

Opening Message

Dear readers,

This is the seventh report on the Czech Republic's foreign policy prepared by the Ministry of Foreign Affairs of the Czech Republic. It contains summary information about Czech foreign policy for 2005 and will inform you about the achievements of Czech diplomacy.

Besides its traditional priorities, such as strengthening Euro-Atlantic ties and furthering friendly relations with neighbouring countries, the Czech Republic's foreign policy activities in 2005 concentrated on supporting democracy and the development of human rights in countries where authoritative regimes continue to suppress values that we now take for granted. The Czech Republic also continued to participate in the fight against international terrorism, which again reminded Europe of the reality of this threat. The Czech Republic also actively promoted its foreign policy priorities within the European Union, where the country successfully completed its first year of membership.

The book also contains information regarding the economic and cultural dimension of Czech foreign policy; and space is devoted to the presentation of the Czech Republic abroad, where one of the most significant events of 2005 was the presentation of the country's new, original logo.

I hope and trust that you will find the information about the Czech Republic's foreign policy contained in this publication interesting and useful reading.

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INTRODUCTION

The Czech Republic's foreign policy in 2005 was based on the government's Policy Statement and the Concept of the Foreign Policy of the Czech Republic for 2003-2007, which was drawn up in March 2003. Despite the evident priority of the European format, the Czech Republic continued to strive to advance its bilateral relations with a whole series of countries and to play a valuable role in international organisations, conferences and other multilateral forums. It 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 was actively involved in the implementation of measures and sanctions approved by the UN Security Council. The Czech Republic devoted increased effort to its involvement in all forms of the fight against international terrorism which has been a constant threat.

The European Union and its Common Foreign and Security Policy (CFSP) remained the principal area of the Czech Republic's foreign policy in 2005. This was no longer a question of preparing for and learning about EU mechanisms and practice; rather, the Czech Republic now had to delimit its place and "manoeuvring space" within the CFSP.

The Czech Republic managed to define its priorities and areas of interest fairly swiftly so that its partners now view them as such and have begun to respect them. That all took place in a situation where the rejection of the European Constitutional Treaty placed the European Union in something of a conceptual crisis. The cohesive forces of European integration showed their strength, however, and even with membership increased to twenty-five most EU mechanisms continued to function, overcoming risk situations such as the reform of the Stability and Growth Pact, the financial perspective or the EU's position on the integration of Turkey.

Although there were occasions in 2005 that certain senior officials put forward opinions in foreign forums that were not entirely consistent with the foreign policy pursued by the government of the Czech Republic, it is fair to say that coordination has improved and the situation is moving closer to a standard expression of crystallisation of opinions, which is by no means exceptional in European politics.

Both chambers of Parliament of the Czech Republic were again actively involved in shaping and implementing Czech foreign policy. Communication between the Ministry of Foreign Affairs and, in particular, parliamentary foreign affairs committees was improved.

The activities and talks conducted by deputies and senators on visits abroad helped promote the Czech Republic's interests around the world.

In 2005, the Ministry of Foreign Affairs continued to be the main author, actor and coordinator of the country's foreign policy and its harmonisation with EU policies. By exploiting the country's potential it promoted the country's interests on the international scene, or in some cases blunted the sharp edges that could complicate the Czech Republic's functioning in the world. Overall one can say that the Czech Republic's position on the international scene continued to get stronger.

Both EU presidencies in 2005 – Luxembourg's and the United Kingdom's – had to focus on economic questions first and foremost. Changes to the Stability and Growth Pact were adopted, and even though these changes have been criticised for relaxing the rules, the Pact continues to represent a framework for budgetary discipline. The EU also agreed on a new concept of the Lisbon Strategy, with greater emphasis on the systematic creation of better conditions for economic growth and new jobs. Support for science, research and innovations has come to the fore. The British presidency was not able to find common ground for EU members that would allow the European Council to adopt a cost-cutting budget based on the solidarity principle, supporting the acceleration of economic growth, especially among new member states, including the Czech Republic. Yet the budget does anticipate the modernisation of its expenditure and income sides.

The terrorist attacks in London (7 July 2005) spurred the EU to speed up the preparation of a comprehensive EU Action Plan to Combat Terrorism or to reach agreement on a Data Retention Directive. In the fight against terrorism the Czech Republic stresses the need for attention to be paid both to prevention of acts of terrorism and to their possible consequences. In connection with the spread of avian influenza across the world in 2005 the WHO and EU adopted a number of preventive measures. The Czech Republic was actively involved in international negotiations and preparations for the ministerial pledging conference in Beijing.

