 786	0.5
	year-on-year index	136.1	102.4	117.2	
exports	CZK thousands	1 463 087	2 316 791	2 273 410	0.1
	year-on-year index	136.3	158.3	98.1	
imports	CZK thousands	14 433 002	13 968 419	16 359 376	0.8
	year-on-year index	136.1	158.3	117.1	
balance	CZK thousands	-12 969 915	-11 651 628	-14 085 966	

Sources: 1) Czech Statistical Office, February 2007 (foreign trade data)
2) Czech National Bank, March 2007 (investment data)

The Republic of Korea is a significant partner in the Czech Republic's investment and trade cooperation with East Asian countries. Measured by Czech imports it is the Czech Republic's 21st biggest trading partner and the 46th biggest in terms of exports.

The Czech Republic has had a long-term trade deficit with the Republic of Korea, due primarily to imports of automobiles and highly sophisticated goods. A substantial increase in tourism from the Republic of Korea to the Czech Republic was registered in 2006.

The Czech Republic's principal export commodities: heavy and light machine engineering products such as crankshafts, iron and rolled steel products, tubes, pumps, automobile parts and motors. In consumer goods, there was an increase in the volume of exports of toys and costume jewellery.

The Czech Republic's principal import commodities: passenger automobiles, consumer electronics, telecommunications equipment, optical instruments, computer technology.

Cultural relations

To a large extent, cultural topics shape the Czech Republic's image in the local media, principally in classical music, cinema and applied arts. The Republic of Korea's presentation in the Czech Republic focuses on cinema, music and traditional arts.

Events in the Republic of Korea included an exhibition of “The Magic World of Czech Illustrators for Children” and an unprecedented presentation of Czech cinema entitled “First Czech Film Festival”. Cooperation continued between the Beseto Opera of Seoul and the State Opera Prague; a Korean translation of B. Hrabal’s *Closely Observed Trains* was published. On 4 May 2006, Minister of Foreign Affairs C. Svoboda awarded the 2006 Gratias Agit prize to Hankuk University of Foreign Studies for its long-term promotion of the Czech language and culture in the Republic of Korea.

Czech was taught at two universities in the Republic of Korea in 2006: Hankuk University of Foreign Studies (HUFS) and Yonsei University. Based on an agreement between Charles University and HUFS, the reciprocal exchange of language teachers working at the Korean studies and Czech studies departments of universities in Seoul and Prague continued in 2006. Three South Korean scholarship beneficiaries attended the Slavonic Studies Summer School.

SINGAPORE

(Republic of Singapore)

Relations between the Czech Republic and Singapore are problem-free and have been developing successfully in various areas. That fact was confirmed by President V. Klaus’s visit to Singapore in October 2006. Relations centre on the economic and trade area. The opening of a resident diplomatic mission of Singapore in the Czech Republic would contribute to further deepening of cooperation.

Visits by representatives of the Czech Republic:

- 3-5 October 2006 – official visit by President V. Klaus.

Economic relations

Singapore has consistently been one of the Czech Republic’s most significant trading partners in Southeast Asia and is potentially an important investor in the Czech Republic. Mutual trade turnover achieved a value of CZK 7.3 billion in 2006. Trade exchange has remained at roughly the same level in the last five years, but showed slight growth in 2006

compared to 2005. The Czech Republic continues to have a trade deficit with Singapore, which amounted to CZK 1.51 billion in 2006.

The Czech Republic's principal export commodities: electrical equipment, apparatus and appliances, electronic parts.

The Czech Republic's principal import commodities: data processing machinery and peripheries, integrated circuits and other electronic parts, crude rubber and resin, telecommunications equipment.

Cultural relations

The 16th EU Film Festival was held in October. The Czech Republic was represented by two films: *Dwarf* and *From Subway with Love*.

In November, there was an exhibition of works by Czech painter D. Hotařová at The Arts House in Singapore.

THAILAND

(Kingdom of Thailand)

Thailand has traditionally been one of the Czech Republic's important political and trading partners in Southeast Asia. The development of mutual relations in 2006 was negatively influenced by the September military coup in Thailand.

Economic relations

Thailand has consistently been one of the Czech Republic's most important trading partners in Southeast Asia.

The following economic agreements are operative between the Czech Republic and Thailand: Agreement for the Promotion and Protection of Investments (4 May 1995), and Convention for the Avoidance of Double Taxation (14 August 1995). Talks on a new Agreement on Economic Cooperation have been completed (signing expected in 2007) and the Agreement for the Promotion and Protection of Investments is being renegotiated.

The Czech Republic's principal export commodities: dried milk, pumps, textile machinery, artificial casing, arms and ammunition, steam turbines, glass products.

The Czech Republic's principal import commodities: electronic parts of audio and video technology, memory units, printed circuits, crude rubber, personal computer parts, static converters, refrigerating compressors, electric motors, television screens, textiles, bicycles, footwear.

Humanitarian aid

In May 2006, the Czech Republic provided CZK 3 million in aid to Burmese refugees in Thailand. The humanitarian aid was implemented via the Thailand Burma Border Consortium, a non-profit organisation supported by the EU and UN. The project addressed the difficult situation of Burmese refugees from Karen state by integrating them into existing communities and providing for their basic needs, including healthcare. The humanitarian aid was targeted at 2,500 refugees at the Mae Ra Ma Luang refugee camp.

Cultural relations

The most significant cultural events of 2006 included an exhibition of 105 original paintings by F. Kupka, organised by the Embassy of the Czech Republic in Bangkok in May 2006 as part of the celebrations of the 60th anniversary of the accession to the throne of King Rama IX.

Thailand was offered three Czech government scholarships for the 2006/2007 academic year. There continues to be interest among Thai students in self-funded university study in the Czech Republic.

UZBEKISTAN

(Republic of Uzbekistan)

In 2006, Czech-Uzbek relations were influenced by the European Union's imposition of sanctions on Uzbekistan. The EU sanctions were adopted in response to the bloody suppression of the uprising in Andijan in 2005. The sanctions regime was scaled down in

November 2006 following certain positive signals from the Uzbek side, but the partial visa restrictions and arms embargo remained in place.

Visits by representatives of Uzbekistan:

- 23-24 March 2006 – working visit by Minister of Foreign Economic Relations A. Shaikhov.

Economic relations

Uzbekistan is the Czech Republic's second most important trading partner in Central Asia. Overall, it is the Czech Republic's 81st most important foreign trade partner in terms of foreign trade turnover (it has moved two places up the list). Mutual trade exchange fell by 8.8% from 2005 to 2006.

The Czech Republic's principal export commodities: rubber products, paper and cardboard, transport equipment, machinery and equipment for industry, telecommunications equipment, medicaments and pharmaceutical products, sugar, confectionary and honey. There is great export potential in machinery and any parts of plant equipment; in imports there is potential in gas and fruit and vegetables.

The Czech Republic's principal import commodities: textile fibres and waste thereof, textile yarns and fabrics, non-ferrous metals.

Development cooperation

Uzbekistan was offered four scholarships for bachelor's/master's degree study and one scholarship for doctoral study for the 2006/2007 academic year. Every year, the demand in Uzbekistan for Czech scholarships far exceeds the quota. Several hundred self-funded Uzbek students are currently studying in the Czech Republic.

As part of the Czech Republic's development cooperation, a water management project worth almost CZK 12 million was implemented in Uzbekistan in 2006 to improve the quality of water in the area around the Aral Sea.

Cultural relations

As part of the Czech Republic's cultural presentation in Uzbekistan, a number of traditional cultural events were organised, including Czech Easter, St. Wenceslas Feast, St. Nicholas Feast, and a Christmas organ concert of works by J. J. Ryba in the local Catholic church, with an Uzbek choir.

VIETNAM

(Socialist Republic of Vietnam)

Vietnam is one of the Czech Republic's eight foreign development cooperation priority countries. Relations between the Czech Republic and the Socialist Republic of Vietnam have been successfully developing at both bilateral and multilateral levels. The culmination of relations was the visit by President V. Klaus in October 2006.

Visits by representatives of the Czech Republic:

- 13-14 February 2006 – working visit by Deputy Minister of Foreign Affairs for Bilateral Relations T. Pojar;
- 25-28 February 2006 – official visit by President of the Chamber of Deputies of Parliament L. Zaorálek;
- 28 March – 2 April 2006 – working visit by a delegation of the Committee for Public Administration, Regional Development and the Environment of the Chamber of Deputies of Parliament;
- 5-13 April 2006 – working visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament;
- 29 September – 3 October 2006 – official visit by President V. Klaus;
- 20-22 November 2006 – working visit by Minister of Finance V. Tlustý.

Visits by representatives of Vietnam:

- 30 April – 3 May 2006 – working visit by Vice-Chairman of the National Assembly Nguyen Phuc Thanh.

Economic relations

The positive fact of the gradual growth of trade exchange remains overshadowed by the unfavourable trend of the stagnation of Czech exports, which has resulted in a constantly growing Czech trade deficit. The trade balance is influenced both by the differing commodity structures of the two countries' exports and by the different methods of compiling trade statistics used by the two sides. It is fair to expect that trade turnover will continue to grow and the Czech balance of trade deficit will shrink in consequence of the negotiations conducted by Czech firms during visits to Vietnam by high-level Czech state representatives in 2006.

The Czech Republic's principal export commodities: textile and leatherworking machinery and parts, telecommunications equipment, measuring and controlling apparatus, glass goods, milk, cream and dairy products, medicaments and pharmaceuticals, arms and ammunition, various industrial products (light fittings, clothing accessories, office supplies).

The Czech Republic's principal import commodities: footwear, textile and clothing, coffee, food, furniture and craft products, mechanical devices, rubber and rubber products, iron and steel products, tropical fruit, rice, tea, spices.

Development cooperation

In its development cooperation with Vietnam, the Czech Republic focuses on the sectors of the environment, labour and social affairs, agriculture, and industry. In geographical terms, the cooperation centres on the central Vietnamese province of Thua Thien–Hue. In addition to projects that are already ongoing, new development projects were launched in 2006, most notably in the environment sector for dealing with old environmental burdens and exploring new drinking water sources; in the field of economic cooperation for the modernisation of a hospital or construction of small hydroelectric power plants; and in the agriculture sector for the revitalisation of deforested areas. Roughly CZK 25 million was spent on foreign development cooperation projects in Vietnam in 2006.

Humanitarian aid

In May 2006, the Czech Republic provided CZK 5 million in aid to deal with the problem of avian influenza in Vietnam. The disinfectants purchased with for this sum were presented to the Vietnamese minister for agriculture and rural development by the Embassy of the Czech Republic in Hanoi.

In October 2006, humanitarian aid worth CZK 2.5 million was provided to Vietnam to deal with the consequences of tropical storm Xangsane. This aid project, run by Czech non-governmental non-profit organisation Adra in the affected province of Thua Thien Hue (Phong Dien district), included the reconstruction and repair of buildings, a school and a healthcare facility, repairs to the water supply system, and other direct aid to the affected groups of population.

Cultural relations

In 2006, the Czech Republic provided Vietnam with nine university scholarships, seven of which were used. In total, there were 26 Vietnamese students studying at Czech universities in 2006. Vietnamese studies continued to be taught at Charles University in Prague in 2006.

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 plays a key role in the development of external economic relations and in promoting the Czech Republic's economic interests abroad. In 2006, implementation of the "New System for Managing the State's Commercial and Economic Services Abroad" continued with a view to achieving a more effective system for managing the trade and economic sections of embassies abroad. The new system's main principle lies in broadening and enhancing the utility of export promotion services provided, directly or indirectly, by economic diplomats to Czech exporters of goods, services and investments, including potential direct foreign investors. The project emphasises deepening cooperation as well as coordination of the work of all Czech entities operating in a given territory.

The system was expanded to further embassies in 2006, and the total number of embassies working under the new system had reached 33 by the end of 2006. In introducing the system, the Ministry of Foreign Affairs worked closely with the Ministry of Industry and Trade, CzechTrade and CzechInvest agencies, and Czech Centres.

Embassies abroad also helped create the right conditions for expanding the network of foreign offices of CzechTrade. The principal objective of the foreign offices of CzechTrade is to provide broad support for the business plans of Czech firms in response to their specific requirements. CzechTrade's services are used primarily by small and medium-sized firms.

The core of economic diplomats' work is to identify possible obstacles preventing Czech products and services from breaking onto a specific market, to promote the Czech Republic's opinions in line with its policies and the positions of the EU and international organisations, and to map changes in the legislative and trade policy environment.

Economic diplomats – along with other Embassy sections – use suitable ways of promoting the good name of the Czech Republic, Czech industry and the Czech Republic "brand".

Now, after the Czech Republic's accession to the European Union, economic diplomats provide Union institutions – via Czech representatives in the EU – with important information for negotiating or modifying international agreements concerning the promotion of the EU's common trade policy towards third countries.

In matters related to the functions of the Czech Republic's foreign service concerning foreign trade policy, foreign trade and export support, the Ministry of Foreign Affairs cooperates mainly with the Ministry of Industry and Trade and other bodies and institutions of state administration.

The appointment of a deputy minister of foreign affairs for external economic relations and presentation of the Czech Republic abroad enhanced the Ministry of Foreign Affairs' role in the economic, trade and promotional area.

Embassies

The common goal of the Czech Republic's 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 investment and import opportunities.

In their liaison work, the embassies' principal and constant task has been to establish and strengthen personal contacts at ministries, in economic institutions and in important firms abroad. Czech diplomats 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 presenting the overall positive image of the Czech Republic as a developed country with rich cultural, democratic and industrial traditions.

In developing their liaison work, embassies worked closely with other Czech organisations: the CzechTrade, CzechInvest and CzechTourism agencies, and Czech Centres. The coordination of their work abroad has one principal objective: reducing duplicity and interlinking individual activities.

Embassies supplied state authorities and the business sphere in the Czech Republic with key information on trade policy in a particular country, investment opportunities, customs rules, the opportunities and conditions for exports, changes affecting the business

environment, and public tenders. Embassies responded to specific requests from Czech firms looking for new business partners or seeking to market products or services. Embassies also drew attention to serious breaches of bilateral agreements or commitments stemming from multilateral agreements, notified the Czech authorities of the need to address such irregularities, and passed on information about standards and certification of local products and new legal, tax and customs developments related to importing and exporting. Last but not least, embassies also recommended international trade fairs and exhibitions suitable for the Czech Republic's official participation and organised Czech participation, for example, in the form of a catalogue exhibition, either independently or in cooperation with agencies.

In the area of presentation and promotion, Czech embassies pursued the principal goal of passing on information about the development of the Czech economy and the Czech Republic's production and export potential. The main forms of presentation included catalogue exhibitions, specialised seminars and "Czech Days" in the receiving countries. In a number of territories, the attention was focused on regions. Honorary consuls of the Czech Republic were also involved in some projects. That made it possible to support cooperation and the development of contacts between Czech regions, towns and municipalities and foreign partners. Embassies also played an active role in organising Czech business missions to their receiving country and organising important foreign missions to the Czech Republic.

Economic diplomats also organised and arranged specialist seminars on the economic and trade climate in a given country for the Czech business community.

Cooperation with local media, especially those focusing on economy and trade, was also significant. Embassies successfully arranged publicity for events, particularly Czech firms' participation in trade fairs and exhibitions, visits from the Czech Republic and significant anniversaries of the Czech Republic.

Economic sections of embassies

Economic sections are an integral part of embassies. Economic sections' work with enterprises concentrated primarily on promoting the interests of Czech firms abroad. This was achieved by:

- providing information to businesses: basic contact details of potential trading partners, recommending the services of law firms, chambers of commerce, providing advance

information about orders, projects and tenders in the territory, and actively looking for opportunities for Czech firms;

- promoting offers, lobbying on behalf of Czech industry, problem-solving assistance, support for participation in competitions, projects and tenders, and assistance in finding partners or business contacts;
- assisting firms at trade fairs and exhibitions, in the preparation of business missions, and sectoral and individual presentations.

Economic section diplomats also carried out other activities (with regard to the specific requirements and nature of the market), including:

- monitoring, information and analytical work regarding economic developments in the country concerned and bilateral economic and trade relations with the Czech Republic;
- maintaining contacts with foreign partners with a view to broadening bilateral ties;
- conceptual work in bilateral economic and trade relations;
- performing tasks set by Czech state authorities, etc.;
- giving lectures for organisations, institutions, schools and the academic public at home and abroad;
- publishing relevant information on the Embassy's web site.

There were 101 economic diplomats operating at Czech embassies in 2006. In countries where the Embassy has fewer staff, 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, cultural or press work.

In cooperation with the Ministry of Industry and Trade, the Ministry of Foreign Affairs continued to equip the economic sections of embassies with computer technology, databases of firms in the Czech Republic and firms in individual territories, and reference books and manuals.

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 country concerned also forms part of their work. Consulates General assisted the development

of bilateral relations principally with the relevant regions, with the emphasis on the economic and trade aspects of relations.

Honorary Consulates, which represent the Czech Republic's interests in countries or in regions where the Czech Republic does not have its own diplomatic mission, also assist in the effort to expand trade and economic cooperation with the Czech Republic.

Czech Centres – Ministry of Foreign Affairs organisations part-funded by the state budget – are also very active in promoting trade. They work closely with the economic sections of embassies. The main services that were offered by Czech Centres and were most frequently used by foreign clients were corporate presentations or the provision of general information on trade and economic matters.

Cooperation between Czech Centres and the regional government authorities in the Czech Republic on presentations of Czech regions abroad went ahead very successfully. 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 the long-term “Regions” project.

Czech Centres actively contributed to *Doing Business in the Czech Republic* and other economic publications and were involved in distributing them in the receiving country. Czech Centres also run an internet server www.export.cz, where interested parties can find demand and supply enquiries and summary territorial information containing up-to-date and comprehensive facts about the country in question. This information is drawn up by Embassy economic section staff for businessmen, students, state administration authorities, institutions and specialist workplaces and serves mainly to inform about the business environment in the country and potentially favourable sectors for trade and investment.

2. The Czech Republic's economic development in 2006

In 2006, *gross domestic product (GDP)* grew by 6.1% year-on-year at fixed prices. The main factors in the increased economic output last year were expenditure on end consumption and the formation of gross fixed assets. Household expenditure on end

consumption increased by 4.6% at fixed prices and the formation of gross fixed assets was up 7.3% year-on-year. Investments in transport equipment (up 25.1%) and machinery and plant (up 8.5%) displayed the fastest growth.

On the economy's supply side, the real 6.4% increase in total gross value added was mainly due to the processing industry with growth of 14.0%. The most dynamic growth in the processing industry was found in motor vehicle manufacture (up 31.7%), machinery and plant manufacture (up 25.7%), plastic and rubber products manufacture (up 24.8%), metal constructions and metalworking products manufacture (up 20.2%), and wood processing and wood products manufacture (up 15.0%). A fall in gross value added at fixed prices was registered primarily in agriculture (down 7.2%).