Ratification of the EU Constitutional Treaty continued in 2005, but following its rejection in referenda in France and the Netherlands the ratification process practically stopped, bar a few isolated exceptions. Apart from the positive outcome of the referendum in Spain, the constitutional treaty was only ratified in those countries that submitted it to

parliament for approval. At the end of 2005, it had been ratified in 13 countries. On 16 June 2005, the European Council arrived at a consensual recommendation under which doubt is not cast on the continuation of the process, yet in view of the unsuccessful referenda in France and the Netherlands the original deadline for completion of the full ratification process (1 November 2006) has been extended. Following the European Council's recommendation, the government of the Czech Republic decided on 7 July 2005 to set a deadline of the end of 2007 for asking its citizens' opinion on the ratification of the European Constitutional Treaty. For the moment, the consensus across the spectrum of parliamentary political parties indicates that ratification will take place in the form of a referendum.

On 12 October 2005, the European Commission published its "Plan D" – Democracy, Dialogue and Debate. In it, the Commission proposes focusing future national debates on three core themes: economic and social development, including jobs; feeling towards Europe among its citizens and the EU's tasks; and Europe's borders and its role in the world. The Commission's president J. M. Barroso and commissioners V. Špidla and M. Wallström visited the Czech Republic on 18 November 2005, making the Czech Republic the first EU country in which Commission activities related to the Plan D were presented.

In some countries of the original EU-15, the accession of ten more countries is groundlessly believed to have adverse economic and social impacts; however, this did not have a profound effect on the process of further EU enlargement in 2005. The fifth wave of EU enlargement continued with the signing of an accession treaty with Bulgaria and Romania; subsequently the EU started talks on membership conditions with Croatia and Turkey; and the December session of the European Council awarded Macedonia (FYROM) the status of candidate country.

In principle, the Czech Republic supports the policy of further enlargement, with the proviso that the EU's absorption capacity must be subjected to thorough scrutiny and individual countries seeking to join must be differentiated according to their internal preparedness to assume the obligations arising from EU membership.

In 2005, the Czech Republic continued with intensive negotiations on the EU's financial framework for 2007-2013 (what is called the financial perspective, or FP). Negotiations on the FP started back in February 2004, but the most complicated part of negotiations took place in 2005, during which a total of six proposals of the Luxembourg

presidency and three proposals of the British presidency were tabled. Representatives of all 25 countries only managed to reach political consensus on the FP at the very end of the British presidency in December 2005. The total volume of the approved FP for 2007-2013 is to equal 1.045 % of the EU's gross national income, i.e. EUR 862.36 billion (at 2004 fixed prices). The role of Czech diplomacy in achieving the approval of this agreement was strong and also very successful from the point of view of the Czech Republic's national economic interests. The FP agreement gives the Czech Republic, and other new member states, better opportunities to draw EU financing for structural and cohesion policies as well as rural development.

Regarding economic and social cohesion, in 2005 Czech foreign policy primarily sought to negotiate the best possible conditions and a sufficient volume of allocated finances from the EU Structural Funds and the Cohesion Fund in the next EU budget. The result is agreement on the Czech Republic's indicative incomes from cohesion policy, which will reach approximately EUR 23.7 billion (at 2004 prices), i.e. approx. CZK 685 billion, in the 2007-2013 period.

2005 saw increased internal and external pressure for reform of the EU's Common Agricultural Policy (CAP). While the internal pressure culminated at the European Council's June 2005 session and became one of the reasons for the failure to agree on the FP, the external foreign trade pressures accompanied negotiations on tariff changes for agricultural imports to EU countries, culminating at the session of the World Trade Organisation Ministerial Conference in Hong Kong in December 2005. Czech foreign policy was actively involved in the negotiations on reforming the CAP: the Czech Republic supported in principle the overall liberalisation of the Common Agricultural Policy, but opposed further reductions in the already restricted direct payments for farmers from the new member states.

Upon joining the EU, the Czech Republic fully adopted what is called the Schengen acquis, whose regulations were divided into two categories according to their implementation date. Category 1 Schengen acquis was fully implemented as of the date of accession to the EU; category 2 Schengen acquis, which concerns the abolition of checks on internal frontiers, will be applied in the Czech Republic on the basis of a Decision by the Council, issued after consultation with the European Parliament (EP), on the Czech Republic's full integration into the Schengen system. According to the conclusions reached by the European Council in

November 2004, new member states may be fully integrated into the Schengen area in October 2007.

The EU is the world's biggest provider of external aid. Development projects and humanitarian aid are worth approx. EUR 30 billion a year, which represents 55 % of all donor contributions worldwide. In 2005, the Czech Republic fully participated in negotiations in EU formats dealing with foreign development cooperation, both in formulating development policy and external aid principles and in creating the right conditions for practical implementation of development projects by EU member states around the world based on the principles of coordination, complementarity and coherence.

Regarding the EU's communication strategy, 2005 saw the end of EU funding for EU Information Centres and the launch in the new member states of Europe Direct, the single information network. The Ministry of Foreign Affairs continued to implement the national communication strategy primarily through an information server on the EU, a toll-free telephone information line on the EU and information stands known as "Europoints". Since January 2005, one of the communication tools administered by the Ministry of Foreign Affairs has been the Information Centre of the European Union (ICEU), which the Ministry took over from the Representation of the European Commission in Prague. Communication tools regarding the EU were transferred from the Ministry to the Office of the Czech Republic Government in the course of the year.

The Czech Republic views the EU's Common Foreign and Security Policy (EU CFSP) as an important tool for defending European values in the world and as an important forum for articulating and coordinating the positions of individual member countries. The EU CFSP has undergone dynamic development in recent years, which has helped enhance the EU's prestige on the world stage. Despite all the difficulties, the EU is emerging as an important actor in global politics. The Czech Republic participates, and intends to continue to participate, in the active formulation of the EU CFSP, based on its view that the EU CFSP is founded on member countries' mutual solidarity and support. That creates room for smaller countries to promote their interests and preferences, whilst simultaneously giving them an opportunity to be involved in the promotion of common goals reflecting their national priorities and needs. For that reason, the government approved a material in 2005 defining the Czech Republic's priorities in the context of the EU CFSP, which include the fight against terrorism, protecting human rights, promoting democracy and strengthening transatlantic ties.

The Czech Republic focuses its priority attention on the following territories: the Western Balkans (Bosnia and Herzegovina, and Serbia and Montenegro, including Kosovo); Eastern European countries (Russia, Ukraine, Moldova); and the Middle East.

In 2005, the EU continued to implement the key CFSP document, the European Security Strategy (ESS), which formulates the EU's view on security challenges and how to confront them. Heightened attention in the implementation of the ESS was paid to terrorism as a growing threat for the whole of Europe.

The EU, and of course the Czech Republic, were traditionally active in the Middle East region. The Czech Republic paid increased attention to the Middle East peace process, particularly in the context of Israel's withdrawal from the Gaza Strip and part of the West Bank; it also placed emphasis on monitoring the situation in Iran in connection with its nuclear programme and monitoring the political process in Iraq, which culminated in parliamentary elections.

The Czech Republic was intensively involved in creating and implementing the EU's foreign policy towards Eastern European countries. Cooperation with Russia under the concept of four common spaces of mutual cooperation continued in 2005. Another focus of EU interest was the political and security situation in the Western Balkans. Talks on the Stabilisation and Association Agreement with Serbia and Montenegro and Bosnia and Herzegovina and on the future status of Kosovo commenced in 2005. Personnel of the Army of the Czech Republic form part of KFOR units in Kosovo and EUFOR in Bosnia and Herzegovina and Czech police officers take part in the EUPM mission in Bosnia and Herzegovina.

The Czech Republic was also highly active in shaping the EU's common policy on Cuba. It continued its long-term support for democratic dissent and was one of the key advocates in internal EU dialogue of a policy of no concessions towards the Cuban regime, emphasis on human rights and support for the Cuban opposition.

The European Security and Defence Policy (ESDP) continued to develop in 2005. The EU launched a number of new missions and 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 starting point is ESDP complementarity with NATO, which

remains the key security organisation and EU partner in the area of the ESDP. Although relations between the EU and NATO stagnated in political terms in 2005, the focus was on continued practical cooperation. The civilian/military ALTHEA operation in Bosnia and Herzegovina, conducted by the EU since December 2004, verified “Berlin plus” cooperation mechanisms, i.e. the use of NATO assets and capabilities for EU-led operations.