In 2006, gross domestic product (GDP) at current prices grew 7.9% year-on-year to CZK 3,204.1 billion.

Industrial output grew by 9.7% from 2005 levels. Revenues from industrial activity grew by 10.3% in real terms and revenues from direct export by 11.6%. The 9.2% growth in work productivity was accompanied by a 2.9% year-on-year fall in the unit costs of labour.

Construction output at fixed prices was 6.6% higher in 2006 than 2005. Its rate of growth increased as the year went on. In construction enterprises with twenty and more employees work productivity increased by 6.3%.

As far as *foreign trade* is concerned, exports grew by 14.6% and imports by 14.4% in 2006. The balance of payments surplus amounted to CZK 47.3 billion, the biggest in the history of the Czech Republic. Imports' coverage by exports amounted to 102.3%. The rate of active openness of the Czech economy reached 66.9 percentage points in 2006, an increase of 4.0 percentage points from 2005. The rate of passive openness of the Czech economy was 66.7 percentage points, an increase of 3.9 percentage points from 2005.

In terms of *territory*, the foreign trade surplus with EU25 states and with European transition economies grew (by CZK 58.5 billion and CZK 5.5 billion respectively); the foreign trade deficit increased with, in particular, China, Cuba, DPRK, Laos, Mongolia, and Vietnam (by CZK 32.2 billion), but also with the CIS (by CZK 14.4 billion) and developing economies (by CZK 8.3 billion).

In terms of *commodity structure*, the balance worsened in all three SITC classes bar machinery and transport equipment, where the trade surplus grew year-on-year (by CZK 64.6 billion). A pronounced increase (by CZK 28.7 billion) was registered in the balance of trade deficit with mineral fuels, lubricants and related materials, which remained the biggest (CZK 138.9 billion) deficit among all SITC classes; the second biggest deficit is in the foreign trade balance in chemicals and related products (CZK 89.7 billion).

In semi-finished products and materials, the positive foreign trade balance fell year-on-year (from CZK 32.0 billion to CZK 19.1 billion). The main factor in this fall was the increased trade deficit in non-ferrous metals and iron and steel.

In industrial consumer goods, the surplus fell by CZK 2.4 billion as export growth lagged behind the growth in imports.

In chemicals and related products, the foreign trade deficit grew by CZK 7.2 billion. The biggest deficit was concentrated in medicaments and pharmaceutical products (CZK 30.8 billion).

Foreign trade in agricultural and food products registered the lowest growth in both imports and exports of all SITC classes and a worsening in the balance of trade deficit from CZK 23.7 billion to CZK 30.0 billion.

The foreign trade results in 2006 were influenced by a number of factors, positive and negative. *Positive effects* were brought about by the 10.3% growth in industrial output achieved in the first eleven months of 2006, whereby 111.1% growth was achieved by the processing industry. The biggest year-on-year growth was registered in manufacture of transport equipment and machinery, followed by manufacture and repair of machinery and plant, manufacture of electrical and optical instruments, and plastics and rubber products manufacture. Processing industry exports reached a level of CZK 2,064.4 billion in 2006, accounting for 96.9% of the year-on-year growth in total exports.

The most significant item of processing industry exports was road vehicles, with 18.9% year-on-year export growth. The foreign trade surplus in passenger automobiles grew from CZK 107.5 billion in 2005 to CZK 143.4 billion in 2006. Of the significant machine engineering items, computer technology (SITC 75) and telecommunications equipment

registered substantial export growth. Above-average growth in exports of machinery and plant resulted in the second highest positive balance (CZK 39.4 billion).

Economic development in EU member states also had a positive influence on Czech exports in 2006. GDP in the Eurozone grew by 2.6% last year, which is the fastest growth rate since the year 2000. The favourable economic development in EU states that are key trading partners of the Czech Republic was supported in particular by economic growth in Great Britain and, most notably, Germany, which is the Czech Republic's dominant foreign trade partner.

The main *negative impact* on what were otherwise largely positive foreign trade results in 2006 came from adverse exchange rate developments. In the first eleven months of 2006, export prices fell on average by 1.0% compared to the previous year, while import prices were 1.0% higher in the same period. Movements in foreign trade prices were mainly influenced by price developments on the world market and the strengthening of the Czech koruna against the euro and the United States dollar. World prices of industrial raw materials and foodstuffs rose by 26.2% year-on-year, chiefly in consequence of the increase in oil and natural gas prices. The higher prices of oil and natural gas had a negative impact on the balance of trade and substantially reduced the size of the achieved surplus. The foreign trade deficit in oil, oil products and related materials amounted to CZK 107.5 billion in 2006, a year-on-year increase of CZK 14.0 billion. The foreign trade deficit in heating gas, natural gas and industrially produced gas amounted to CZK 59.3 billion, a year-on-year increase of CZK 13.7 billion.

There was a further increase in the already high foreign trade deficit with Russia (from CZK 71.0 billion to CZK 83.4 billion) and, most notably, with China (from CZK 86.9 billion to CZK 118.8 billion).

More than four-fifths of the increase in total exports was accounted for by the CZK 225.8 billion increase in exports to EU25 states.

In 2006, *import prices* increased on average by 0.8% year-on-year (0.3% increase in 2005). The biggest growth was found in the prices of non-mineral fuels – 12.8% (in particular gas, oil and oil products). Of the other categories, only the prices of semi-finished goods grew – by 3.6% (mainly non-ferrous metals). Prices of machinery and transport equipment fell by 2.0% (primarily telecommunication and sound recording and reproduction equipment). Of the

key categories under scrutiny, the prices of finished products experienced the biggest fall – 5.6% (mainly clothing products and accessories).

By contrast, *export prices* in 2006 fell on average by 0.8% year-on-year (fall of 1.4% in 2005). The most pronounced year-on-year price increase was that of miscellaneous raw materials – 8.5% (in particular metal ores and scrap). The only other key category under scrutiny where prices increased was chemicals – up 2.1%. The prices of other commodity categories fell, most notably semi-finished products – down 1.7% (mainly leather products). The prices of machinery and transport equipment fell by 1.5% (mainly road vehicles).

Year-on-year *exchange rates* attained an overall negative value of 98.4% in 2006, i.e. 0.1 percentage point more than in 2005.

The average *year-on-year inflation rate* was 2.5% in 2006, which was 0.6 percentage points more than in 2005. The higher rate was mainly due to administratively influenced prices, which grew by 7.8%, and food prices. *Goods prices* rose by 2.0% and the price of services by 3.5%. The increase in rent, water and sewerage rates, as well as the increase in the prices of fuels and energies, had the biggest impact on price growth. The increased price of foods and non-alcoholic beverages also had an influence on the overall growth in consumer prices. In December 2006, goods prices were 0.3% higher year-on-year and the price of services was 3.1% higher.

Average total *employment* in 2006 was 5,087,500 persons; 4,170,000 of these were in employment and received CZK 1,040.5 billion paid out in wages and pay. The average gross monthly *nominal wage* amounted to CZK 20,211 last year, a year-on-year increase of CZK 1,226 (6.5%). Real wages grew by 3.9%.

Retail revenues increased in real terms by 6.5% in 2006; growth in the services segment was 5%, the biggest increase in the last six years.

2006 was a relatively favourable year for *tourism*. Overall, the number of arrivals at mass accommodation facilities grew by 2.9%, overnight stays were 2.8% up. Of the individual accommodation categories, increased capacity meant that five-star hotels displayed the greatest growth.

The *balance of payments* current account ended 2006 with a deficit of CZK 133.8 billion, mainly as a result of the CZK 183.4 billion deficit in the balance of revenues. The

capital account surplus amounted to CZK 8.6 billion and the financial account surplus was CZK 11.6 billion. Direct foreign investments (DFI) in the Czech Republic attained a value of CZK 134.7 billion. Luxembourg, Germany and Austria were the biggest investors. DFI by Czech enterprises abroad was worth CZK 30.3 billion. The negative balance between portfolio investments assets and liabilities was CZK 26.9 billion.

The *state budget deficit* in 2006 was bigger than in 2005 as a result of lower collections of direct taxes and faster growth in expenditure. Expenditure outstripped incomes by CZK 97.3 billion, so the balance was CZK 13.6 billion higher than the adjusted budget and as much as CZK 40.9 billion up on 2005. Compared to the actual state in 2005, the collection of both legal persons' and natural persons' income tax was down (by 4.8% and 3.3% respectively). The ratio between the state budget deficit and nominal GDP reached 3.04%. In the 4th quarter alone, the state budget deficit grew by CZK 98.5 billion.

As of the end of last year, the *state debt of the Czech Republic* climbed to CZK 802.5 billion, with the state debt increasing by over CZK 111 billion for the year 2006 and accounting for approx. 25% of GDP formation.

According to preliminary data, the Czech Republic's total *foreign debt* as of 30 September 2006 was CZK 1161.4 billion, up CZK 48.2 billion from the same period in 2005.

IV. HUMAN RIGHTS IN THE CZECH REPUBLIC'S FOREIGN POLICY

Promoting human rights principles in multilateral forums, particularly in the relevant UN, Council of Europe and OSCE bodies, has become an enduring priority of Czech foreign policy.

European Union

COHOM – Council of the European Union Working Party on Human Rights

In 2006, the Czech Republic was actively involved in formulating the EU's human rights policy in COHOM, its human rights working party. COHOM prepares EU positions for sessions of the UN Human Rights Council and the 3rd Committee of the UN General Assembly. It organises human rights dialogues with Iran and China and consultations on human rights with Russia. In November 2006, Iran decided to suspend the dialogue. Conversely, the EU is striving to establish human rights dialogue with Uzbekistan.

Furthermore, COHOM draws up the EU's human rights annual report and ensures implementation of the EU guidelines against torture and the death penalty, on children in armed conflicts and on human rights defenders. In 2006, COHOM continued to make human rights a part of an ever-widening range of EU policies (a process referred to as “mainstreaming”) – the priority area in 2006 was the European Security and Defence Policy, above all civilian crisis management and its human rights dimension. COHOM participated in the preparation of a European Instrument for Democracy and Human Rights, which is a financial instrument designed to fund projects supporting human rights and democracy in third countries.

EU Agency for Fundamental Rights

Talks leading to the establishment of an EU Agency for Fundamental Rights, which the European Council decided to found in December 2003, went ahead in 2006. The Agency's principal task should be to provide assistance and expertise to institutions and other bodies of the EU, as well as to member states, with regard to the implementation of EU law. The

Agency should thus be a consultative body first and foremost and will not have a mandate to investigate individual complaints or any regulatory or decision-making powers.

United Nations

Human Rights Council

The UN summit in 2005 decided to discontinue the Commission on Human Rights and to replace it with a Human Rights Council. The reasons for this decision were the fact that the Commission had become politicised and inflexible, occupied a low position in the UN system and had an unsatisfactory composition. UN General Assembly (“GA”) resolution 60/251 from March 2006 established the Human Rights Council as an organ reporting directly to the UN GA and defined the details of its work. The Council comprises 47 members elected by secret ballot by a majority of UN GA members. The following number of seats in the Council is assigned to individual regional groups: African states – 13; Asian states – 13; East European states – 6; Latin American and Caribbean states – 8; West European and other states – 7. Council members’ mandate lasts three years; a member state may not be re-elected immediately after its second mandate has expired.

The Council should meet at least three times a year, with the total duration of the session to be at least ten weeks. That will enable the Council to be more up-to-date in its response to questions coming within its agenda, i.e. on human rights violations, including gross and systematic violations, and in the recommendations it makes regarding such situations. The Council should react promptly to urgent human rights cases. The Council’s decisions will take the form of resolutions and consensual decisions. Compared to the former Commission, the Council should have a stronger link to auxiliary human rights mechanisms, i.e. programmes targeting the development of democracy and human rights, which will make it more effective. The purpose of strengthening this link is an effort to provide greater assistance and support to states with human rights problems instead of merely criticising them in resolutions.

In May 2006, the UN GA elected the Czech Republic as a member of the Human Rights Council for the 2006-2007 term. In view of the shortened length of its mandate, which was determined by a draw, in 2008 the Czech Republic will again be candidate for the 2008-2011 term with a view to being a member during its presidency of the EU in 2009.

At the first Council session, in June 2006, the Czech Republic was elected vice-president for the Eastern Europe regional group. At the same time, it was appointed to the chair of the working group for review of special procedures mandates (i.e. special rapporteurs, independent experts or working groups of the Council that address either the state of human rights in a particular country or a thematic area of human rights worldwide). The Czech Republic regards special procedures as a significant benefit to the international protection of human rights and strives to preserve this system's fundamental features while improving its effectiveness, in order to make the working of individual procedures more effective and transparent and to improve cooperation from the states concerned.

1st session of the Human Rights Council (June 2006)

The overriding theme of the speeches given by senior state representatives (the Czech Republic was represented by Deputy Minister of Foreign Affairs J. Bašta) at the start of the session was the future orientation of the Council. That was followed by dialogue with the UN High Commissioner for Human Rights, a discussion on the situation in the Palestinian Autonomous Territories and Sudan and a discussion on incitement of national and racial hatred, the rights of migrants and defenders of human rights.

Despite the efforts of the Council president, consensus was not reached on the majority of questions under discussion; full approval could not even be found for the idea that a final declaration on topical issues be consensually adopted at the end of each session. Draft resolutions on Palestine and religious intolerance submitted by the Organisation of the Islamic Conference – unbalanced resolutions, in the Czech Republic's view – had to be approved by a vote. Proposals designed to establish two new instruments – an International Convention on the Protection of All Persons from Enforced Disappearance, and a Declaration on the Rights of Indigenous Peoples – were approved by consensus and were submitted to the UN GA for adoption.

2nd session of the Council (September and November 2006)

Most of the session was devoted to dialogue between states and special procedures and the presentation of their reports. Due to a lack of time, the 2nd session was suspended until November, when the submitted resolutions were approved. There was no convergence in the positions of developed and developing countries. A draft resolution on the state of human

rights in Darfur submitted by the EU failed to gain sufficient support; instead, a much less critical proposal drawn up by African states was approved. African states also pushed through a proposal limiting the independence of special procedures.

3rd session of the Council (November to December 2006)

This session was devoted mainly to procedural questions (Universal Periodic Review mechanism, review of special procedures, and the creation of an expert body and a complaints mechanism). Reports on these topics by working groups were presented to the Council. Another working group on the Council's agenda and work methods was established.

Special sessions of the Council

Four special sessions on the state of human rights in specific countries were convened (July 2006 – Palestine; August 2006 – Lebanon; November 2006 – Palestine/Beit Hanoun; December 2006 – Darfur). The Czech Republic voted against resolutions on Palestine and Israel, as the drafts criticised only Israel's human rights violations without mentioning violations committed by the other side. The session on Darfur approved a resolution condemning the violation of human rights in this region and decided to send an expert mission to Sudan.

61st session of the 3rd Committee of the UN General Assembly – human rights part

Separate items on the agenda were devoted to the protection of the human rights of children and indigenous peoples, the issue of racism, the right to self-determination and the report of the UN High Commissioner for Refugees. In the most politically sensitive part, the 3rd Committee discussed several resolutions addressing the state of human rights in individual countries. The EU successfully submitted a resolution on the state of human rights in the DPRK (submitted together with Japan) and the state of human rights in Burma/Myanmar. Both resolutions were adopted by a vote. The USA submitted a resolution on the state of human rights in Belarus (approved by a vote with support from the EU). Another USA initiative – a resolution on the state of human rights in Uzbekistan – was postponed by a vote, despite the EU's support. Canada, again with EU support, successfully tabled a resolution on the state of human rights in Iran. By contrast, draft resolutions on the state of human rights in Canada and the USA, submitted by Belarus and Iran, did not gain sufficient support.

Within the EU, the Czech Republic took on the role of a facilitator on a draft resolution on contemporary forms of racism submitted by the Russian Federation. As the Russian Federation's draft did not reflect the EU's comments demanding that the text be more balanced with regard to protection of the right of freedom of speech, all EU members abstained from voting. In place of its traditional resolution on the death penalty, the EU initiated a declaration calling for the abolition of the death penalty, which it presented at the plenary session of the 61st UN GA with the support of 85 states.

Due to persisting disputes regarding the Declaration on the Rights of Indigenous Peoples, the talks on the text were re-opened.

Treaty-related activities

Convention on the Rights of Persons with Disabilities

The UN GA adopted the Convention on 13 December 2006. The Convention deals with all aspects of the human rights guaranteed by international human rights conventions, seeking to ensure that they are implemented in the specific living conditions of persons with disabilities. The Convention's purpose is to increase the attention paid by governments to disabled persons in order to enable them to play a fuller role in the life of society and to remove the barriers they encounter when realising their human rights. Along with the Convention, an Optional Protocol was also adopted – it deals with the possibility of submitting individual communications and the procedure for investigating grave or systematic violations of a state's obligations as stemming from the Convention.

International Convention on the Protection of All Persons from Enforced Disappearance

The UN GA adopted the Convention on 19 December 2006. The Convention sets forth a binding definition of "enforced disappearance" (i.e. arrest, detention, abduction or any other form of deprivation of liberty by agents of the State or by persons or groups of persons acting with the authorisation, support or acquiescence of the State, followed by a refusal to acknowledge the deprivation of liberty or by concealment of the fate or whereabouts of the disappeared person, which place such a person outside the protection of the law). The Convention binds the states parties to punish such acts and to ensure that enforced disappearance constitutes an offence under their criminal law. A Committee on Enforced Disappearances will be established to monitor states parties' compliance with the Convention.

Optional Protocol to the International Covenant on Economic, Social and Cultural Rights

In June 2006, a working group which, since 2004, had assessed the possibilities of elaborating an Optional Protocol governing the submission of communications regarding violations of economic, social and cultural rights, was instructed by the UN Human Rights Council to start negotiations on the draft of such protocol. The working group's mandate was extended to 2008.

Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

The Czech Republic ratified the Protocol on 10 July 2006 (promulgated under No. 78/2006 Collection of International Treaties). The Protocol establishes a Subcommittee on Prevention with a mandate to undertake inspection visits to all places of detention (e.g. prisons, foreigners detention facilities and asylum facilities, police cells, facilities for the institutional or protective upbringing of children, healthcare facilities, social care institutions including retirement homes) in the jurisdiction or under the control of the states parties to the Protocol. The Protocol also binds the states parties to establish, designate or maintain an internal control authority with a similar mandate as the Subcommittee, including at internal level (in the Czech Republic this competence is assigned to the Public Defender of Rights). Z. Hájek from the Czech Republic was one of the ten members elected in the first elections to the Subcommittee on Prevention.

3rd Periodic Report on Implementation of the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment

Following discussion of the report in 2004, in 2005 the Czech Republic provided the Committee against Torture with additional information, which the Committee rated as satisfactory. In May 2006, the Committee requested further additional information. The Committee against Torture's attention continued to focus on the adoption of an anti-discrimination act, investigation of racially motivated violence, the arrangements whereby prisoners are required to cover a portion of their expenses, and investigation of complaints against excessive use of force by the security forces during demonstrations against the IMF/World Bank meeting in Prague in the year 2000.

3rd Periodic Report on Implementation of the Convention on the Elimination of All Forms of Discrimination against Women

The Czech Republic submitted its report for 1999-2003 in 2004. The Committee on the Elimination of Discrimination against Women discussed it at its session of 17 August 2006 in New York. The assessment was not confined to the report itself; it also covered answers to preliminary questions that the Czech Republic provided in 2006 and materials provided by non-governmental organisations. The Committee summarised its appraisal in final recommendations, which draw attention to persisting problems and recommend suitable measures to resolve them. The Committee's principal focuses of attention were the non-existence of a comprehensive legislative framework for protection against discrimination; the low representation of women in elected offices and management positions; numerous cases of discrimination against Roma women; the adoption of special measures under Article IV of the Convention; and the collection and analysis of data concerning all areas of the Convention.

The Czech Republic's initial report regarding the Optional Protocol to the Convention on the Rights of the Child on Children's Involvement in Armed Conflicts

The Committee on the Rights of the Child (CRC) discussed the Czech Republic's initial report in Geneva on 17 May 2006. The results of the session were summarised in the CRC's final recommendations of 2 June 2006. In the recommendations, the CRC appreciated a number of positive aspects and also recommended, in particular, strengthening the criminal legislation on the recruitment of children into armed forces, as well as a number of other measures ranging from improving coordination in this field, through enhancing the assistance available to potential victims, to restricting the trade in arms with countries that use child soldiers.

The CRC recommended that the Czech Republic strengthen the provisions of the Criminal Code so that the criminalisation of recruiting children into armed forces does not merely apply to recruitment in times of war or armed conflict. The CRC also recommended that the involvement of children in armed hostilities, including activities facilitating or promoting such involvement, should explicitly be made a crime subject to the principle of universality. The Czech Republic was also encouraged to ratify the Statute of the International Criminal Court.

6th and 7th Periodic Reports on Implementation of the Convention on the Elimination of All Forms of Racial Discrimination

A report summarising the information for the period from 1 June 2002 to 31 March 2005 was submitted on 4 January 2006. The Committee on the Elimination of Racial Discrimination scheduled its discussion of the report for 1-2 March 2007.

2nd Periodic Report on Implementation of the International Covenant on Civil and Political Rights

On 24 May 2006, the Czech Republic handed in its report to the Office of the UN High Commissioner for Human Rights. The Human Rights Committee established by the Covenant will consider the report in 2007.

V. THE CZECH REPUBLIC'S FOREIGN CULTURAL AND INFORMATION POLICY

1. Presentation of the Czech Republic and its culture abroad

The Ministry of Foreign Affairs of the Czech Republic carries out its presentation activities in line with the Concept of the Uniform Presentation of the Czech Republic Abroad. In 2006, it launched a new visual style for the marketing presentation of the Czech Republic – the style is intended for use on promotional printed materials and articles, in exhibition and trade fair stands, in the electronic media, etc. The reconstructed portal on the Czech Republic www.czech.cz was launched with a new graphic design and layout. Information on the presentation of the Czech Republic abroad is available at www.mzv.cz/prezentace.

Printed materials, exhibitions or promotional items should present the Czech Republic as a modern democratic country with a rich culture, history, its own identity, and human capital founded on knowledge and innovation potential, a country that is a reliable partner in trade relations, a good place for investment and a respected member of international organisations.

Printed materials

- Ministry of Foreign Affairs wall calendar entitled “*Phenomenon: Czech Architectural Cubism*”
- Presentation pack on the Czech Republic, bilateral (USA)
- Presentation pack on the Czech Republic, bilateral (Canada)
- Printed material on the Czech scientific station in the Antarctic (Argentina, Chile)
- Printed materials presenting the Czech economy (Italy)
- Production of a leaflet presenting the Czech Republic in the Charles University “UNIPREP” programme (Russia, Ukraine, Kazakhstan, Uzbekistan, Belarus, Georgia, China, Mongolia, Lithuania, Estonia, Latvia, Moldova)
- Presentation of the Czech Republic in a catalogue for the “*International Map Trade Association*” conference
- Production of a leaflet for the ITU 2006 conference in Antalya – the Czech Republic’s candidacy to ITU (in cooperation with the Ministry of Informatics of the Czech Republic)

- Printed material on the occasion of the Cambodian king's visit to Prague
- Desk-top calendar for 2007 entitled "*Embassies of the Czech Republic*"
- "*Czernin Palace*" fold-out leaflet in Czech and English (for Open Day)
- Set of eight postcards of Czernin Palace for Open Day
- Presentation of Czech science and research in a special supplement to the Scientific American monthly magazine entitled "*Focus: Czech Republic*"

Promotional materials

- Paper flags of the Czech Republic on the occasion of the football World Cup (Germany)
- Traditional Czech Christmas tree balls from Jablonex as a presentation gift set
- Self-adhesive Note-It pads in five colour schemes
- CD with the Czech national anthem performed in five different versions
- Paper bags
- Band with the logo of the Czech Republic for books and gifts
- Book matches
- Stickers with the logo of the Czech Republic
- A5 notepad
- Classic matches with the new logo, using the traditional trademark of Solo Sušice
- Koh-I-Noor pencil with multicoloured lead
- Sugar cubes
- Papers for wrapping used chewing gum – Czech patent
- A4 document folders
- Set of five posters on themes related to the Czech Republic: monuments, nature, science, trade, culture

Exhibitions

- Poster/fold-out brochure for the exhibition of works by F. Kupka entitled "*Man and Earth*" (Thailand, Mongolia, Cambodia)
- Catalogue for an exhibition of Czech graphic artists entitled "*Anatomy of a Smile*" (Canada)
- Exhibition marking the birthday of V. Havel entitled "*Václav Havel in Europe's Metamorphoses*" in English, German, French and Spanish
- Printed materials accompanying the "*Václav Havel in Europe's Metamorphoses*" exhibition
- "*Czechs and Africa*" exhibition on the occasion of the president's visit to African countries – two productions of the exhibition in English (Ethiopia, South Africa and other African countries)

- Printed materials accompanying the “*Czechs and Africa*” exhibition (Ethiopia, South Africa and other African countries)
- Posters for the “*Prague – Vienna – Bratislava in Diplomacy*” exhibition
- Printed materials and train sticker for the exhibition entitled “*Antonín Kratochvíl – Persona*” (Czech Republic and Slovakia)
- Exhibition on Jan Masaryk for Open Day

The following surveys were carried out in 2006: the perception of the Czech Republic by visitors from abroad; the perception of the new logo of the Czech Republic; the Czech Republic’s media image in foreign press; and the perception of the www.czech.cz portal, a special survey using an eye tracker; and an online survey of foreigners’ opinions of www.czech.cz.

As part of the effort to involve the Czech public in the presentation of the Czech Republic abroad, the Ministry of Foreign Affairs prepared a project of the Czech Top 100, in cooperation with the Aktualne.cz server. Visitors to the server could choose the top one hundred Czech items or individuals in five categories: monuments, science and research, industry and trade, nature, and culture. The resulting Top 100 became one of the sources for the Ministry of Foreign Affairs’ presentation outputs. In total, 300,000 users of the server participated in the project, submitting around 300 suggestions to the competition. A total of 25,000 people voted on the Top 100 in twenty surveys. In culture, most votes went to Ema Destinová; the Charles Bridge came first in the monuments category; František Křižík won in the science and research category; Czech glass and crystal received the most votes in industry and trade; and the nature category was won by the basalt organ-pipe rock formations near Kamenický Šenov.

Czech culture is a tool for presenting Czech cultural heritage and contemporary culture and, along with political and economic instruments, it is an important means of realising Czech interests abroad, as it facilitates the establishment of contacts on the international scene. Czech embassies abroad mediate contact between Czech culture and its recipients abroad.

There were many interesting broad-based cultural projects that the Ministry of Foreign Affairs supported in 2006. The first one that deserves mentioning is the long-term (twenty-year) travelling cultural project based on J. A. Comenius’s ideas about education, called PAMPAEDIA, as part of which the Czech Centre in Paris hosted the world premiere of an

interactive exposition entitled “Orbis Pictus, or The Gate to the World of Man’s Creative Imagination”. The project’s next stops will be the Czech Republic, Italy and Canada.

Staging exhibitions is an important part of the Ministry of Foreign Affairs’ cultural activities abroad. In 2006, the MFA offered Czech embassies abroad more than 30 *travelling exhibitions* on a wide range of topics. The exhibitions that aroused the greatest interest were “The Magic World of Illustrators for Children”, “Czech UNESCO Sites” and “Czech Press Photo 2005”. In an effort to make the turnover of exhibitions faster and more effective while minimising costs, the Ministry created a new style of exhibitions distributed on CD-ROM, which the recipient can print out and modify in line with local possibilities. The first exhibition of this kind is “Humour and Psychoanalysis”, a set of cartoons by V. Jiránek inspired by the work of Moravian-born Sigmund Freud, whose 150th birthday the Czech Republic commemorated in 2006. The exhibition was created in eight language versions (Czech, Amharic, English, French, German, Portuguese, Russian, and Spanish).

The Ministry also took part in the exhibition of “Czech Explorers in Africa” and, as an export promotion measure, in a book of photographs commemorating J. Hanzelka and M. Zikmund’s journey around the Horn of Africa (Eritrea, Ethiopia, Somalia) in a Tatra car. The book is the first in a series of publications about Hanzelka and Zikmund’s travels in Africa and Latin America. As part of its support for Czech literature and implementation of the cultural part of the EU Strategy for Africa, the Ministry, in cooperation with Czech embassies in sub-Saharan Africa, provided local cultural institutions with approximately 200 copies of French translations of Czech authors (Čapek, Hrabal, Pecka, Hašek, Viewegh and others).

As in previous years, in 2006 there was considerable interest in *screenings of Czech films*, both contemporary and from the 1960s (“Czech New Wave” film festival in Hong Kong, “Czech Cinema of the 1960s” in Cairo, film festivals in St. Petersburg, Düsseldorf and Buenos Aires). In keeping with tradition, Czech animated films enjoyed considerable attention (festivals of children’s animated films in Petrozavodsk, Santiago de Chile and Tel Aviv). The close cooperation between the Ministry and the National Film Archive continued. The Ministry arranged Spanish subtitles for Czech film *Fimfarum 2* by directors V. Pospíšilová and A. Klimt.

Of the dozens of foreign screenings of Czech films that were organised by Czech embassies and met with an excellent response, it is worth mentioning the traditional

participation of Czech films in EU film festivals around the world, the “Central European Film Festival” in Canada and the “International Film Festival” in the DPRK. A retrospective of film works by J. Švankmajer during the “Independent Film Festival” in Buenos Aires was complemented by a lecture given for expatriates and invited guests by the director. Director J. Hřebejk attended screenings of his films in Ljubljana and Kuala Lumpur. A retrospective of films by J. Němec took place in Moscow, St. Petersburg, and Nizhniy Novgorod. Czech cinema was also represented at an international film festival in Harare. There were festivals of Czech cinema in Montreal and Sarajevo in connection with exhibitions of 20th century film posters. Czech films were also presented at the “Cine Europa” festival in the Philippines, “Czech Film Week” in Bosnia and Herzegovina, South Korea, Georgia, and Israel, and in Denmark at a festival called “Film Censorship behind the Iron Curtain”.

Regular film evenings for expatriates were staged in Washington, Chicago, Tokyo, and Nicosia. In a year associated with the name of W. A. Mozart, the Ministry sent most embassies a DVD entitled *Adieu Mozart*, devoted to Mozart’s visits to Prague. The Embassy of the Czech Republic in Tel Aviv helped film the final part of a series called *Prolínání světů* (“*Mingling Worlds*”), presented by Professor T. Halík. The Ministry also organised a press conference on *The Island of St. Helena*, a feature film set in a Czech community in Romania, and press conferences in connection with the 13th annual FEBIOFEST and 13th annual “European Film Days”.

Considerable attention was devoted in 2006 to strengthening Czech language teaching at foreign universities, where the first year of a five-year programme promoting Czech cultural heritage abroad took place; the programme improved the conditions for sending Czech language instructors and teachers abroad. The Ministry of Foreign Affairs’ www.mzv.cz/kultura web site published reports about the cultural activities of Czech embassies.

In the multilateral area, cooperation in culture and education continued within the framework of the Visegrad Group (V4) and the Council of Europe. There were three joint events of the participating states of the Platform Culture Central Europe (“the Six”), organised on the Czech side by the Ministry of Foreign Affairs: in May Vienna hosted a two-day “Face the Music” conference on “the role of music as part of mass culture in resistance against totalitarian regimes (Nazism, communism)”. The Czech Republic was represented by Professor M. Slavický (in the part devoted to Nazism), J. Vlček and J. Rauwolf (in the part

devoted to communism) and the Plastic People of the Universe music group. The ceremonial opening featured a video greeting from V. Havel. A meeting of editors in chief and publishers of literary and society magazines was held in Budapest in June, where the Czech Republic was represented by editor of Brno-based magazine *Host* (“*Guest*”) M. Sečkař. The theme of the discussion was the possibility of incorporating Ukrainian literary and social life into the Central European cultural space. In November 2006, a multimedia exhibition entitled “MEMORY CENTRAL EUROPE” was opened in Helsinki. Centred on photographs related to architecture, design, film, etc., the exhibition presented details of everyday life and culture in individual countries of “the Six”.

The Ministry took part in organising the 13th “European Film Days”, the EU film festival; in preparing and organising the traditional “Lidice International Children’s Art Competition and Exhibition” and “Francophonie Days in the Czech Republic”, during which there were more than 80 different cultural events in twelve cities of the Czech Republic. On the occasion of the reception at the Ministry of Foreign Affairs to celebrate International Francophonie Day, the results of the French language competition for students of secondary schools where French is taught were announced and prizes awarded. Representatives of the Ministry also attended the 22nd session of the Ministerial Conference and 11th Francophonie Summit in Bucharest, Romania. A Memorandum on the Implementation of a Multiyear French Teaching Programme in Czech State Administration was signed in Prague. Under the Memorandum, staff of central administrative authorities who have been or will be included in the National Staff Training Programme for the Presidency of the Council of the EU – part of which is French teaching - are taking language courses.

2. Media and information

The overall media image of the Czech Republic in foreign media in 2006 can be described as balanced. The Czech Republic was most frequently mentioned in printed media, agency news reports, and on television news.

Foreign media reacted primarily to the following themes or events: elections to the Chamber of Deputies and Senate and the subsequent efforts to form a government, and the Czech Republic’s accession to the Schengen area. In sports, most mentions were devoted to the achievements of Czech sportsmen, primarily Czech footballers at the football World Cup. The Czech Republic is often associated with culture and is regarded by foreign media as an

interesting cultural and historical tourist destination – chiefly Prague, but also Czech spa towns and other attractive places.

The Czech Republic is also presented as a reliable trading partner or as a suitable place for foreign investment.

In 2006, bilateral and official visits and talks boosted the Czech Republic's media image, particularly in more remote destinations where these meetings provide an opportunity for creating broader awareness of the Czech Republic.

Czech embassies also did a great deal to build a good image of the Czech Republic abroad, principally by organising a wide variety of presentations and cultural events and informing foreign media, which positively influences the Czech Republic's image.

True to tradition, the Czech Republic received the greatest media attention in the European region, and particularly in its closest neighbours, where it is generally described as a reliable partner. The key themes in this region were the elections to the Chamber of Deputies and Senate, the subsequent formation of a new government, and accession to the Schengen area. Overall, the news and reports on these themes were regular, but informative rather than analytical. The business environment was described as very favourable. Top-level visits, whether bilateral or within the EU, cultural events organised or co-organised by Czech embassies, and light-content information formed separate chapters in news coverage.

Foreign media paid heightened attention to the adoption of the act on registered partnership and the Green party's emergence on the Czech political scene.

Publicity in individual countries generally reflects the Czech Republic's political, economic and cultural significance for the country in question. In Austria, reporting on the Czech Republic can be described as standard, intensive and essentially objective news coverage of a neighbouring country; however, in a number of cases, the reporting is still tinged by stereotypical Austrian perceptions of the Czech Republic. Austrian media coverage of the Czech Republic was evenly spread between the Czech Republic's internal and foreign or European policy and the Czech economy and culture. Exceptional and relatively long-lasting media coverage was given to the results of the elections to the Chamber of Deputies and the efforts to form a government after the resignation of Prime Minister J. Paroubek, as well as the operation of and award of building approval to the Temelín nuclear power station.

The construction of a toll system by the Kapsch company also generated exceptional media interest in the Czech Republic.

Neighbouring Slovakia informs about the Czech Republic on a regular and up-to-date basis, primarily in news programmes. In addition to ordinary news coverage of political, economic, cultural and sporting events in the Czech Republic, commentaries on “Czech themes” appear several times a week in the daily press. Such commentaries are very common and are usually political in nature. Awareness about events in the Czech Republic has for long been sufficient in Slovakia, thanks to the accessibility of Czech media in the country. Consequently, Slovak media coverage is more diverse and is not confined to basic news and explanations of contexts.

In another neighbouring country, Poland, several major changes from the previous year were apparent. Considering both the internal and international developments, and especially developments concerning the missile defence project, the intensity of news coverage of the Czech Republic can overall be described as satisfactory.

Media coverage of the Czech Republic in the Russian Federation is a chapter on its own: the Russian media are very interested in the Czech Republic thanks to the successful development of bilateral trade and economic ties. Most of the information about the Czech Republic has traditionally been political in nature, and this was also true in 2006. The main coverage was devoted to the parliamentary elections and post-election negotiations on forming a government, and the Russian president’s visit to the Czech Republic, which was a widely and positively monitored political event. The Czech cultural scene receives positive coverage.

The American continent is a chapter on its own, where the Czech Republic’s media image has differed from country to country and region to region.

The Czech Republic enjoyed considerable media interest in the United States of America during 2006. News reports focused on both foreign policy themes and the domestic situation in the Czech Republic.

The dominating bilateral topics were the visa issue, i.e. the visa asymmetry between the USA and Czech Republic, the missile defence project in the territory of the Czech Republic, and visits to the USA by Czech representatives (visits by President V. Klaus and

Minister of Foreign Affairs C. Svoboda, stay of former president V. Havel). The American media followed with relative interest, the internal political situation in the Czech Republic especially the developments following the parliamentary elections, the formation of the Czech executive and the results of Senate elections. They also published economic and cultural news about the Czech Republic and covered the work of the Embassy of the Czech Republic in Washington.