In 2005, the EU expanded its range of ESDP activities to incorporate areas outside its immediate neighbourhood. It launched new missions in the Middle East, Africa and Asia. During the British Presidency, the European Council adopted an EU strategy on Africa, which includes the ESDP. It is clear that heightened attention will be paid to Africa under the ESDP, regardless of the preferences of individual presidencies. The priority for the Czech Republic, however, continued to be its engagement in the Western Balkans, Middle East and post-Soviet zone.

In the area of military capabilities, the EU continued to implement its Headline Goal for 2010, in particular drawing up the Requirements Catalogue (RC 05) approved at the November session of the Council of the EU. RC 05 was drawn up using technical support from NATO agency NC3A. Based on the requirements defined in RC 05, the process of forces commitments may be commenced in 2006. Aspects of the “battle groups” concept of the EU’s rapid reaction force were further elaborated in 2005. One important contribution to the theoretical and, above all, practical development of the ESDP was the Ministry of Foreign Affairs’ November seminar on the ESDP, which covered a number of problems that need to be addressed.

In 2005, the Czech Republic was also actively involved in the other key integration system it participates in – the North Atlantic Treaty Organisation (NATO); the Czech Republic helped shape NATO policy in line with its foreign-security priorities, as contained in the strategic documents of Czech foreign and security policy. In the spirit of solidarity with its allies the Czech Republic contributed, within its capabilities, to joint NATO defence and other NATO security tasks based on the principle of the indivisibility of security. Key topics for the Alliance in 2005 included the continuing political and military transformation of NATO and preparations for the reform of the Alliance’s financing mechanism and for the further widening of its operational scope.

There were several important meetings of top-level representatives of NATO member countries in 2005. The political high point came in February, when the NATO summit was held in Brussels, attended by President V. Klaus and Prime Minister S. Gross. The summit sent out a signal that the USA, Canada and Europe are prepared to jointly confront new security threats and agree on the geographical focus of their efforts. Regular meetings of foreign affairs and defence ministers were held during the year. A session of the Euro-Atlantic Partnership Council took place in Åre, Sweden, in May, the first session in the new Security Forum format.

The deployment of the Czech Army's forces and assets in NATO-led military operations and missions in 2005 was based on political and security priorities and corresponded to the available resources. The Army of the Czech Republic took part in missions in Kosovo (KFOR), Afghanistan (ISAF) and Iraq (NTM-I). Moreover, the Czech Republic contributed to the fifth NRF rotation for the second half of 2005 with a unit of 30 personnel specialised in protection against chemical, biological and radioactive substances (CBRN).

The Czech Republic promoted Czech interests in the areas of military infrastructure financing and participation by Czech firms in NATO tenders. The NATO Agency has nine Czech firms registered in its database for maintenance and supply and five in its database for consultations, command and control. The registration of other firms is ongoing.

2005 was an important year for the political transformation of NATO. The deepening of strategic political dialogue between allies and political consultation in NATO reached a new level, especially after the Brussels summit in February. The United States in particular initiated many discussions on topics that do not normally arise in NATO, for example about the Middle East, Iran or DPRK. With the active involvement of the Czech Republic, NATO also concerned itself with strategic decisions on its future contribution to the fight against terrorism. The need for a more systematic approach to the fight against terrorism was underlined by terrorist attacks in the UK, Spain, Turkey, and Egypt. The NATO Secretary General initiated a more detailed and structured debate on this issue. There is room for improvement in the sharing of intelligence among member states and with partners and in cooperation with other international organisations. NATO continued its military transformation launched at the Prague summit (2002). The Allies decided not to change its strategic concept of 1999 but to fundamentally overhaul its defence planning system.

From the point of view of the deployment of military personnel, NATO experienced two landmark events. It is operating in Africa for the first time (Sudan) and was involved in humanitarian aid on three occasions. At the start of the year, NATO donated engineering equipment to Indonesia to tackle the effects of the tsunami. After hurricane Katrina, in August, NATO provided humanitarian aid to the USA; after the October earthquake in Pakistan, it launched a rescue operation on the ground. That saw the Alliance's first ever deployment of its new NATO Response Force (NRF). The Czech Republic contributed forces and assets to most of the aforementioned operations and missions.

The Czech Republic maintained a contingent of between 400 and 500 military personnel in Kosovo in 2005. After the Czech Republic took over command of the Multinational Brigade in the Central sector from Finland, on 1 August 2005 the initial strength of the Czech unit was increased to 500 personnel. One partial success of the Czech Republic's policy is the involvement of a NATO representative in the expanded Contact Group for talks on the status of Kosovo. In March, a Czech diplomat became the deputy political advisor to the KFOR commander.

The principal operation outside the traditional Euro-Atlantic area in 2005 was the ISAF operation in Afghanistan. In March 2005, the Army of the Czech Republic sent a new team of military experts – a mine and unexploded munitions disposal unit – and a team of meteorologists to the administration of Kabul International Airport. In response to Pakistan's request for aid following the earthquake, NATO approved the provision of aviation and maritime assets to transport humanitarian aid, and later decided for an operation directly in the affected territory. The Czech Republic sent a thirty-member medical team to a field hospital set up by the Netherlands.

The Czech Republic is an advocate of NATO's "open door" policy. For that reason, it continued in 2005 to cooperate closely with countries seeking membership and shared its experiences of joining and working in NATO, primarily with candidates from southern Europe. At the start of 2005, the Czech Republic initiated a discussion in NATO's Political Committee about NATO's relationship with the Russian Federation. The fight against terrorism, based on the Action Plan on Terrorism, remained the core of cooperation between NATO and the RF. On 1 January 2005, the Czech Republic took on the role of NATO Contact Point Embassy in Israel, whose chief task is to provide information about NATO through public diplomacy activities.

In 2005, the Czech Republic continued to play an active role in a number of regional groupings it is a member of. The Visegrad Group (V4) is now the most distinctly profiled initiative in the Central European region. It has earned a good reputation as a catalyst of integration processes and as a symbol of the Central European stability. It represents an association of countries that have coped positively with the consequences of communist rule. In 2005, V4 developed in particular the civic dimension of cooperation, held regular consultations on V4 countries' positions on EU affairs, continued to broaden cooperation in V4+ formats on matters of the EU's European Neighbourhood Policy and to assist countries undergoing political and social transformation.

In the area of external relations, Visegrad-Benelux cooperation developed in 2005; areas of cooperation are also being discussed with Japan. The altered situation in Ukraine opened up new possibilities for cooperation with Ukraine in 2005. In terms of foreign policy, V4 also concentrated on supporting the democratisation process in Belarus and decided to cooperation with Moldova on its list of priorities.

During 2005, consolidation of cooperation mechanisms and the work of the Central European Initiative (CEI) continued in a situation where 7 of the 17 CEI member countries were simultaneously members of the EU and, moreover, a number of countries in the Western Balkans took a fundamental step closer to the EU by signing stabilisation and association agreements. In this sense, the CEI retained its original role as a multilateral platform for deepening ties between countries with varying levels of social and economic development and, most importantly, different degrees of involvement in European structures.

Since its inception in 2001, cooperation in the Regional Partnership format (Austria, Czech Republic, Hungary, Poland, Slovakia and Slovenia) has consisted primarily in meetings of ministers of foreign affairs, the interior and the environment. Internal security can be identified as the best-developing area of cooperation.

In its sixth year of operation, the Stability Pact for South East Europe (SESP) continued to fulfil its role as an initiator and coordinator of international assistance to the region of the Western Balkans and Moldova. SESP activities focused primarily on supporting regional cooperation with a view to gradually transferring individual initiatives and projects to partner countries so that the impetus for regional cooperation can eventually come from the region itself. The Czech Republic offered to organise an SESP session in order to show the

beneficiary countries the results of economic transformation and European integration, thus supporting positive changes in countries of the region.

The Czech Republic regards the Organisation for Security and Cooperation in Europe (OSCE) as an important component of Europe's security architecture. Supporting its work is one of the Czech government's foreign policy priorities. The Czech Republic's primary concern is for the OSCE to be a flexible organisation capable of adapting to current challenges and tasks and innovating its instruments to this 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 help remedy the situation.