Reports on the Czech Republic appear very sporadically in Canadian media. Culture (classical music and cinema) and sports (ice hockey) are enduring positives in the Czech Republic's media image in Canada. Tourism is a specific category, where Prague and other Czech localities as well receive considerable attention in the supplements of Canadian dailies.

In countries of Central and South America, the local media have traditionally focused on internal or Latin American issues. Reports about the Czech Republic were usually informative and marginal, mainly on the subject of the elections and formation of a government in the Czech Republic. The information is taken from international agencies, because no South American country has a permanent correspondent in the Czech Republic. In these countries, the Czech Republic is perceived generally as a developed and democratic country with a rich cultural tradition and as a recommended tourist destination with an interesting range of culture on offer. Sports news often mentioned Czech footballers at the World Cup.

Cuba remained the exception to the generally positive coverage. As in previous years, the Cuban media alternated between ignoring and severely criticising the Czech Republic.

In the Middle East, the Czech Republic received most coverage in Egypt, Lebanon, and Saudi Arabia. Other countries in the region only mentioned the Czech Republic in passing, mainly in connection with official and working visits. In the Middle East, foreign news stories are mainly taken from renowned agencies, with the exception of Lebanon, where journalism has a long tradition.

Media coverage of the Czech Republic in Asian countries can be described as neutral to positive. Most attention in Asian media was devoted to the Czech Republic as an interesting tourist destination, as borne out by the information on the country published, for example, in highly prestigious tourism magazines. The Czech Republic is perceived as a Central European country with a growing economy among countries. The Philippine media

gave significant coverage to the entire course of the visit of President of the Senate P. Sobotka and spouse. The Indian media paid most attention to the visit of Prime Minister J. Paroubek; and in Singapore President V. Klaus's visit received the most coverage. Vietnam shows a very positive interest in the Czech Republic, thanks to the two countries' good mutual relations and the existence of a large Vietnamese community in the Czech Republic.

As in previous years, the Czech Republic was again not at the centre of media attention in sub-Saharan Africa in 2006. The local media pay only marginal attention to events in Europe. Coverage is largely informative, with the main focus on tourism and sport.

3. Internet presentation of the Ministry of Foreign Affairs of the Czech Republic

The Department of the Spokesman and the Department for Presentation of the Czech Republic Abroad are responsible for the internet presentation of the Ministry of Foreign Affairs.

The Department of the Spokesman administers an extensive information system composed of the principal presentation of the Ministry of Foreign Affairs of the Czech Republic and 112 other presentations of Czech diplomatic missions and consular posts, 85 of which are presentations of embassies, 19 presentations of Czech Consulates General and 8 presentations of Czech permanent missions, representations and delegations to international organisations.

Besides "Ministry News", which receives on average 2,090 "hits" a day, the other most visited chapters in the Czech version of the Ministry's central website (www.mzv.cz) are those containing travel-related information: "States of the World", "Travelling Abroad" and "Diplomatic Missions", which received respectively 850, 720 and 650 hits per day. The most popular sections in the English version are "News" and the list of "Czech Missions Abroad", which receive respectively 615 and 530 hits per day.

The addresses of the websites of Czech embassies are written in a uniform format: *www.mzv.cz/city name in English*. Besides the Czech language version, the content is presented in English or French and in the national language of the host state. Web presentations of embassies were made in 21 different language versions in 2006. In Czech language versions, the most popular chapters were those containing economic and trade

information, with 1,960 hits a day (for all embassy websites), and chapters on visas and consular services, with 1,800. In foreign language versions, the order of popularity was reversed. Visas and consular services received on average 2,390 hits a day; economic and trade information 1,500.

One special part of the Ministry of Foreign Affairs' website is its comprehensive presentation portal showcasing the Czech Republic **www.czech.cz**. It contains a wide spectrum of information, ranging from tourism, education and culture to practical business information. There is also a news and current affairs section. After a year's reconstruction of both content and graphics, on 13 July it was launched in the Czech Republic's new visual presentation style. The portal is built using modern internet technologies and combines attractive design with intuitive navigation. It contains over 1,500 standard pages of text. It is currently accessible in three language versions: Czech, English, and German. Other versions will be up and running by 2008: French, Spanish, and Russian. The **www.czech.cz** portal is a significant tool for building a positive image of the Czech Republic abroad. Its content is divided by themes into five sections; one of the five "bubbles" of the Czech Republic logo is assigned to each section:

- Getting to know the Czech Republic
- Economics, business and science
- Cultural heritage
- Tourism and sport
- Work and study

These sections are complemented by features such as "What do we have in common with..." and "Did you know...", which accent interesting and diverse aspects of the Czech Republic in an attractive way.

Besides the static version, which is regularly updated, the portal also has dynamic content – 120 standard pages a month of news and current affairs and other formats describing topical events in the Czech Republic and present phenomena of contemporary life in the Czech Republic.

The server uses, among others, the following dynamic content formats:

- Survey – updated every week, situated on the home page in the portal's graphic design
- Discussion – weekly updates with a person of interest. Users can ask questions.
- Calendar, listing sports and cultural events. Updated when necessary.

- News reports, updated when necessary from Czech Press Agency and other sources.
- Current affairs, touching on topical themes.
- FAQ, i.e. answers to frequently asked questions. Updated in response to users' enquiries.
- Replies to e-mail enquiries – on average 50 e-mail enquiries a month. The vast majority of enquiries come from abroad and concern specific subjects, e.g. finding a business partner, requesting information about accommodation, recreation etc.
- Newsletter – daily, weekly or monthly sending of news to registered users. There are currently around 1,000 subscribers.
- RSS – special service for registered users.

The portal is the 8th most popular Czech state administration portal. The portal registered the most visits on 12 December 2006, when it received almost 5,000 hits. The portal received 450,000 visits in 2006.

Thanks to optimisation for search engines, at the end of 2006 the portal was returned in first place during searches using the keywords “czech” and “czech republic” in the English version of Google.

4. Czech Radio international broadcasting

In 2006, Czech Radio ČRo7 – Radio Prague continued to implement the agreement on Czech Radio international broadcasting concluded between the Ministry of Foreign Affairs and Czech Radio. Radio Prague broadcast in six languages in 2006 (English, German, French, Spanish, Russian, Czech) on short-wave, over the internet and via partner radio stations; in Europe, North America, and Asia it also broadcasts via satellite.

Dominant themes in 2006 included the Winter Olympics, the elections to the Chamber of Deputies of the Parliament and subsequent negotiations on formation of a government, Mozart year, the 70th anniversary of foreign broadcasting, and the football World Cup. In keeping with tradition, the French section covered “Francophonie Days” and the “French Film Festival”; the Russian section focused on the Russian Season in the Czech Republic; the Spanish section followed the work of the Cervantes Institute in Prague; and in the summer the German section prepared a special series on the Hrad.cz project. The core of programming in all six language sections was half-hour broadcasts consisting of news and commentary. The

German section started to broadcast a new feature called Panorama.cz; the popular “Chapters from Czech History” was expanded. New Russian-language features include “My Russia” and “Far From Home” (portraits of successful Czechs around the world). The English section widened its “Czech Science” feature and introduced a new Czech language course format entitled SoundCzech, which received an excellent response.

International co-productions are playing an increasingly significant role in Radio Prague’s programming. In 2006, Radio Prague implemented a project called “Health in Europe”, for which it received a grant of EUR 20,000 from the European Commission. Nine European radio stations, including the BBC, Deutsche Welle, Radio France International (RFI), and Slovak Radio, participated in the project. “Insight Central Europe”, an English language programme, was another international project. Radio Prague also contributed to the following projects: “Treffpunkt Europa” (produced by Deutsche Welle), “Network Europe” (Deutsche Welle), “Europe East” (Radio Polonia), and “Accents d’Europe” (RFI). The French section of Radio Prague has for long cooperated with RFI (Prague 99.3 FM), for which it produces a twenty-minute cultural magazine called “The Week in Prague”. The programme is highly valued by RFI. Radio Prague also enables five partners in Russia and more than ten in Latin America to rebroadcast its programmes.

In keeping with tradition, broadcasting for expatriates was an integral part of Radio Prague’s work. “Czechs Abroad” and “Expatriate Press” were two programmes devoted to this theme in the Czech broadcasting. A new programme called “Ach synku, synku” (“Oh my son”) was launched in response to expatriates’ interest in Czech folklore. Significant expatriate events that Radio Prague paid special attention to in 2006 included: the announcing of the laureates of the Ministry of Foreign Affairs’ *Gratias Agit* Award; the Sokol congress; an international symposium on A. Dvořák; the Czech language summer school at Dobruška; and “Foreign Czechs Week”. A journalist from the Czech section visited expatriate communities in Germany, Slovakia, Moldova, and Ukraine, bringing back valuable audio and video material. Radio Prague’s cooperation with the following expatriate periodicals is also worth mentioning: *Americké listy* (“American Newspaper” – USA), *Jednota* (“Unity” – Croatia), *Klub* (“Club” – Austria) and *České listy* (“Czech Newspaper” – the Czech Republic). The website www.krajane.net was successfully enhanced and enlarged in 2006. Visits to the website subsequently increased by more than double. Another part of the agenda of Radio Prague’s Czech section is producing programmes for expatriate radio stations in

Australia (5), Serbia (2), Romania (2), Ukraine, Croatia, and the USA. Four stations acquired the programmes over the internet (49 hours a year); programmes were sent on CD to most stations (163 hours). The total production output was 212 hours of programmes, which is 28 hours more than in the previous year.

Czech Radio's website www.radio.cz received approximately 600,000 hits a month, which is 100,000 more than in the previous year. The expatriate website www.krajane.net received 6,000 hits – more than double as compared to the last year's level; and visits to the "Insight Central Europe" project (www.incentraleurope.com) also almost doubled to approx. 11,500. The Roma website (www.romove.cz), which is also managed by Radio Prague, received 41,000 hits (15,000 more than in 2005). The good results have been achieved thanks to improved and linked content and the increased number of internet projects. In 2006, Radio Prague internet staff developed a total of 15 internet projects in all language versions: e.g. "Mozart and Prague", "70 Years of Radio Prague", "Saint Wenceslas", "Elections 2006" and more. Additionally, in cooperation with Czech Radio Online, in 2006 Radio Prague produced its first video report on expatriate themes ("Sokol Congress", Czech language course for expatriates, Czech exile), which are posted on the website of Czech Radio and Radio Prague. A further expansion of cooperation is planned for 2007.

In 2006, Radio Prague registered a total of 22,000 questions and comments from listeners (approx. 2,000 more than in 2005). Almost a third of them came from English-speaking countries, followed by comments in German, Spanish, French, Russian, and Czech.

5. Czech Centres

Czech Centres is an organisation part-funded by the Ministry of Foreign Affairs of the Czech Republic. Its mission is, via the Czech Centre (CC) network abroad, to develop the good name and positive image of the Czech Republic abroad, to actively promote the Czech Republic's interests and, to this end, use the tools of public diplomacy in line with the state's foreign policy priorities. Under the statute approved in 2004, Czech Centres' principal task is to present the Czech Republic abroad in the areas of culture, trade and tourism. In 2006, CCs abroad organised 1,900 events, either independently or in cooperation with Czech and foreign partners, showcasing the Czech Republic as a country with creative potential and with a rich cultural tradition. CC events received more than 1,300,000 visitors. Foreign media also responded to CCs' activities, covering them in 6,100 newspaper, radio and television reports.

There were 22 CCs operating in 18 countries in 2006. Besides Europe, CCs are also found in the USA (New York) and Japan (Tokyo). Preparations to establish CCs in China and Argentina were started. Czech Centres staged exhibitions, concerts, film screenings, authors' readings, lectures, etc. CCs thus took part in the cultural life of the receiving country, both in joint activities with local institutions and cultural forums and with independent projects and programmes.

In cooperation with the Theatre Institute of the Academy of Sciences of the Czech Republic, a project entitled "Invasion of Europe 2006 – a presentation of Czech theatre" was implemented, following up the previous successful presentation of Czech theatre in South America. The season opened at Madrid's prestigious "Escena Contemporanea" festival with productions by P. Nikl and a joint production of "La Baraque" by the Forman Brothers Theatre and the French Dromescu theatre company. The performances were totally sold out and the media response to Czech theatre was so strong that further invitations to Spanish theatre festivals followed (for 2007 and 2008). "Theatersucht", a Viennese festival of Czech theatre companies, also met with great interest. One unparalleled success was *Farm in a Cave* theatre studio's victory at the international Edinburgh Fringe Festival 2006; their performance of "Sclavi/The Song of the Emigrant" won all three main prizes, a feat never previously achieved in the festival's 60-year history.

Czech Centres and the Jewish Museum co-organised an all-year schedule of events marking the 100th anniversary of the museum's founding; the programme featured exhibitions, lectures, films and other accompanying events. A theatre production based on F. Kafka's *The Castle* was staged in Rome; author A. Lustig read from his own works in Vienna; a German translation of P. Ginz's diary was presented in Berlin and Dresden and a Spanish translation in Madrid.

One utterly unique project, both in scope and length (planned to run until 2023), is "Pampaedia", which aims to acquaint the world with J. A. Comenius and his enduringly relevant ideas. Translations of a book called *Labyrinth of the World and Paradise of the Heart* into various languages accompanied an interactive "Orbis Pictus" audio-visual exposition created by P. Nikl. The project premiered at the CC in Paris and met with exceptional public interest and significant support from a number of representatives of France and the European Union.

Events marking the 70th birthday of former president V. Havel were held at many CCs. The events included discussions, thematic evenings, exhibitions and stagings of Havel's plays. The CC in Berlin organised a symposium devoted to V. Havel the dramatist, with participation from theatre experts, actors and philosophers.

“Czech Culture Days” in Dresden in 2006 featured 90 classical music, jazz, rock and pop concerts as well as theatre performances for children or adults. There were also events focusing on tourism and business. In September 2006, “Discover the Czech Republic” in Vienna consisted of three days of presentations at which regional representatives showcased the most interesting aspects of individual regions of the Czech Republic for the Austrian public.

A unique Czech fashion show was staged in New York in November 2006. It was organised as part of the “Czech Fashion Wave” project by the New York CC and former Miss Czech Republic H. Houdová's charitable foundation. Czech fashion was represented at the event by four leading designers – L. Rochová, H. Zárubová, M. Drápalová, and D. Nová.

Czech Centres were also active in the area of education and science. During the year, they organised 150 discussions, lectures and seminars, which were especially popular among young visitors to CCs abroad. CCs provided information about studying in the Czech Republic targeted at foreign students of Czech studies and ran libraries of Czech literature at a number of locations. Besides these activities, CCs continued to organise Czech language courses, which were attended by 1,200 students in 2006. They also offered foreign study stays for Czech students.

The www.czechcentres.cz portal served to present Czech Centres. The portal acquainted the public with the mission of CCs abroad, their work and services provided in individual territories.

As regards support for external economic relations, in particular Czech exports and tourism, CCs continued to work with organisations part-subsidised by the Ministry of Industry and Trade (CzechTrade, CzechInvest), with chambers of commerce, the Confederation of Industry of the Czech Republic, and professional federations and associations. Czech Centres operated the www.export.cz information server, which publishes territorial information from the trade and economic sections of Czech embassies and over 1,100 information items about doing business and tenders abroad and supply and demand

enquiries from Czech and foreign firms; a total of 915 demand and supply enquiries were posted on the server in 2006. Czech Centres provided general information on trade and the economy in the Czech Republic, including contact data for institutions and organisations. Czech enterprises could make use of the Czech Centre – Czech House in Moscow, which supplied a full range of services in the Russian Federation, including an information service, via the websites www.ceskydum.ru and www.czechcentres.cz/ceskydum. Among other things, business-related advertisements by Czech firms were published free of charge on the Russian language version of the sites. There were more than 100 accredited Czech firms operating under the umbrella of Czech House in Moscow in 2006.

In export promotion, CCs offered Czech entities assistance in arranging corporate presentations abroad. CCs enabled presentations to be performed in their receiving countries either as separate events or in combination with the cultural programmes prepared by CCs abroad. During 2006, there were 275 such events in total, 80 of them at Czech House in Moscow.

Cooperation with authorities of the Czech regions with a view to supporting the growing role of regions in the integrated Europe successfully went ahead in 2006. During the year dozens of diverse regional presentation events were held under the “Regions” project, which CCs have implemented since 2001, either in the form of a separate presentation staged directly at a CC abroad or as part of tourism trade fairs etc. Events often took place in cooperation with CzechTourism or other specialist partners.

Besides their current programme and information activities abroad, in 2006 CCs focused more on preparing new projects that raised the Czech public’s awareness of the foreign network of CCs and its activities. The first edition of quarterly magazine czEcho came out in April. The magazine has become an important communication tool that has made it possible to promote the best of individual CCs’ programmes. One key activity was the opening of the Prague Czech Centre in spring 2006. Visitors to the Prague CC could learn about projects that CCs abroad use to present the Czech Republic around the world, as well as interesting events organised in cooperation with foreign cultural institutes in Prague. It was here that in May 2006, at the invitation of the CC, representatives of the European Union National Institutes for Culture (EUNIC) partnership met and agreed on mutual cooperation and cooperation with the European Commission and confirmed their interest in taking part in international projects.

VI. CZECH EXPATRIATES

There are currently almost two million people abroad who claim Czech origins. Many of them are already several generations down from original émigrés and so do not speak Czech, but they retain an awareness of their link with the Czech nation. They nurture their forebears' culture and promote it in the countries that have become their new homes. Others were driven out of their homeland by the turbulent political events of the mid-20th century and later years. The Ministry of Foreign Affairs of the Czech Republic appreciates all Czech expatriates' positive ties to their original home and strives to conduct meaningful and constructive dialogue with any interested Czech communities abroad. (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 dialogue with Czech expatriates was handled by the Ministry of Foreign Affairs' Department for Czechs Living Abroad, Cultural Relations and Promotion of the Czech Republic Abroad (hereinafter the "Department"), which, in addition to its own activities, cooperates with state administration authorities that are involved, if only partially, in the diverse range of issues concerning Czech expatriates, e.g. the Subcommittee for Contact with Expatriates of the Committee for Foreign Affairs of the Chamber of Deputies of the Parliament of the Czech Republic and with the Standing Senate Commission on Expatriates of the Parliament of the Czech Republic. Cooperation with civic associations in the Czech Republic cooperating with foreign countries plays an important role, and the daily broadcasting by Radio Prague (the international broadcasting service of Czech Radio) is another indispensable aspect of this activity.

There were two overriding events for expatriates in 2006: one was the fourth "Czech Expatriates Week"; the other was the launch of a new support programme for expatriate activities.