The Czech Republic consistently promotes the idea that the OSCE should be capable of responding flexibly to old and new security threats and risks. In the Czech Republic's view, the OSCE's primary roles are conflict prevention and post-conflict renewal. In 2005, the Czech Republic continued to be fully involved in cooperation with other EU member states within the OSCE framework, where EU members account for almost half the participating countries and their contributions account for roughly two-thirds of OSCE funds. The Czech Republic was actively involved in formulating EU positions on general matters and specific problems, and, as every year, hosted a session in Prague of the OSCE Economic Forum at the Senior Council level, which is always the main OSCE event in the economic dimension.

Monitoring election processes remained an important part of the OSCE's human dimension. In 2005, the Office for Democratic Institutions and Human Rights (ODIHR) sent election observers primarily to countries in South East Europe and the CIS. An OSCE support team of election experts also operated in the territory of the Palestinian National Authority. 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.

The 3rd summit of the Council of Europe was held in Warsaw on 16-17 May. Heads of state and government discussed the following topics: "European unity and European values", "Challenges for European society" and "European architecture". The aim was to confirm the

Council of Europe's key mission in the coming years – to support and promote shared values, in particular the protection of human rights, the rule of law and democracy. The Czech Republic was represented by President V. Klaus, who gave an address on the subject of “European Unity and European Values”. His speech touched on the question of the co-existence of two international organisations, the Council of Europe and the European Union, remarking that even after the EU enlargement the Council of Europe has and will continue to have an indispensable role in protecting human rights in Europe.

The Czech Republic's involvement in UN activities takes place increasingly through the EU's coordination mechanism. Its working groups formulate the EU's positions on those matters concerning the UN in which the EU coordinates its standpoints and which the EU Presidency subsequently presents at UN forums. Needless to say, the Czech Republic acts independently in matters where the EU has not formulated a common position; it also acts independently as a voter to the elected bodies of the UN system and when exercising functions in these bodies, whenever it was elected for the Eastern and Central European regional group.

The 59th of the UN General Assembly (GA) continued in the first half of 2005. Preparations for the 2005 UN summit were based on a set of reform proposals tabled in March 2005 by the UN Secretary-General in his report titled “In larger freedom: towards development, security and human rights for all”. This report sought to update the concept of the fundamental pillars of international relations in the modern world (development – security – human rights), bring them into equilibrium and propose corresponding institutional changes. As part of the UN reform efforts, talks went ahead on a resolution on the revitalisation of the General Assembly; the Czech permanent representative to the UN in New York was one of five facilitators at the talks.

The main (autumn) part of the 60th UN GA session was held in New York on 14 September to 23 December 2005; it was opened by the 2005 World Summit: High-level plenary meeting of the General Assembly, held in connection with the 60th anniversary of the UN. The session was attended by heads of state and government from the UN's 154 member states, 149 of which addressed the summit.

One of the summit's key objectives was to evaluate the performance of tasks deriving from the Millennium Summit in the year 2000, in particular the Millennium Development

Goals. Besides development issues, the question of UN reform was another dominant topic. The principal results of the summit meeting were summarised in the Outcome Document, which was regarded as a political success. Even though references to disarmament were not included in the Outcome Document and the modalities of other reform steps had to be omitted due to lack of consensus, the document contains practically all the development, security, human rights, social, environmental and organisational priorities of the European Union.

The attention of the ensuing general debate of the 60th UN GA then concentrated mainly on the follow-up activities of the summit. The head of the Czech delegation, Minister of Foreign Affairs of the Czech Republic C. Svoboda, spoke on current topics of a global character, such as the problems of poverty, hunger and disease in Africa. He stressed that all the countries of the world share the responsibility for these problems and for resolving them. In conclusion, Mr Svoboda drew attention to the need for common political will to resolve the problems of the present-day globalised world through an effective and genuinely universal UN and stressed the Czech Republic's readiness to shoulder its portion of this collective responsibility as a member of the UN Security Council, if elected to it for the 2008-2009 term.

With support from the Czech Republic, a new item was added to the UN GA agenda, under which the GA's plenary session passed its first ever resolution on the holocaust and designated January 27 as an International Day of Commemoration to honour victims of the Holocaust. One of the practical ideas is to support educational programmes aimed against genocide.

One of the important results of the 60th UN GA for the Czech Republic was its election as a member of the UN Economic and Social Council for the 2006-2008 term.

In 2005, the UN Security Council adopted 71 resolutions, issued 67 presidential statements and made 56 press statements. Besides the question of Africa, the SC concerned itself with Iraq and Afghanistan, decided to start talks on the status of Kosovo and dealt intensively with the fight against international terrorism. One of the most sensitive political topics discussed in the Security Council in 2005 was the question of Lebanon. This matter fully replaced the Palestinian question on the Council's agenda; with the exception of regular monthly briefings, not one resolution was adopted on the Palestinian question.

In 2005, the Czech Republic worked on preparations for the 2nd phase of the World Summit on the Information Society (WSIS II), which was held in Tunis on 16-18 November 2005. Preparations for the summit in the Czech Republic were coordinated by the Ministry of Informatics in cooperation with the Ministry of Foreign Affairs. The aim of WSIS II, which was attended by a Czech delegation, was to ensure implementation and finalisation of the conclusions of the 1st phase of WSIS and continuation of the process supporting the creation of a global information society focusing on people and their universal development.

In 2005, 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 donated more than CZK 29 million to the WFP in 2005, earmarked for humanitarian operations in Indonesia, Georgia, Niger, south Asia, Guatemala, Salvador and Albania. In December 2005, J. M. Powell, deputy executive director of the WFP, paid a visit to Prague to discuss possible further cooperation with senior officials of the Ministry of Foreign Affairs, including Czech experts' involvement in WFP structures. The Czech Republic continued to play an active role 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), the International Research and Training Institute for the Advancement of Women (INSTRAW), and the UNAIDS Programme Coordinating Board.

December 2005 marked ten years since the Czech Republic's accession to the Organisation for Economic Cooperation and Development (OECD). In this context, Minister of Foreign Affairs C. Svoboda invited the OECD Council, composed of the permanent representatives of 30 member countries, to Prague, where it held a session on 1-2 December 2005. Members of the Council and most senior representatives of the OECD and Czech representatives were thus able both to recapitulate the ten years of the Czech Republic's OECD membership and to discuss the OECD's future in the light of the challenges of globalisation and the needs and expectations of member countries.

The Czech Republic underwent the second biannual (2004-2005) review of its environment policy and the state and development of the environment. In this review the OECD focused on sustainable development, emphasising the implementation of internal and international environmental policy and the interaction of economic, social and environmental

aspects in decision-making processes. The Czech delegation successfully defended the resulting review document in Paris on 19 May 2005.

In 2005, delegates from the Czech Republic were actively involved in discussions on matters related to OECD reform and other institutional matters, such as the strategy for cooperation with non-members, questions of management, priorities and budget, assessment of committees and the selection of a new secretary-general. Coordination of EU countries also continued, particularly as regards questions concerning the work of the OECD Council and expansion of the organisation. The highest-level OECD event was the ministerial meeting of the OECD Council on questions of globalisation and energy in Paris on 3-4 May 2005.

In view of the principle of representation in the World Trade Organisation (WTO), where the EU is regarded as a customs union and is represented by the European Commission in line with its powers, the Czech Republic promoted its interests in the framework of EU common positions in Committee 133 and in other working bodies of the Council of the EU and the European Commission, or in Geneva at coordination meetings before or during the sessions of WTO working bodies. The Czech Republic profiled itself as a liberal state with a considerable interest in accelerating the liberalisation of trade and improving its multilateral rules.

Multilateral trade talks on the Development Programme remained the most important area of the WTO's work. The Organisation worked on the talks practically throughout the entire year; this was expected to culminate in the adoption of modalities (specific technical procedures) for trade liberalisation at the 6th Ministerial Conference in Hong Kong, but consensus on modalities could not be achieved by WTO member states.

The Czech Republic has been a member of the IMF since the break up of Czechoslovakia, i.e. since 1 January 1993. The Board of Governors meets at the regular annual IMF/World Bank (WB) joint meeting. The most recent annual meeting was held in Washington on 24-25 September. The Czech Republic's voting power in the IMF (0.39%) is determined by its membership quota.

The Czech Republic is also a member of all five independent institutions forming the World Bank group. The WB Council of Governors also meets at regular annual IMF/WB meetings, most recently on 24-25 September 2005 in Washington. The Czech Republic's voting rights (0.41%) are derived from the size of its capital input. 2005 brought

a fundamental change in the Czech Republic's relationship with the WB in that the Czech Republic graduated from borrower status to join the group of developed partner countries.