"Czech Expatriates Week", a traditional meeting between representatives of Czech communities from all over the world, was held in Prague on 17-23 September 2006 and was attended by almost 100 representatives of Czech expatriate clubs from 30 countries. The week was ushered in by an informal meeting of expatriates in Bratislava under the patronage of the

Czech Club in Slovakia. The ensuing five-day meeting in Prague was opened at Carolinum by a speech given by Charles University chancellor V. Hampl and a lecture on ethics by businessman K. Velan. That was followed by working meetings at Carolinum and the Senate, a symposium on “The Media and Czech Expatriates” and discussions in regional sections (EU, Balkans, economic section in English). Participants could watch films made by Czech filmmakers living abroad, visit the National Archives and attend a presentation of awards to ten eminent Czech women living abroad, which took place at the Senate.

2006 was the first year of practical implementation of the “Support Programme for Czech Cultural Heritage Abroad for 2006-2010” (Czech government resolution No. 1622 of 14 December 2005), in which the Czech government undertook to provide more than CZK 50 million per annum, and over a five-year period (2006-2010) a sum exceeding CZK 287 million, for all kinds of support for expatriate communities and Czech language and literature teaching.

As in previous years, there was greatest interest in and positive feedback on the implementation of expatriate Czech language education support programmes – an intensive four-week Czech language course for expatriates, one-term study placements and the sending of Czech teachers to expatriate communities. A new addition was a methodological course of Czech language tuition, which, over a two-week period, trains local expatriate teachers in the latest teaching methods and gives them impulses for new ways to teach Czech in the area they operate in. In 2006, 67 people from almost 40 countries (60 on scholarships and 7 self-funded – primarily from Eastern and South East Europe, North and South America, and the Middle East) took part in a Czech language course for expatriates held at Dobruška; 20 Czech language teachers from expatriate communities in 15 countries in Europe, North and South Americas, and Australia attended the methodology course in September 2006.

The one-term study courses for expatriates at Charles University in Prague and Masaryk University in Brno continued in 2006. 30 expatriate students from Ukraine, Georgia, Croatia, Germany, and Argentina were awarded scholarships to study various subjects on the course (Czech language and literature, musicology, ethnology, history, theology). Here, too, there has been no fall in demand among expatriate students; after taking the courses, the participants become important organisers of Czech expatriate community life.

12 Czech teachers were sent to expatriate communities. In the 2006/7 academic year, there were Czech teachers working in nine countries (two in Argentina, one of whom travels to the expatriate community in Paraguay, one in Germany in the Lusatian Serbia region, two in Croatia, one in Russia, one in Ukraine, three in Romania, one of whom travels to the expatriate community in Serbia, and two in Brazil). The importance of the teachers' work is not confined to their class-work – they also help prepare and present ethno-cultural and promotional expatriate projects (e.g. folklore performances, musical and theatrical activities, working with children's groups, taking part in building libraries and collecting documents about Czech community life, helping the local Czech expatriate press, etc.).

The programme includes support for the work of 48 Czech language and literature “lectorates” abroad, which is handled by the Ministry of Education, Youth and Sports. These lectorates are not exclusively designed for expatriates – they are open to anyone interested in Czech studies.

The administration of financial support to the specific projects of two large groups of non-governmental non-profit organisations – the first comprises foreign organisations with a link to the Czech Republic (expatriate clubs, societies of friends of the Czech Republic, associations of graduates from Czech universities and schools, and associations of Czech scholars); the second group consists of Czech civic associations cooperating with foreign countries – occupies an important place in the Department's regular work. Financial support to organisations abroad takes the form of money donations; financial support to Czech entities is provided in the form of subsidies.

In 2006, 136 expatriate clubs and societies of friends from 42 countries around the world (ranging alphabetically from Argentina to Venezuela) applied for support from the Ministry of Foreign Affairs – CZK 10,165,000 was earmarked for these applicants' projects. Contributions towards Czech expatriate magazines published on either a national or regional basis, information bulletins and other club publications, collecting archive materials, building club libraries, ethno-cultural presentations during traditional festivals, exhibitions, dance and music performances, discussion meetings for expatriate children, etc.) accounted for a considerable portion of this support. The Ministry also provided financial contributions to other interesting club projects, e.g. the “33rd Sokol Meeting in Switzerland”, a meeting of expatriates and children's summer camp in Sweden, the promotion of J. A. Comenius in Buenos Aires, “Expatriate Community Days” in Bosnia and Herzegovina, the “Bohemia”

cultural festival in Budapest, the publication of a chronicle to mark the 135th anniversary of the Comenius school in Vienna, a national heritage festival in Baltimore, a conference on the influence of Czech emigrants in Venezuela, and more.

Contributions totalling CZK 6.7 million were provided to 55 Czech civic associations cooperating with foreign countries in 2006. These associations contribute to the development of multicultural society, help broaden the horizons of our fellow-citizens and break down cultural barriers. For example, the Ministry supported an exhibition of photographs by T. Vrtal entitled “Children from the End of Ukraine” with an accompanying show of handicrafts and drawings by children from children’s homes, which was organised by Bodaj, an association helping disabled children in Central and Eastern Europe; Ministry support was also extended to an evening of poetry by female Nordic poets, organised by the Nordic Society; an evening of Indian culture; a number of exhibitions staged by the Czech-Arab Society, e.g. “North Africa and the Middle East”, “Syria in Photographs”, “Czech Egyptology: Tradition and Prospects”; and an exhibition of paintings and ceramic pictures by Czech expatriate H. Schmaus-Shooner, organised by the Society of Friends and RCI in Telč; activities by Libri prohibiti; and others. Promoting knowledge of the Czech language has traditionally been assisted in South East Europe, for example, by the Humanitarian Assistance Centre in cooperation with Czech studies students from the Czech Republic, who devote their holidays to language and cultural teaching work for Czechs abroad.

Besides the aforementioned money donations to club projects, expatriate communities – especially for the needs of expatriate schools, interest groups and courses – were provided with course books, teaching aids and other in-kind donations (e.g. Czech folk costumes) through Czech embassies and consulates. 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.

An important demonstration of the long-term interest in Czech expatriates abroad is the Czech Republic’s aid earmarked for repairs of schools and cultural facilities of Czech communities, which has been provided since 1996. A number of clubs own or have long-term leases on buildings used for educational or cultural purposes by Czech expatriates; most of them were built at the beginning of the last century. Clubs often do not have enough funds for maintenance, and the buildings fall into disrepair. In 2006, contributions were provided towards the repair of the buildings of two expatriate clubs in Argentina, and to a club in Brazil

for furnishing a room for Czech language teaching; the Czech-Indian community in Esperanza, Paraguay, was supported; and two smaller repair projects were carried out in the USA. In Europe, long-term repair projects in Croatia and Ukraine went ahead; a project to repair an expatriate school in Eibenthal, Romania, was completed; two smaller repair projects were carried out in the Banát region of Serbia; and expatriate buildings in Uzhgorod, Ukraine, and Holuboje, Moldova, were renovated. Total expenditure on repairs and maintenance was CZK 10 million.

At the end of 2006, after seven years of the existence of “České listy” (“Czech Newspaper”), a monthly magazine that acts as a bridge between Czech communities around the world, a decision was made to change the publication’s format. Starting in January 2007, the magazine will no longer be issued as a monthly in printed form (some articles tended to become out-of-date by the time they reached the recipients), but will be available online at www.czech.cz/ceskelisty. From January 2007, the popular four-page “Expatriate Panorama” section will be part of the Czech language version of a printed monthly called “Welcome to the Heart of Europe”. An electronic archive of published editions of Czech Newspaper is available at the existing address www.ceskelisty.com.

Government resolution No. 72/1996, on the principles of the Czech government’s policy in relation to the resettlement of foreigners with proven Czech origin (expatriates), paved the way for the permanent resettlement of persons of Czech origin “for reasons worthy of consideration” under the operative act on the residence of foreigners in the Czech Republic. At the Ministry of Foreign Affairs, the Department for Cultural Relations and Czechs Living Abroad scrutinises documentary evidence of applicants’ Czech origins. If the evidence is found to be genuine and valid, it issues a “Certificate of Belonging to a Czech Expatriate Community”, which is then attached to the foreign Czech’s application for permanent residence. 298 applications were received in 2006, and 270 were granted. Most of the applicants were from Ukraine, Romania, Russia and Germany.

One of the standing 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 of various kinds abroad. 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. The information is updated every 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. The www.krajane.net internet portal, a source of information for Czech expatriates and a discussion forum open to all, is in its third year of operation. The portal is administered by Czech Radio (Radio Prague – Czech Radio 7).

Every year since 1997, the Ministry of Foreign Affairs has awarded its ministerial honour, the *Gratias Agit* Award, as an expression of gratitude to those who promote the Czech Republic abroad. The award is presented annually by the Minister of Foreign Affairs of the Czech Republic at a ceremony at Czernin Palace. In 2006, the *Gratias Agit* Award was conferred on nineteen individuals and four organisations.

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

In line with its powers, the Ministry of Foreign Affairs 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 the globalising world, taking into account all its problems and challenges.

In 2006, the Czech Republic took further steps in the field of international anti-terrorism treaties. On 25 July 2006, the Czech Republic became the fourth country in the international community to ratify the *International Convention on the Suppression of Acts of Nuclear Terrorism of 13 April 2005*, thus becoming a state party to all thirteen universal international anti-terrorism treaties. The most significant political terrorism-related document of last year was the *United Nations Global Counter-Terrorism Strategy adopted by the UN General Assembly on 8 August 2006*. This document repeatedly highlights the critical importance of compliance with obligations under international law, including human rights law, refugee law and international humanitarian law, in the fight against terrorism.

In 2006, the Czech Republic took further steps to contribute to the work of the International Criminal for the Former Yugoslavia (ICTY) and the International Criminal Tribunal for Rwanda (ICTR). An *Agreement between the Czech Republic and the United Nations on the Relocation of Witnesses of the International Criminal Tribunal for the Former Yugoslavia* was signed in 2006. Witness relocation agreements are negotiated between the UN and its member states with a view to ensuring the protection of witnesses testifying in cases before the ICTY. A proposal for approval of its ratification has been submitted to Parliament of the Czech Republic. As regards the ICTR, on 4 September 2006 Czech judge R. Fremr was officially appointed an ad litem judge of this tribunal.

The International Criminal Court (ICC) is a permanent international criminal tribunal based in The Hague, the Netherlands, which tries persons accused of war crimes, crimes against humanity, genocide and the crime of aggression, though the last mentioned crime has

not yet been defined. The ICC investigates crimes committed in Uganda, the Darfur region of Sudan, and the Democratic Republic of the Congo. The ICC was established by an international treaty agreed at a diplomatic conference in Rome in July 1998 and therefore known as the “Rome Statute”. The Rome Statute entered into force on 1 July 2002, when the required number of sixty ratifications was attained. Today it has 104 states parties. Although the Czech Republic played an active role at the conference in Rome and signed the Rome Statute on 14 April 1999, it still has not ratified this international treaty. Even so, in 2006 the Czech Republic participated in the work of a special working group to define the crime of aggression, attended a session of the ICC working group of the EU Council and, as an observer, the Assembly of States Parties to the ICC in The Hague.

The Czech Republic is a state party to the majority of significant international treaties in the field of international humanitarian law and has always supported the development of this branch of international law. In line with the position it has held to date, during 2006 the Czech Republic opened an internal discussion on the Protocol additional to the Geneva Conventions of 12 August 1949, and relating to the Adoption of an Additional Distinctive Emblem, adopted at the diplomatic conference of High Contracting Parties to the Geneva Conventions on 8 December 2005 in Geneva (“Protocol III”), and the *Second Protocol to the Hague Convention for the Protection of Cultural Property in the Event of Armed Conflict*, adopted on 26 March 1999 at a diplomatic conference in The Hague (the “Second Protocol”).

The principal benefit of the Protocol III is that the “red crystal” has become an emblem recognised in the Geneva Conventions. The red crystal has no religious, political or national connotations, and its universal acceptability should ensure more effective protection of medical personnel and equipment during armed conflicts and should also enhance the universality of the International Red Cross and Red Crescent Movement (Protocol III enabled the Israeli emergency medical service, Magen David Adom, to be officially recognised by the International Committee of the Red Cross as the national aid society of the State of Israel). On behalf of the Czech Republic, Protocol III was signed, subject to ratification, by the Czech ambassador to Switzerland J. Kreuter in Berne on 12 April 2006. A proposal for approval of its ratification has been submitted to Parliament of the Czech Republic.

The purpose of the Second Protocol is to improve the international legal protection of cultural property during armed conflicts (e.g. by introducing specific measures to protect cultural property during peacetime, defining the concept of “military objective”, and

enshrining in law the criminal responsibility of violators of the Second Protocol and related treaties). A proposal for approval of its ratification has been submitted to Parliament of the Czech Republic.

As regards the Czech Republic's support for the codification and development of international law, it should be noted that on 13 October 2006 the Czech Republic signed, subject to ratification, the *United Nations Convention on Jurisdictional Immunities of States and Their Property of 2 December 2004*. This Convention, which had been discussed in the UN since the 1970s, is a significant comprehensive instrument covering one area of international law. It defines the extent to which states may exercise their jurisdiction over another state and its property. It is anticipated that the Czech Republic will ratify this Convention once internal legislation has been adopted to reflect in Czech law the restrictive concept of state immunities that is at the core of this Convention. Generally speaking, this concept allows the state to exercise jurisdiction over another state and its property, in cases where the other state engages in commercial transactions or transactions falling within the scope of private law, but not in cases where it exercises its sovereign authority.

In September 2006, M. Palouš, Ambassador Extraordinary and Plenipotentiary, the Czech Republic's Permanent Representative to the UN, signed the *Optional Protocol to the Convention on the Safety of United Nations and Associated Personnel*. This important document was signed during the Treaty Event, organised by the UN to encourage as many states as possible to become parties to key international treaties, thus strengthening the role of international law in international relations. On signing the Optional Protocol, the Czech Republic joined the group of states striving to enhance the safety of UN and associated personnel during international operations of a political or humanitarian nature or in the context of development assistance. The Optional Protocol is a response to the fact that the 1994 Convention on the Safety of UN and Associated Personnel failed to put an end to attacks on UN personnel.

The Czech research station in Antarctica was completed in February 2006. Representatives of the Czech Republic presented this station at the 29th Antarctic Treaty Consultative Meeting, held in Edinburgh, Scotland, in June 2006. In previous years, it became clear that the Czech Republic would have to negotiate bilateral international treaties with Argentina and Chile to facilitate the technical functioning and supplying of this station. Negotiations on these two bilateral treaties continued via diplomatic channels in 2006. The

Czech Republic's major research activities in Antarctica (i.e. the operation of a research station and the sending of research teams), combined with the scientific and research work done by Czech academic institutions, should enable the country to become a consultative party to the *Antarctic Treaty*, i.e. a fully fledged co-architect of Antarctica's legal regime.

The Czech Republic also started to raise more objections against the reservations made by states parties to certain international treaties. The purpose of such objections is to ensure that international treaties are applied in full, i.e. that states parties do not use reservations to evade their international commitments. It is a practice of most EU member states to frequently raise objections against the reservations made by other states in respect of multilateral international treaties, most often in the case of human rights and counter-terrorism treaties.

Under Article 307 of the Treaty establishing the European Community, the Czech Republic is obliged to bring all its international law commitments into line with EC/EU law. In June 2005, the Ministry of Foreign Affairs therefore started the process of renegotiating the Czech Republic's investment agreements with non-EU countries. The renegotiations concern approximately 60 investment agreements, the vast majority of which are operative. Amendments to investment agreements were discussed at expert level with Vietnam, Saudi Arabia, the United Arab Emirates, Singapore, and Russia, in 2006. An amendment to an investment agreement with Bulgaria was also negotiated in 2006, and a new investment agreement with the People's Republic of China entered into force.

In 2006, individual ministries carried on with the negotiation of further international treaties within their respective areas of competence. This ongoing process testifies to the development and strengthening of cooperation with other states in a diverse range of areas.

In 2006, the Czech Republic also negotiated a number of bilateral double taxation avoidance treaties, e.g. with Austria and Jordan. Additionally, such treaties with Azerbaijan and Morocco entered into force. In the fight against organised crime, terrorism and other forms of serious crime, police cooperation treaties with Austria and Switzerland entered into force in 2006, and a treaty was negotiated with Poland. Regarding the border regime, a *Treaty between the Czech Republic and Austria on Crossing State Borders Outside Border Crossings and Crossing State Borders in Special Cases* entered into force. An air services agreement with Lebanon entered into force. In addition, in 2006, expert-level discussions were held on,

for example, social security treaties with the USA, the Republic of Korea, and the Russian Federation. Also with the USA, the *Second Supplementary Treaty on Extradition* and the *Supplementary Treaty on Mutual Legal Assistance in Criminal Matters* were signed in 2006.

Moreover, in 2006 a number of multilateral treaties entered into force for the Czech Republic: in the area of environmental protection, the *Framework Convention on the Protection and Sustainable Development of the Carpathians* and the Agreement on the Conservation of African-Eurasian Migratory Waterbirds, for example; and, in the financial sphere, the Convention on the Accession of the Czech Republic, the Republic of Estonia, the Republic of Cyprus, the Republic of Latvia, the Republic of Lithuania, the Republic of Hungary, the Republic of Malta, the Republic of Poland, the Republic of Slovenia, and the Slovak Republic to the Convention on the Elimination of Double Taxation in connection with the Adjustment of Profits of Associated Enterprises. In 2006, the Czech Republic took steps to accede to the *Convention Establishing a European Organisation for Astronomical Research in the Southern Hemisphere*. The approval process for the adoption of the *International Convention against Doping in Sport* also went ahead in the Czech Republic. The *Singapore Treaty on the Law of Trademarks* was adopted on behalf of the Czech Republic subject to ratification.

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 the Czech legal order. In relation to national law, Community law includes both acts that the Czech Republic is obliged to transpose into Czech law by means of legally binding provisions, and directly applicable norms that can impose rights and obligations directly on natural and legal persons.

The Ministry of Foreign Affairs does its utmost to contribute to the effective and swift transposition and subsequent application of Community law so that Czech law is fully aligned with the *acquis communautaire*.

However, as a fully-fledged member of the EU, 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 of EU bodies that prepare and approve draft legislation.

Another fundamental element of Community law is the extensive case-law of the European Court of Justice concerning the supervision of compliance with and interpretation of Community regulations. In actions before the European Court of Justice, the Czech Republic's interests are represented by the Ministry of Foreign Affairs, specifically by the government agent incorporated in the structure of the Ministry.

Within the Ministry, the Community Law Department monitors and analyses the development of the EC/EU law and draws up opinions on matters of Community law for the purposes of the Czech Republic's foreign policy. Its work in 2006 included assessment of compliance with Community law of draft national legislation and negotiated international treaties coming under the responsibility of the Ministry and interpretation of the relevant provisions of Community law. In 2006, 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 (in particular the free movement of persons, goods and capital), the Common Agricultural Policy, protection of intellectual property, transport policy, and environmental protection.

The Community Law Department also coordinated the negotiation and internal scrutiny procedure of the text of the Treaty on the Accession of the Republic of Bulgaria and Romania to the European Union (hereinafter "Accession Treaty") and monitored the ratification process in EU member states (on 2 February 2006 the President of the Czech Republic signed the instruments of ratification, which were then, on 3 March 2006, deposited with the government of the Republic of Italy, which is the depositary of the EC and EU founding treaties). The successful completion of the ratification process in 2006 marked the culmination of the sixth European Union enlargement, with the Republic of Bulgaria and Romania becoming EU member states on 1 January 2007.

In connection with the expected revival of debate on further steps to be taken in respect of the Treaty establishing a Constitution for Europe (hereinafter "Constitutional Treaty"), announced by the German presidency of the EU Council, the Department focused on the possibilities and scenarios of the Constitutional Treaty ratification process.

The Department is responsible for the Government Guidelines for the Negotiation of International Treaties in the Context of the European Union and Their Internal Scrutiny Procedure, approved by the Czech government on 19 November 2005 as an annex to resolution No. 1469 (hereinafter the “Guidelines”). These Guidelines set out a binding procedure to be followed by the Czech government and central authorities when conducting negotiations and internal scrutiny procedure of international treaties concluded within the EU framework. They reflect the processes specific to negotiations taking place within the EU, primarily in the phase of negotiating treaty texts (in the EU Council’s system of working bodies, the core of the work takes place at working group level). The Guidelines lay down in detail the cooperation methods and the rights and obligations of all institutions affected by the treaty in question. The Guidelines pay particular attention to cooperation between central authorities and the President of the Republic and both houses of parliament, starting with the phase of negotiating the treaty text. In view of the need to update the original Guidelines, the Department drafted new Guidelines that will replace the original Guidelines after they have been approved by the government. The draft contains new provisions that respond in particular to the need to regulate the procedure to be followed when conducting negotiations and internal scrutiny procedure of international treaties concluded under Articles 24 and 38 of the Treaty on European Union (treaties concluded by the EU). By its resolution No. 390 of 12 April 2006, the Czech government decided that these treaties will be discussed internally in the same way as international treaties falling within the exclusive competence of the Czech Republic. The draft guidelines also refer to a database of EU international treaties that will be established within the ISAP (Information System for Approximation of Law) electronic database.

In 2006 (by Council Decision 2006/512/EC of 17 July 2006), an amendment was adopted to the original comitology decision (Council Decision 1999/468/EC of 28 June 1999 laying down the procedure for the exercise of implementing powers conferred on the Commission, shortened to “comitology”). The amendment marked the culmination of talks on comitology reform that had been resumed in September 2005. Comitology is the procedure by which the European Commission adopts measures to implement measures regarding Community legislative acts. The Commission can adopt implementing measures regarding both acts adopted by the Council alone and also acts adopted by the Council and the European Parliament (EP) as joint legislators by co-decision procedure. The EP therefore demanded that it should have the same control over the adoption of implementing measures as the Council.

In order to prepare the Czech Republic's position, a comitology reform coordination group, composed of representatives of all ministries, was established under the direction of the Community Law Department. The coordination group's task was to discuss individual solutions proposed in response to the questions raised. The outcome of the reform process is the introduction of a new regulatory procedure with scrutiny, which will fundamentally enhance the European Parliament's powers in the process of adopting implementing regulations.

3. Consular dimension of the Czech Republic's foreign policy

In 2006, the Czech consular service continued to contribute, in line with its competences, to the fulfilment of the tasks and goals of the Czech Republic's foreign policy. 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 cooperates with the relevant sections of the Ministry and other state administration bodies. The consular sections of Czech embassies abroad play an indispensable role in the consular service. In 2006, the Consular Department paid exceptional attention to consular tasks related to:

- the successful completion of Schengen evaluations and completion of the implementation of the Common Consular Instructions in internal consular regulations; the introduction of biometrics in Czech travel documents, starting on 1 September 2006;
- the fight against illegal migration, abuse of residence permits, issues related to the granting of asylum, and the formulation of the overall concept of international consular cooperation within the framework of a common European policy;
- sound execution of standing tasks of the consular service, such as the provision of consular protection to Czech citizens who get into difficulties abroad, including the provision of consular protection to EU citizens.

One of the principal tasks the Czech Republic's consular service focused on in 2006 was the successful completion of Schengen evaluations, i.e. an assessment process that EU

member states have to undergo before they can apply category 2 Schengen *acquis*. The evaluations concentrated on air borders, police cooperation, protection of personal data, and the visa procedure. Evaluation missions undertaken in 2006 examined all the areas concerned. The Czech Republic's Consulate General in St. Petersburg and the Embassy of the Czech Republic in Kiev were visited as part of the evaluation of the visa procedure.

From the point of view of the Czech Republic and, in particular, its future accession to the Schengen system, it was important that according to the evaluation commission the visited consular sections essentially satisfied the commission's requirements. The identified shortcomings were not serious and are being eliminated. This involves the harmonisation of visa fees, improving security measures in visa sections, modifying the machine-readable zone of the visa sticker in line with EU legislation, and improving the training of all visa section staff, focusing mainly on Schengen and migration issues.

In connection with these tasks, the Consular Department participated in the work of European Council working groups. The Consular Department is in charge of the Czech Republic's participation in the Consular Affairs Working Party (COCON), which mainly deals with consular protection and assistance provided to EU citizens, and in the Visa Working Party (VISA), where questions related to application of the Common Consular Instructions are discussed. In accordance with Council Regulation 539/2001, the solidarity clause has been invoked in order to put an end to the non-reciprocal visa arrangements with countries that have not abolished visa requirements for some member states. At present, Australia, Canada and the USA are not reciprocating the visa waiver granted to their citizens by the Czech Republic; as a result, Czech citizens need a visa to travel to these states. To put right this situation, the Czech Republic places great emphasis on adherence to reciprocity in the EU's visa policy towards these countries.

Decision of the European Parliament and of the Council 895/2006/EC, introducing a simplified regime for the control of persons at the external borders based on the unilateral recognition by the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia, and Slovakia of certain documents as equivalent to their national visas for the purposes of transit through their territories, and of Decision of the European Parliament and of the Council 896/2006/EC, establishing a simplified regime for the control of persons at the external borders based on the unilateral recognition by the Member States of certain residence permits issued by EU member states, Switzerland, and Liechtenstein for the purpose

of transit through their territory, entered into force in June 2006. The Czech Republic started to apply both these Decisions on 1 September 2006. Since then, third country citizens who are in possession of a valid Schengen visa or a residence permit in one of the EU member states, Switzerland or Liechtenstein, are not required to obtain Czech national visa for the purpose of transit through the Czech Republic to a Schengen country (or Switzerland or Liechtenstein); however, the transit must be completed within five days.

In line with Council Regulation (EC) No. 2252/2004 of 13 December 2004, on standards for security features and biometrics in passports and travel documents issued by the member states, and in line with Act No. 136/2006 Coll., amending certain acts in the field of travel documents, on 1 September 2006 the Ministry of Foreign Affairs started to issue diplomatic and service passports with the first biometric element – a biometric facial image. Since that date, all Czech embassies – with the exception of honorary consulates – have accepted Czech citizens' applications for passports with a biometric facial image (applications are electronically sent for processing to the appropriate municipal authority in the Czech Republic). Passports issued prior to 1 September 2006 remain valid for the period specified therein.

The inclusion of biometrics in passports is the first step towards the use of biometric data. EU bodies are currently discussing the introduction of biometrics in visas within the framework of the Visa Information System (VIS) and further uses of biometrics for identification purposes.

The Consular Department was also actively involved in a pilot project entitled “Active Selection of Skilled Foreign Workers”, which entered its fourth year on 1 July 2006. It has already been taking place in Kazakhstan, Bulgaria, Croatia, Belarus, Moldova, Canada, Serbia, and Montenegro. Since 1 January 2006, the project has been opened to Ukraine and, since 1 July 2006, to Bosnia and Herzegovina, Macedonia, and the Russian Federation. The project is coordinated by the Ministry of Labour and Social Affairs of the Czech Republic, which implements it in collaboration with the Ministry of Foreign Affairs and Ministry of the Interior.

The indispensable role of Czech honorary consulates in the consular service of the Czech Republic is also worth mentioning. In 2006, there were a total of 139 honorary consulates of the Czech Republic operating in countries all over the world.

An important part of the Czech consular service that is treated with the utmost sensitivity, as it often concerns the interests of individuals who have got into difficulties a long way from home, is the handling of routine consular tasks by the consular sections at Czech embassies abroad. Part of this work is looking after Czech citizens in crisis who are dependent on help from consular staff. Services are rendered to all Czech citizens, whether short-term visitors to the country or long-term and permanent residents.

VIII. THE CZECH FOREIGN SERVICE

1. Staffing

In 2006, as in previous years, staff at Czech embassies abroad were rotated according to the Rotation Plan. In total, 292 staff were assigned to embassies, 264 of them for long-term postings and 26 short-term (up to one year).

Under inter-ministerial agreements 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 2006, the Personnel Department, the *National Contact Point (NCP)*, informed Czech citizens about recruitment competitions for posts in EU institutions and other international governmental organisations on the websites www.mzv.cz/nkm and www.mzv.cz/kariéra. Members of the database administered by the NCP and designed for candidates for work in these institutions and organisations were also kept informed of vacancies. The NCP continued to select and nominate election observers for the Organisation for Security and Cooperation in Europe (OSCE) and the European Union (EU). The NCP was also involved in staffing the Czech Republic's participation in EU civilian crisis missions.

Specific work and results in respect of the principal international governmental organisations:

European Union

The NCP provided an information service to candidates for recruitment competitions for the post of administrator in the fields of European public administration/human resources, law, economics, microeconomics/business administration, which were announced in the middle of 2006. In total, over 1,000 candidates from the Czech Republic applied for these posts.

Several older recruitment competitions were completed during the year. The biggest of these were probably the recruitment competitions for administrators (A*7) and assistants (B*3) launched back in 2004. Other significant recruitment competitions ending in 2006 were for linguistic administrators (A*5) and department heads (A*9, A*12), commenced in 2005. Dozens of successful Czech candidates were placed on the reserve lists valid until the end of 2007; the NCP strives to help them gain a definitive job. A new section “EU recruitment competitions – EPSO reserve lists” has been incorporated into www.mzv.cz/kariéra to help these candidates.

The NCP also assisted in several smaller-scale recruitment competitions, including for senior EU posts.

In cooperation with the Ministry of Foreign Affairs human rights department, the NCP sent EU election observers: overall, 21 long-term and 33 short-term election observers were sent. In three cases, Czech citizens were senior members of election missions, and six Czechs were placed on EU election observer training courses.

The NCP also arranged the selection and sending of Czech citizens on preparatory courses in EU civilian crisis management. Six Czech citizens were sent on the courses in 2006.

United Nations

In respect of the UN, the NCP’s chief task in 2006 was recruiting staff to the UN Development Programme (UNDP) and to the World Food Programme (WFP) and UN Population Fund (UNFPA). The NCP participated in four recruitment competitions in this context.

OSCE

Throughout the year, the National Contact Point organised nominations and was in charge of the internal MFA procedure for approval of the 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 was relatively constant in 2006, ranging from twelve to fourteen. Ambassador P. Vacek continued to occupy the post of head of the OSCE mission in

Albania and another Ministry employee was appointed head of a local branch of the OSCE mission in Croatia.

There was a major increase in the number of observers sent on OSCE election missions. In 2006, the NCP sent almost one hundred short-term and one long-term OSCE election observer to countries of the former Soviet Union and the Balkans.

Miscellaneous

Minimum progress was made in increasing the number of Czechs in the NATO International Staff, where the NCP confined itself to identifying suitable candidates from its database and passing on this information to the Permanent Delegation in Brussels.

In 2006, the NCP was also assigned to organise a recruitment competition for an expert for a Provincial Reconstruction Team (PRT) in Afghanistan; the selected expert was sent to Afghanistan.

2. Diplomatic Academy

In 2006, the Diplomatic Academy (DA) was active in the training of Czech diplomatic staff and in the field of international diplomatic training. The DA concentrated on developing its relations with foreign partner institutions, took part in the preparation and organisation of the 4th module of the 6th year of the European Diplomatic Programme and organised an international European Studies Summer School at Horažďovice. True to tradition, in September the DA commenced basic diplomatic training for junior diplomats and, in line with its remit, arranged further training modules for Czech diplomatic staff.

A. Basic training modules

The Diplomatic Academy ran six traditional training modules in 2006:

- I. basic diplomatic training (DA1);
- II. advanced diplomatic training (DA2);
- III. individual course for junior diplomats (DA IN)
- IV. computer training;
- V. diplomatic training for economic diplomats.
- VI. training in EU affairs.

I. Basic diplomatic training (DA 1)

In September 2006, 11 new students started basic diplomatic training; they were selected in a two-round selection process. During the intensive five-month theoretical part of the course, students attended lectures and seminars to broaden their knowledge of international relations, diplomacy, security policy and economics, and practical courses to assimilate communication, negotiation and psychological skills and abilities. DA1 students also took part in a diplomat's survival course for territories with the highest security risks, organised in cooperation with the Czech army, and excursions to Vienna and Brussels.

II. Advanced diplomatic training (DA 2)

In 2006, the DA ran the eighth year of DA 2, with 12 members of the Ministry's diplomatic staff admitted to DA 2 on the basis of applications. Besides management and negotiation skills courses and a public diplomacy course, DA 2 students also attended lectures on international law, security policy and the world economy. 16 students completed their advanced diplomatic training in 2006. Since the start of advanced diplomatic training in 1999, 229 diplomatic staff have successfully completed the course.

III. Individual course for junior diplomats (DA IN)

The DA continued with the fourth year of DA IN for junior diplomats, which became the most highly attended DA course. In 2006, there were 44 new applications for DA IN and 47 diplomats completed their training (see Appendix 3). Since the start of DA IN in 2003, 98 diplomats have successfully completed the course.

IV. Computer training

Computer training courses went ahead in 2006. 401 people took part in morning courses; 102 in afternoon courses. A total of 503 members of Ministry of Foreign Affairs and Czech Embassy staff were took the computer courses. 11 individual consultations also took place in 2006.

V. Course for economic diplomats

For the fourth time, the DA prepared a special training module for economic diplomats. The course took place from 19 April to 12 July 2006 and was attended by 12

members of the Ministry of Foreign Affairs staff and 24 members of Ministry of Industry and Trade staff.

VI. Training in EU affairs

In cooperation with the Diplomatic Academy in Vienna and the Netherlands Institute of International Relations in Clingendael, the DA prepared the 4th module of the 6th year of the European Diplomatic Programme, which took place in Prague from 8 to 10 March 2006 and was attended by over 50 diplomats from EU member states and the two candidate countries. The central theme of the year was “Transatlantic Relations”, while the 4th module involved simulated European Commission negotiations.

The DA also organised a European Studies Summer School, centred on “The European Union in Search of a Constitution”, for Czech and foreign diplomats and for junior staff of Czech state administration, held at Horažďovice from 21 to 25 August 2005. The course was intended primarily for staff with an interest in European issues and specialist conversation in English. The summer school was also used by foreign partner diplomatic academies and institutions: two employees of the Bulgarian foreign affairs ministry, an employee of the Croatian foreign ministry and a student from the Peruvian DA attended the summer school. The course was also attended by 25 representatives of different institutions (staff of the ministries of foreign affairs, finance, defence, labour and social affairs, education, youth and sports, and the environment, the Chamber of Deputies and the Senate of the Czech Republic).

- the implementation of foreign development cooperation projects;
- the implementation of projects to aid Iraq and resolve the Kosovo crisis;
- 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 2006 set a total figure of CZK 80,000,000 for income under the Ministry of Foreign Affairs heading. Total incomes amounted to CZK 400,650,000, but that figure includes a transfer of CZK 65,028,000 from the Ministry of Foreign Affairs reserve fund to finance asset replacement programmes and CZK 198,500,000 for non-investment expenditure; this operation was carried out in accordance with the Budgetary Rules Act. Actually achieved incomes amounted to CZK 137,122,000.

Diplomatic Service, a part-funded organisation, paid CZK 10,350,000 into the state budget from the sale of land. Czech Centres paid CZK 210,630,000 into the state budget as incomes from the sale of movable property.

Besides budgeted incomes, in 2006 the Ministry paid CZK 618,520,388.36 into the state budget in the form of administrative fees charged by the consular sections of embassies.

Non-investment expenditure

The total volume of state budget current expenditure in 2006 was CZK 5,694,418,000. This expenditure consisted of purchases of services (expenditure of CZK 949,571,000 on rent for buildings and housing for staff abroad, expenditure associated with top-level visits and other expenditure); purchases of material (expenditure of CZK 221,527,000 on replacing petty tangible assets and purchasing ordinary equipment for embassies and headquarters); purchase of water, fuel and energy (CZK 100,110,000); wages and remunerations for Ministry staff (CZK 600,955,000); expenditure on reimbursements (reimbursements for increased living costs for staff assigned abroad pursuant to Government Directive No. 62/1994 Coll., school fees abroad – worth CZK 1,247,524,000); 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 565,609,000); and other non-investment

expenditure (includes transfers to international organisations and contributions to organisations part-funded out of the state budget, amounting to CZK 1,278,315,000).

Savings were made against the budgeted expenditure in most current expenditure areas of the Ministry of Foreign Affairs' budget heading.

The strong CZK exchange rate, particularly against the USD and EUR, had a fundamental influence on the drawdown of finances in the budget heading in 2006, as a major portion of expenditure in this heading is paid in these currencies.

Expenditure on financing asset replacement programmes

Overview of drawdown of finances for the Ministry of Foreign Affairs' asset replacement programmes in 2006:

CZK thousands (not including transfers to the reserve fund)

	2006 adjusted budget	2006 actual	%
total expenditure	1,381,940	1,016,907	73.59
expenditure on programme 206 010	1,283,450	947,095	73.79
expenditure on programme 306 020	98,490	69,811	70.88

The drawdown of finances for asset replacement programmes in 2006 was based on the implementation plan for two programmes of the Ministry of Foreign Affairs budget heading (programmes nos. 206 010 and 306 020). The final expenditure limit was CZK 1,381,940,000. Largely due to complications and delays in projects, caused by the practical implementation of the act on the award of public contracts abroad, the drawdown was just CZK 1,016,907,000.

Subordinate organisations part-funded out of the state budget

In 2006, there were five organisations under the Ministry of Foreign Affairs which received investment and non-investment contributions from the Ministry for their work. In 2006, the Ministry provided these organisations with a contribution of CZK 215,451,000 for operations and a contribution of CZK 130,610,000 in the form of a system investment subsidy.

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 the operations of Czech Centres in 2006 was CZK 103,108,000.

Institute of International Relations

The Institute is an organisation part-funded out of the state budget and devoted to the study of international relations. The contribution to the Institute in 2006 amounted to CZK 53,865,000.

Office of the Commissioner General for EXPO 2005

The Office organised the Czech participation at 2005 World Expo in Aichi, Japan. The contribution towards the Office's operations in 2006 was CZK 10,130,000; the Office also drew an individual investment subsidy of CZK 2,417,000. Its operations were scaled down in 2006.

Diplomatic Service

In 2006, Diplomatic Service was allocated a contribution for operations of CZK 42,300,000 and a system investment subsidy of CZK 55,693,000.

Štiřín Castle

Štiřín Castle provides conference, congress and hospitality services for both the Ministry of Foreign Affairs and other central authorities. It also provides commercial accommodation, restaurant and conference services. In 2006, it received a contribution of CZK 6,048,000 for operations, which was intended to cover losses from previous years. A system investment subsidy of CZK 72,500,000 was also provided.

Research and development support

Every year, funds from the Ministry's budget heading are earmarked for research and development support. In 2006, funds of CZK 4,931,000 were drawn down.

Institutional funds of CZK 14,274,000 were drawn down for research and development by the Institute of International Relations.

Humanitarian aid expenditure

During 2006, a total of CZK 80,000,000 was released into the Ministry of Foreign Affairs budget heading for humanitarian aid; CZK 15,000,000 of this sum was from Government Budget Reserve item for aid in dealing with the consequences of the conflict in the Middle East under government resolution No. 932 of 2 August 2006. During the year, the finances were used for humanitarian aid to Vietnam, Afghanistan, Cambodia, Angola, Tanzania, Burma/Myanmar, Indonesia, Sri Lanka, Ethiopia, Thailand, Kenya, the Philippines, and for aid to the Middle East.

Of the finances released to deal with the consequences of the Kosovo crisis under government resolution No. 765/1999, CZK 11,226,000 was drawn down. In this context, the Ministry contributed to international organisations assisting the region and implemented certain projects for the transfer of experiences of NATO and EU accession, including a contribution to the Stability Pact for South East Europe.

Expenditure on transformation cooperation

In line with government resolution No. 664 of 1 June 2005, finances totalling CZK 54,000,000 were earmarked for transformation cooperation in the Treasury Administration heading of the state budget for 2006; CZK 20,000,000 of that sum was from the Government Budget Reserve item to assist the opposition and civil society in Belarus. Of that amount, a total of CZK 53,438,000 was used to finance projects of Czech non-governmental organisations and independent activities carried out by the Ministry in 2006. Additional finances of CZK 13,583,000 were drawn from the Ministry's reserve fund for transformation assistance to the Republic of Iraq.

Expenditure on foreign development aid and cooperation

A sum of CZK 45,749,000 was provided for foreign development cooperation (hereinafter "FDC") in 2006. The excess drawdown was covered by a transfer from the Ministry's reserve fund.

The Czech Republic's overriding objective in FDC is, in line with the efforts of the international community, to contribute to the eradication of poverty, to assist economic and industrial development, the gradual integration of partner countries into the world economy, the development and consolidation of democracy, human rights and good governance through the introduction of legal principles, the management of migration, and sustainable development with the emphasis on its environmental aspect.

Non-investment transfers abroad

In the case of the Ministry of Foreign Affairs' budget heading, non-investment transfers abroad consist mainly of payments to international organisations of which the Czech Republic is a member and money donations to Czech expatriate clubs abroad. CZK 1,216,830,000 was earmarked in the Treasury Administration heading for these purposes. On the basis of budget measures, funds worth CZK 1,156,135,000 were released from the Treasury Administration. These funds were used primarily to pay contributions to international organisations and also expenditure associated with Czech citizens' engagement in civilian missions of the EU and other international governmental organisations.

Non-investment subsidies to non-profit and similar organisations

In 2006, the Ministry of Foreign Affairs provided these organisations with non-investment subsidies worth a total of CZK 118,907,000, CZK 113,159,000 of which was used. The funds were spent in accordance with the valid legislation and government resolutions.

Non-investment subsidies to business entities

In 2006, the Ministry of Foreign Affairs provided non-investment subsidies worth CZK 3,509,000 to business entities for research and development projects.

International broadcasts by Czech Radio

Funds of CZK 68,000,000 were drawn down to finance international broadcasting by Czech Radio in 2006.

Top-level state visits

A total of CZK 56,878,000 was drawn down for foreign visits by top-level representatives of the Czech Republic and top-level state visits to the Czech Republic in 2006.

Expenditure on security features and biometrics in passports and travel documents

In 2006, CZK 249,900,000 was earmarked in the Ministry of Foreign Affairs heading for security features and biometrics in passports and travel documents. A total of CZK 100,381,000 was drawn down for these purposes during the year. The remaining CZK 149,519,000 was transferred to the Ministry's reserve fund.

Final evaluation of the execution of the Ministry of Foreign Affairs' budget

2006 can be described as a successful year in budget heading 306 – Ministry of Foreign Affairs: all budget indicators were complied with, with the exception of “Total Expenditure”, which was overstepped by CZK 276,830 due to expenditure on preparation for crisis situations under Act No. 240/2000 Coll., on crisis management and amending certain acts. This overstepping – as in the case of the exceeding of binding indicators for expenditure associated with foreign development cooperation, transformation cooperation and humanitarian aid – was covered by a transfer from the Ministry's reserve fund.

Developments in each quarter of 2006 corresponded to the specific features and requirements of the Ministry of Foreign Affairs' 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 mission of the Czech Republic	Seat of the competent mission 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	Vienna
Angola	1975	1993	Luanda	Berlin
Antigua and Barbuda	no diplomatic relations	31.1.1997	Caracas	London
Argentina	1924	1993	Buenos Aires (HC Presidencia Roque Sáenz Peña, HC Mendoza)	Prague
Armenia	1992	1993	Tbilisi	Vienna
Australia	1972	1993	Canberra (CG Sydney, HCG Melbourne, HC Perth, HC Adelaide)	Warsaw (HC Prague)
Austria	1920	1993	Vienna (HC Graz, HC Innsbruck, HC Salzburg, HC Klagenfurt, HC Linz)	Prague
Azerbaijan	1992	1993	Tbilisi	not designated
Bahamas	no diplomatic relations	2005	Havana	not designated
Bahrain	1990	1993	Riyadh	not designated
Bangladesh	1972	1993	Delhi (HC Dacca)	Berlin
Barbados	1977	1996	Caracas	London
Belarus	1992	1993	Minsk	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
Belgium	1919	1993	Brussels (HC Antwerp, HC Liège)	Prague
Belize	no diplomatic relations	1996	San José (HC Orange Walk Town)	not designated HC Prague
Benin	1962	1993	Abuja	Berlin (HC Prague)
Bolivia	1935	1993	Lima (HC La Paz)	Vienna
Bosnia and Herzegovina	1992	1993	Sarajevo	Prague
Botswana	1968	1997	Pretoria	London
Brazil	1918	1993	Brasilia (CG São Paulo, HC Manaus, HC Joinville, HC Recife)	Prague
Brunei	1992	1995	Jakarta	not designated
Bulgaria	1920	1993	Sofia (HC Varna)	Prague
Burkina Faso	1968	1993	Accra	Vienna
Burundi	1963	1993	Nairobi	Berlin
Cambodia	1956	1993	Bangkok	Warsaw
Cameroon	1990	1993	Abuja (HC Douala)	Moscow
Canada	1942	1993	Ottawa (CG Montreal, CG Toronto, HC Calgary, HC Vancouver, HC Winnipeg)	Prague
Cape Verde	1975	1993	Accra (HC Praia)	Berlin
Central African Republic	1970	under negotiation	Kinshasa	Paris
Chad	1967	1994	Abuja	Moscow
Chile	1924	1993	Santiago	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
China (PRC)	1930 1949	1993	Beijing (CG Hong Kong, CG Shanghai)	Prague
Colombia	1934	1993	Bogotá (HC Barranquilla, HC Cartagena de Indias)	Vienna
Comoros	1977	1995	Nairobi	Moroni
Costa Rica	1935	1993	San José	Prague
Croatia	1992	1993	Zagreb	Prague
Cuba	1920	1993	Havana	Prague
Cyprus	1960	1993	Nicosia (HC Limassol)	Prague
Democratic Republic of the Congo	1960	1993	Kinshasa	Prague
Denmark	1920	1993	Copenhagen (HC Aarhus)	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 (CG Prague)
East Timor		2002	Jakarta	not designated
Ecuador	1935	1993	Bogotá (HC Guayaquil)	Warsaw
Egypt	1922	1993	Cairo (HC Alexandra)	Prague
Equatorial Guinea	1970	1993	Abuja	Berlin
Eritrea		1993	Addis Ababa	Berlin
Estonia	1922	1993	Tallinn (HC Tallinn)	Prague
Ethiopia	1944	1993	Addis Ababa	Berlin
Fiji	1970	1996	Canberra	not designated
Finland	1921	1993	Helsinki (HC Oulu, HC Tampere)	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
France	1918	1993	Paris (HK Lille, HK Lyon, HK Nancy, HK Nantes)	Prague
Gabon	1976	1993	Abuja	Libreville
Gambia	1972	1993	Accra (HC Banjul)	Brussels
Georgia	1992	1993	Tbilisi	Vienna
Germany	1920 GDR 1949 FRG 1973	1993	Berlin (CG Bonn, CG Dresden, CG Munich, HC Dortmund, HC Frankfurt am Main, HC Hamburg, HC Nuremberg, HC Rostock, HC Stuttgart)	Prague
Ghana	1959	1993	Accra	Prague
Greece	1920	1993	Athens (HC Heraklion, HC Pireus, HC Rhodes, HC Thessaloniki)	Prague
Grenada	1979	1993	Caracas	not designated
Guatemala	1927	1993	Mexico (HC Guatemala City)	Vienna (HC Prague)
Guinea	1959	1993	Accra (HC Conakry)	Berlin
Guinea Bissau	1973	1993	Accra	Brussels
Guyana	1976	1993	Caracas	London
Haiti	1943	2005	Caracas	not designated
Honduras	1930	1993	San José (HCG Tegucigalpa)	Berlin
Hungary	1922	1993	Budapest	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
Iceland	1946	1993	Oslo (HC Reykjavik)	Vienna (HCG Prague)
India	1947	1993	Delhi (CG Mumbai)	Prague
Indonesia	1955	1993	Jakarta (HC Bali, HC Makassar, HC Surabaya)	Prague
Iran	1925	1993	Tehran	Prague
Iraq	1933	1993	Baghdad	Prague
Ireland	1947	1993	Dublin	Prague
Israel	1948	1993	Tel Aviv (HCG Tel Aviv, HC Eilat, HC Haifa, HC Jerusalem)	Prague
Italy	1918	1993	Rome (HC Venice, HC Florence, HC Milan, HC Naples, HC Palermo, HC Udine)	Prague
Ivory Coast	1984	1993	Accra	Berlin
Jamaica	1975	1993	Caracas	Berlin (HC Prague)
Japan	1920	1993	Tokyo (HC Kobe)	Prague
Jordan	1964	1993	Amman	Vienna
Kazakhstan	1992	1993	Almaty	Prague
Kenya	1964	1993	Nairobi	The Hague
Kuwait	1963	1993	Kuwait City	Prague
Kyrgyzstan	1992	1993	Almaty (HC Bishkek)	Vienna
Laos	1962	1993	Bangkok	Warsaw
Latvia	1922	1993	Riga	Prague
Lebanon	1946	1993	Beirut	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
Lesotho	1982	1993	Pretoria	Rome
Liberia	1972	1993	Accra (HC Monrovia)	not designated
Libya	1960	1993	Tripoli	Prague
Lithuania	1922	1993	Vilnius	Prague
Luxembourg	1922	1993	Luxembourg (HC Luxembourg)	Prague
Macedonia (FYROM)		1994	Skopje	Vienna
Madagascar	1976	1993	Addis Ababa	Moscow
Malawi	1991	1993	Harare	Berlin
Malaysia	1971	1993	Kuala Lumpur (HC Johor Bahru)	Prague
Maldives	1975	1993	Delhi	not designated
Mali	1960	1993	Algiers (HC Bamako)	Berlin
Malta	1968	1993	Rome (HC Naxxar)	Valletta (HC Prague)
Mauritania	1965	1993	Rabat	Moscow
Mauritius	1976	1993	Pretoria (HC Port Louis)	Berlin (HC Prague)
Mexico	1922	1993	Mexico City (HC Guadalajara, HC Monterrey, HC Tijuana)	Prague
Micronesia	no diplomatic relations	2004	Manila	not designated
Moldova	1992	1993	Chisinau	Budapest
Mongolia	1950	1993	Ulaanbaatar	Prague
Montenegro		2006	Belgrade	Prague
Morocco	1959	1993	Rabat (HC Casablanca, HC Fes)	Prague
Mozambique	1975	1993	Harare	Berlin
Myanmar (Burma)	1955	1993	Bangkok	Berlin
Namibia	1990	1993	Pretoria	Moscow

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
Nepal	1959	1993	Delhi (HC Kathmandu)	Berlin (HC Prague)
Netherlands	1919	1993	The Hague (HCG Amsterdam)	Prague
New Zealand	1958	1993	Canberra (HC Auckland)	Berlin (HC Prague)
Nicaragua	1930	1993	San José (HC Managua)	Berlin (HC Prague)
Niger	1975	1995	Accra (HC Niamey)	Bonn
Nigeria	1961	1993	Abuja	Warsaw
North Korea	1948	1993	Pyongyang	Prague
Norway	1921	1993	Oslo (HC Bergen, HC Trondheim)	Prague
Oman	1990	1993	Riyadh	Vienna
Pakistan	1950	1993	Islamabad	Prague
Palau	no diplomatic relations	2003	Manila	not designated
Palestinian Autonomous Territories	1983	1993	Ramallah (liaison office to the Palestinian Autonomous Territories)	Prague
Panama	1929	1993	San José (HC Panama)	Vienna (HC Prague)
Papua New Guinea	no diplomatic relations	1995	Jakarta (HC Port Moresby)	not designated
Paraguay	1936	1993	Buenos Aires (HC Asunción)	Vienna (HC Prague)
Peru	1922	1993	Lima	Prague
Philippines	1973	1993	Manila (HC Davao)	Prague
Poland	1919	1993	Warsaw (CG Katowice, HC Szczecin, HC Poznań)	Prague
Portugal	1920	1993	Lisbon (HC Porto, HC Funchal)	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
Qatar	1990	1993	Kuwait	Budapest
Republic of Congo	1964	2003	Kinshasa	Berlin
Romania	1919	1993	Bucharest	Prague
Russia	1934	1993	Moscow (HC Yekaterinburg, HC St. Petersburg, HC Khanty-Mansiyskiy, HC Nizhniy Novgorod)	Prague
Rwanda	1965	1998	Nairobi	Berlin
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 (HC Jeddah)	Prague
Senegal	1967	1993	Rabat	Berlin
Serbia		2003	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	Moscow
South Africa	1991	1993	Pretoria (CG Cape Town)	Prague
South Korea	1990	1993	Seoul	Prague
Sovereign Order of the Knights of Malta	1939	1993	Vatican	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
Spain	1919	1993	Madrid (HC Barcelona, HC Benidorm, HC Oviedo, HC Tenerife)	Prague
Sri Lanka	1957	1993	Delhi (HC Colombo)	Vienna (HC Prague)
Sudan	1956	1993	Cairo (HC Khartoum)	Vienna
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	1999	Luanda	not designated
St. Vincent and the Grenadines	no diplomatic relations	1995	Caracas	not designated
Swaziland	1991	1993	Pretoria	Brussels
Sweden	1920	1993	Stockholm (HC Göteborg, HC Malmö)	Prague
Switzerland	1919	1993	Berne (HC Basel, HC Zürich, HC Locarno)	Prague
Syria	1946	1993	Damascus (HC Aleppo)	Prague
Tajikistan	1992	1993	Tashkent	Vienna (HC Prague)
Tanzania	1961	1993	Nairobi	Berlin
Thailand	1974	1993	Bangkok	Prague
Togo	1960	1993	Accra (HC Lomé)	Paris
Trinidad and Tobago	1979	1997	Caracas (HC Port of Spain)	not designated
Tunisia	1959	1993	Tunis	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
Turkey	1924	1993	Ankara (CG Istanbul, HC Antalya, HC Izmir)	Prague
Turkmenistan	1992	1993	Moscow	Vienna
Tuvalu	no diplomatic relations	2005	Kuala Lumpur	not designated
Uganda	1962	1993	Nairobi	Moscow
Ukraine	1922	1993	Kiev (CG Lvov)	Prague
Uruguay	1921	1993	Montevideo (HC Punta del Este)	Prague
United Arab Emirates	1988	1993	Abu Dhabi	Vienna
United Kingdom	1918	1993	London (HCG Edinburgh, HC Cardiff)	Prague
USA	1919	1993	Washington D.C. (CG Chicago, CG Los Angeles, CG New York, HCG Atlanta, HCG Fort Lauderdale, HCG Houston, HCG Philadelphia, HCG San Francisco, HC Anchorage, HC Boston, HC Buffalo, HC Kansas City, HC Minneapolis, HC New Orleans, HC Portland, HC San Juan)	Prague
Uzbekistan	1992	1993	Tashkent	Vienna
Vanuatu	no diplomatic relations	2002	Canberra	not designated
Vatican	1920	1993	Vatican	Prague
Venezuela	1929	1993	Caracas (HC Maracaibo)	Prague

Country	Diplomatic relations established with the former Czechoslovakia	Diplomatic relations established with the Czech Republic	Seat of the competent mission of the Czech Republic	Seat of the competent mission of the given state for the Czech Republic
Vietnam	1950	1993	Hanoi (HC Ho Chi Min City, HC Haiphong)	Prague
Yemen	YAR 1956 PDRY 1968	1993	Sanaa	Prague
Zambia	1965	1993	Harare	Berlin
Zimbabwe	1981	1993	Harare	Vienna

NB:

- 1) State as at 31 December 2006.
- 2) The table does not give information about periods during which diplomatic relations were suspended.
- 3) The missions listed are the highest-ranking resident missions. Consulate Generals (CG), consulates headed by an honorary consular officer (HC), and Consulate Generals headed by an honorary officer (HCG) are given in brackets.
- 4) The data on diplomatic relations correspond to the current state of research.
- 5) The table does not show the differences between the establishment of diplomatic relations at envoy and ambassador level.

Heads of Missions of the Czech Republic as at 31 December 2006

1. Missions headed by ambassadors and chargés d'affaires

Country	head of mission	date on which agrément granted	date on which credentials presented
Abu Dhabi United Arab Emirates	JERÁBKOVÁ Věra ambassador	30. 8. 2005	10. 4. 2006
Abuja Federal Republic of Nigeria <i>Competence:</i> Nigeria Benin Chad Cameroon Equatorial Guinea Gabon	KARYCH Alexandr ambassador	19. 5. 2003 3. 6. 2004 24. 11. 2006 9. 7. 2004 14. 7. 2004	14. 11. 2003 4. 2. 2005 25. 3. 2006
Accra Republic of Ghana <i>Competence:</i> Ghana Togo Sierra Leone Liberia Ivory Coast Niger Burkina Faso Gambia Guinea Guinea-Bissau Cape Verde	KŘENEK Miroslav ambassador	27. 9. 2005 12. 5. 2006 15. 6. 2006 27. 6. 2006 28. 4. 2006	29. 3. 2006 7. 12. 2006 11. 12. 2006
Addis Ababa Federal Democratic Republic of Ethiopia <i>Competence:</i> Ethiopia Djibouti Madagascar Commission of the African Union UN Economic Commission for Africa	DOBIÁŠ Zdeněk ambassador	29. 8. 2005 24. 2. 2006	19. 12. 2005 15. 5. 2006 8. 5. 2006 14. 4. 2006
Algiers People's Democratic Republic of Algeria <i>Competence:</i> Algeria Mali	ŠARAPATKA Milan ambassador	24. 12. 2005 16. 5. 2006	14. 2. 2006

Country	head of mission	date on which agrément granted	date on which credentials presented
Almaty Republic of Kazakhstan <i>Competence:</i> Kazakhstan Kyrgyzstan	SEDLÁČEK Milan ambassador	15. 9. 2003 8. 10. 2003	2. 12. 2003 2. 3. 2004
Amman Hashemite Kingdom of Jordan	PUR Vítězslav acting head		
Ankara Republic of Turkey	FILIPÍ Eva ambassador	20. 8. 2004	13. 12. 2005
Athens Hellenic Republic	MOTTLOVÁ Hana ambassador	5. 7. 2006	4. 10. 2006
Baghdad Republic of Iraq	VOZNICA Petr ambassador	16. 8. 2005	26. 9. 2005
Bangkok Kingdom of Thailand <i>Competence:</i> Thailand Cambodia Laos Myanmar	HOTĚK Ivan ambassador	6. 9. 2006 21. 11. 2006	
Beijing People's Republic of China	GREPL Vítězslav ambassador	4. 6. 2004	24. 9. 2004
Beirut Republic of Lebanon	ČÍZEK Jan ambassador	27. 7. 2006	1. 9. 2006
Belgrade Republic of Serbia <i>Competence:</i> Serbia Macedonia Montenegro	JESTRÁB Ivan ambassador	12. 7. 2004 27. 8. 2004	13. 10. 2004 26. 11. 2004
Berlin Federal Republic of Germany	JINDRÁK Rudolf ambassador	13. 10. 2006	11. 12. 2006
Berne Swiss Confederation	KREUTER Josef ambassador	12. 9. 2002	25. 10. 2002
Bogotá Republic of Colombia <i>Competence:</i> Colombia Ecuador	KOSTIHA Josef acting head		
Brasília Federative Republic Of Brazil	HUBINGER Václav ambassador	14. 2. 2003	21. 7. 2003
Bratislava Slovak Republic	GALUŠKA Vladimír ambassador	16. 8. 2004	4. 10. 2004
Brussels Kingdom of Belgium	MÜLLER Vladimír ambassador	4. 5. 2006	10. 10. 2006

Country	head of mission	date on which agrément granted	date on which credentials presented
Brussels Permanent Representation to the EU European Union	KOHOUT Jan ambassador		
Brussels Permanent Delegation to NATO	FÜLE Štefan ambassador		
Bucharest Romania	DOKLÁDAL Petr ambassador	9. 8. 2006	10. 10. 2006
Budapest Republic of Hungary	PLÍŠEK Jaromír ambassador	27. 7. 2006	5. 10. 2006
Buenos Aires Argentine Republic <i>Competence:</i> Argentina Paraguay	PADELEK František ambassador	18. 11. 2003 20. 2. 2004	27. 2. 2004 15. 10. 2004
Cairo Arab Republic of Egypt <i>Competence:</i> Egypt Sudan	STAŠEK Miroslav ambassador	21. 9. 2006 15. 11. 2006	4. 12. 2006
Canberra Commonwealth of Australia <i>Competence:</i> Australia New Zealand Fiji Samoa Solomon Islands Vanuatu	PAŽOUREK Karel ambassador	1.4.2004 19. 7. 2004 25. 8. 2004 28. 7. 2004 3. 6. 2004	26. 8. 2004 21. 9. 2004 15. 6. 2005 1. 11. 2005

Country	head of mission	date on which agrément granted	date on which credentials presented
Caracas Bolivarian Republic of Venezuela <i>Competence:</i> Venezuela Dominican Republic Grenada Barbados Guyana Jamaica Trinidad and Tobago Surinam Antigua and Barbuda Dominica St. Lucia St. Kitts and Nevis St. Vincent and the Grenadines Haiti	JIRÁNEK Jiří ambassador	7. 10. 2004 17. 5. 2005 21. 3. 2006 30. 5. 2005 6. 5. 2005 22. 11. 2005 23. 5. 2005 16. 3. 2005 4. 4. 2005 26. 5. 2006 30. 3. 2006 5. 12. 2006 25. 7. 2006	16. 3. 2005 7. 6. 2005 28. 2. 2006 9. 11. 2005 20. 1. 2006 18. 11. 2005 14. 10. 2005 25. 9. 2006 25. 10. 2006
Chisinau Republic of Moldova	KYPR Petr ambassador	28. 2. 2006	14. 7. 2006
Copenhagen Kingdom of Denmark	JANČÁREK Ivan ambassador	24. 8. 2004	25. 10. 2005
Damascus Syrian Arab Republic	ULIČNÝ Tomáš ambassador	3. 9. 2006	2. 11. 2006
Delhi Republic of India <i>Competence:</i> India Bangladesh Sri Lanka Nepal Maledives	KMONÍČEK Hynek ambassador	1. 5. 2006 11. 7. 2006 5. 7. 2006 4. 6. 2006 31. 5. 2006	13. 11. 2006
Dublin Ireland	HAVLAS Josef ambassador	11. 9. 2003	2. 10. 2003
Geneva Permanent Mission Office of the UN and other international organisations based in Geneva	HUSÁK Tomáš ambassador		
The Hague Kingdom of the Netherlands	MAREŠ Petr ambassador	7. 7. 2006	25. 10. 2006
Hanoi Socialist Republic of Vietnam	ŽDÁREK Ivo ambassador	15. 6. 2004	11. 8. 2004

Country	head of mission	date on which agrément granted	date on which credentials presented
Harare Republic of Zimbabwe <u>Competence:</u> Zimbabwe Malawi Mozambique Zambia	JÍLEK Václav ambassador	25. 7. 2006 23. 11. 2006 27. 9. 2006	5. 10. 2006
Havana Republic of Cuba	KORSELT Vít chargé d'affaires		
Helsinki Republic of Finland	KOTZY Vladimír ambassador	17. 2. 2006	18. 5. 2006
Islamabad Islamic Republic of Pakistan <u>Competence:</u> Pakistan Afghanistan	LANGER Alexandr ambassador	28. 4. 2003 4. 7. 2003	2. 12. 2003 9. 3. 2004
Jakarta Republic of Indonesia <u>Competence:</u> Indonesia Brunei Papua New Guinea East Timor	VESELÝ Jaroslav ambassador	16. 8. 2002 12. 9. 2002 4.11. 2002 23. 1. 2003	10. 10. 2002 20. 1. 2003 11. 3. 2003 7. 8. 2003
Kiev Ukraine	ŠTINDL Karel ambassador	21. 2. 2002	6. 6. 2002
Kinshasa Democratic Republic of the Congo <u>Competence:</u> Dem. Rep. of the Congo Republic of the Congo Central African Republic	FILIPENSKÝ Jan chargé d'affaires		
Kuala Lumpur Malaysia <u>Competence:</u> Malaysia Tuvalu	HUŇÁTOVÁ Dana ambassador	7. 6. 2004 13. 10. 2006	30. 9. 2004
Kuwait State of Kuwait <u>Competence:</u> Kuwait Qatar	BLAŽEK Antonín ambassador	6. 11. 2004 24. 11. 2004	21. 2. 2005 8. 2. 2006
Lima Republic of Peru <u>Competence:</u> Peru Bolivia	ZEMANOVÁ Věra ambassador	17. 3. 2006 18. 5. 2006	1. 6. 2006

Country	head of mission	date on which agrément granted	date on which credentials presented
Lisbon Portuguese Republic	ŠKERŮK Ladislav ambassador	6. 9. 2004	5. 11. 2004
Ljubljana Republic of Slovenia	HLAVSOVÁ Ivana ambassador	18. 8. 2005	8. 9. 2005
London United Kingdom of Great Britain and Northern Ireland	WINKLER Jan ambassador	10. 8. 2005	21. 10. 2005
Luanda Republic of Angola <i>Competence:</i> Angola São Tomé and Príncipe	KOPECKÝ Robert chargé d'affaires		
Luxembourg Grand Duchy of Luxembourg	LUKEŠOVÁ Kateřina ambassador	3. 11. 2006	14. 12. 2006
Madrid Kingdom of Spain <i>Competence:</i> Spain Andorra UNWTO	KOŠATKA Martin ambassador	3. 6. 2004 23. 6. 2004	20. 12. 2004 17. 3. 2005 President of France 5. 5. 2005 Bishop of Urgell 3. 4. 2006 credentials presented to Secretary-General
Manila Republic of the Philippines <i>Competence:</i> The Philippines Palau Micronesia	LUDVA Jaroslav ambassador	24. 8. 2005 20. 4. 2006	17. 10. 2005 17. 9. 2006
Mexico United Mexican States <i>Competence:</i> Mexico Guatemala	EISENBRUK Vladimír ambassador	10. 12. 2004 13. 1. 2005	16. 3. 2005
Minsk Republic of Belarus	RUML Vladimír chargé d'affaires		
Montevideo Eastern Republic of Uruguay	STIEGLER Petr ambassador	21. 3. 2006	11. 10. 2006

Country	head of mission	date on which agrément granted	date on which credentials presented
Moscow Russian Federation <i>Competence:</i> Russia Turkmenistan	KOSTELKA Miroslav ambassador	6. 9. 2005 4. 11. 2005	3. 2. 2006 19. 4. 2006
Nairobi Republic of Kenya <i>Competence:</i> Kenya Burundi Comorros Rwanda Seychelles Tanzania Uganda Eritrea UNEP UNCHS	KOPŘIVA Petr ambassador	21. 5. 2003 2.12. 2004 28. 7. 2006 12. 8. 2003 20. 6. 2003 15. 1. 2004 3. 7. 2003 27. 2. 2006	9. 9. 2003 10. 5. 2006 15. 10. 2003 9. 11. 2004 6. 1. 2005 23. 7. 2004
New York Permanent Mission United Nations	PALOUŠ Martin ambassador		
Nicosia Republic of Cyprus	VÁVRA Martin ambassador	18. 6. 2002	23. 9. 2002
Oslo Kingdom of Norway <i>Competence:</i> Norway Iceland	HORÁK Jaroslav ambassador	28. 3. 2003 15. 4. 2003	4. 6. 2003 21. 11. 2003
Ottawa Canada	VOŠALÍK Pavel ambassador	3. 3. 2004	2. 9. 2004
Paris French Republic	FISCHER Pavel ambassador	30. 4. 2003	4. 11. 2003
Paris Permanent Mission to the OECD Organisation for Economic Cooperation and Development	MACEŠKA Jiří ambassador		
Paris Permanent Mission to UNESCO United Nations Educational, Scientific and Cultural Organisation	JANYŠKA Petr Permanent Representative of the Czech Republic		

Country	head of mission	date on which agrément granted	date on which credentials presented
Pretoria Republic of South Africa <i>Competence:</i> Republic of South Africa Botswana Namibia Mauritius Lesotho Swaziland	SIRO Jaroslav ambassador	12. 11. 2001 25. 9. 2002 25. 3. 2002 10. 4. 2002 14. 4. 2003 15. 4. 2002	16. 4. 2002 5. 12. 2002 22. 5. 2002 13. 8. 2002 13. 5. 2004 24. 7. 2003
Pyongyang Democratic People's Republic of Korea	TOMČO Martin ambassador	23. 3. 2006	29. 6. 2006
Rabat Kingdom of Morocco <i>Competence:</i> Morocco Mauretania Senegal	URBANOVÁ Eleonora ambassador	25. 4. 2003 14. 6. 2004 7. 11. 2006	16. 7. 2003 20. 1. 2005
Riga Republic of Latvia	FINFERLE Jan ambassador	19. 8. 2003	14. 10. 2003
Riyadh Kingdom of Saudi Arabia <i>Competence:</i> Saudi Arabia Bahrain Oman	JUNEK Jindřich ambassador	9. 5. 2006	25. 6. 2006
Rome Republic of Italy <i>Competence:</i> Italy Malta	ZAVÁZAL Vladimír ambassador	29. 8. 2006 4. 10. 2006	15. 12. 2006
Sanaa Republic of Yemen	ŽILKA Václav acting head		
Santiago de Chile Republic of Chile	HLADÍK Lubomír ambassador	26. 8. 2002	26. 3. 2003
San José Republic of Costa Rica <i>Competence:</i> Costa Rica Honduras Nicaragua Panama Salvador Belize	JAKOBEK Milan ambassador	3. 12. 2004 16. 2. 2005 26. 1. 2005 7. 3. 2005 11. 4. 2005 14. 1. 2005	17. 5. 2005 5. 7. 2005 14. 10. 2005 16. 2. 2006 27. 4. 2006 25. 7. 2005
Sarajevo Bosnia and Herzegovina	KUDĚLA Jiří ambassador	18. 8. 2005	12. 9. 2005

Country	head of mission	date on which agrément granted	date on which credentials presented
Seoul Republic of Korea	SMETÁNKA Tomáš ambassador	22. 6. 2004	1. 9. 2004
Singapore Republic of Singapore	ZAHRADNÍČEK Luděk chargé d'affaires		
Skopje FYROM	MLEZIVA Václav acting head		
Sofia Republic of Bulgaria	KLEPETKO Martin ambassador	18. 7. 2006	3. 11. 2006
Stockholm Kingdom of Sweden	CHATARDOVÁ Marie ambassador	30. 5. 2002	12. 9. 2002
Strasbourg Permanent Mission Council of Europe	ŠTĚPOVÁ Vlasta ambassador		
Tallinn Republic of Estonia	LEXA Miloš ambassador	23. 4. 2004	30.9.2004
Tashkent Republic of Uzbekistan <i>Competence:</i> Uzbekistan Tajikistan	FOJTÍK Aleš ambassador	3. 3. 2004 15. 3. 2004	13. 4. 2004 26. 7. 2004
Tbilisi Georgia <i>Competence:</i> Georgia Armenia Azerbaijan	VRABEC Jozef ambassador	4. 3. 2004 12. 4. 2004 26. 4. 2004	30. 9. 2004 2. 12. 2004 4. 10. 2004
Tehran Islamic Republic of Iran	ČERNÝ Michal chargé d'affaires		
Tel Aviv State of Israel	ŽANTOVSKÝ Michael ambassador	10. 11. 2003	9. 2. 2004
Tirana Republic of Albania	ŠINDELÁŘ Miroslav ambassador	11. 4. 2000	12. 7. 2000
Tokyo Japan	NOVOTNÝ Jaromír ambassador	28. 3. 2006	25. 7. 2006
Tripoli Great Socialist People's Libyan Arab Jamahiriya	ŠTRAUCH Dušan ambassador	31. 10. 2005	25. 12. 2005
Tunis Republic of Tunisia	PŘÍVRATSKÝ Jaromír ambassador	13. 10. 2003	20. 5. 2004
Ulaanbaatar Mongolia	NEKVASIL Jiří ambassador	13. 2. 2004	7. 6. 2004

Country	head of mission	date on which agrément granted	date on which credentials presented
Vatican Holy See <i>Competence:</i> Holy See Sovereign Order of the Knights of Malta San Marino	JAJTNER Pavel ambassador	12. 2. 2003 17. 3. 2003 3. 4. 2003	28. 4. 2003 30. 9. 2004 30. 9. 2003
Vienna Republic of Austria	KOUKAL Jan ambassador	26. 9. 2006	28. 11. 2006
Vienna Permanent Mission Office of the UN, OSCE and other international organisations based in Vienna	POČUCH Ivan ambassador		
Vilnius Republic of Lithuania	BUCHTA Alois ambassador	8. 8. 2005	26. 9. 2005
Warsaw Republic of Poland	KOPECKÝ Bedřich ambassador	3. 6. 2002	10. 7. 2002
Washington D.C. United States of America	KOLÁŘ Petr ambassador	20. 9. 2005	2. 12. 2005
Zagreb Republic of Croatia	BURIÁNEK Petr ambassador	8. 11. 2002	23. 1. 2003

2. Consulates General

country	head of Consulate General
Bonn Federal Republic of Germany	HLOBIL Josef consul general
Dresden Federal Republic of Germany	PODIVÍNSKÝ Tomáš consul general
Hong Kong People's Republic of China	HYKL Rudolf consul general
Chicago United States of America	SKOLIL Marek consul general
Istanbul Republic of Turkey	ŠTĚPÁNEK František consul general
Yekaterinburg Russian Federation	CHARANZA Karel consul general
Cape Town Republic of South Africa	PERNICKÝ Tomáš consul general
Katowice Republic of Poland	BYRTUS Josef consul general
Los Angeles United States of America	KUMERMANN Daniel consul general
Lvov Ukraine	JANDERA Mlan consul general
Milan Republic of Italy	BERAN Karel consul general
Munich Federal Republic of Germany	BORŮVKA Karel consul general
Montreal Canada	JAREŠOVÁ Viera consul general
Mumbai Republic of India	KALINA Pavel acting head
New York United States of America	KAISEROVÁ Halka consul general
St. Petersburg Russian Federation	BARTOŠ Lubor consul general
São Paulo Federative Republic of Brazil	KÁZECKÝ Stanislav consul general

country	head of consulate general
Sydney Commonwealth of Australia	KOLÁŘ Vít consul general
Shanghai People's Republic of China	HUPCEJ Milan consul general

3. Other types of mission

mission	head of mission
liaison office Ramallah Palestinian Autonomous Territories	ŽIGOVÁ Eliška head of liaison office
liaison office Pristina Republic of Serbia	LUKAŠTÍK Vladimír head of liaison office
Czech Economic and Cultural Office (CECO) Taipei Taiwan	DOLEČEK Jaroslav head of CECO