The fight against international terrorism has been and 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 a security threat that has an influence on international peace and stability and thus concerns the security situation in the Czech Republic. The number of terrorist attacks and incidents again rose in 2005, as did the number of victims of terrorism. These attacks confirmed that no civilised country is safe from international terrorism. It is becoming increasingly clear that there is no decline in the capacity of terrorist groups to plan, prepare and carry out sophisticated attacks and that reducing the threat of terrorism is a long-term task which requires more than just repressive measures and for which international cooperation is essential.

The Czech Republic's foreign policy therefore 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. This comprehensive concept reflects the development of international terrorism, in which much of the current threat is posed by very loosely connected or entirely autonomous terrorist groups, often linked by nothing more than a shared ideology. On 27 December 2005, the Czech Republic ratified the UN Convention for the Suppression of the Financing of Terrorism, shortly afterward (after the ratification instruments had been deposited) becoming a state party to all 12 operative international treaties aimed at combating international terrorism.

At its session in December 2005, the European Council approved the new Counter-Terrorism Strategy. It includes a re-structured Action Plan. During discussions on this draft the Czech Republic fully supported the efforts of the British Presidency to create a document that would give a clear, comprehensible and concise presentation of the complicated and complex issue of European counter-terrorism policy. Throughout the year, the Czech Republic was involved in forming the European Union's Strategy and Action Plan for Combating Radicalisation and Recruiting.

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

As a part of the international community of democratic and economically developed countries and as a new member of the European Union, the Czech Republic advocates principles of human solidarity and shoulders its portion of the responsibility for resolving worldwide problems. One of the manifestations of this approach is foreign development cooperation (FDC), which is an integral part of the Czech foreign policy. In the broader sense, FDC is an integrated government policy towards developing and transforming partner countries. In the narrower sense, it represents the Czech state's financial, material, expert or technical assistance in the interests of long-term sustainable development in these countries. The main aims of Czech FDC are consistent with the Czech Republic's international commitments, in particular the Millennium Development Goals adopted at the UN summit in the year 2000 and confirmed at the UN summit in 2005.

The Czech Republic has traditionally provided financial and material aid and rescue services to other countries. Czech humanitarian aid is an integral part of the Czech Republic's foreign policy. Bilateral humanitarian aid takes the form of financial donations or expert or in-kind aid and is provided either directly or through international organisations, Czech non-governmental organisations, etc. In cases of emergency rescue teams are sent as well.

Since 2005, the Czech Republic's foreign development cooperation system has been complemented by transformation cooperation, which has become a distinct and independently 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 is to help ensure that ongoing or possible future changes in these countries should lead to democracy and the rule of law, and not to chaos, conflict and destabilisation. Transformation cooperation focuses on countries of priority interest for the

Czech Republic's foreign policy, and is therefore complementary to the Czech Republic's foreign policy activities.

Economic diplomacy plays an important role in the development of external economic relations and in promoting the Czech Republic's economic interests abroad. In 2005, the Ministry of Foreign Affairs, in cooperation with the Ministry of Industry and Trade, designated as its priority task in this area the creation and gradual implementation of a project titled "A New System for Managing the State's Commercial and Economic Services Abroad". The project should help make the management system for the commercial and economic sections of embassies abroad even more effective and efficient. Its main principle is to improve the range and standard of the export-oriented services provided, directly or indirectly, by economic diplomats to Czech exporters of goods, services and investments, including candidates for direct foreign investment. It also helps deepen cooperation and the joint endeavour of all Czech authorities and entities operating in a given territory. This system was pilot-tested in fifteen embassies abroad. In introducing the system, the Ministry of Foreign Affairs worked closely with the Ministry of Industry and Trade of the Czech Republic, CzechTrade and CzechInvest agencies, and Czech Centres.

Promoting human rights principles in multilateral forums, most notably the relevant bodies of the UN, the Council of Europe and the OSCE, is an enduring priority of Czech foreign policy. The Czech Republic is engaged in all areas of human rights, whether they be the rights of the child, minorities, or issues of racism and torture.

Czech culture is a good tool for presenting both Czech cultural heritage and new cultural values and serves as a bond with other countries. At the same time, 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. The Czech Republic's expanding activities within European structures and transatlantic ties necessitate better presentation of the Czech Republic as a culturally developed country with a distinct culture, both traditional and contemporary. Czech embassies play an important role in this, mediating Czech culture abroad in cooperation with the MFA, Czech Centres and other organisations.

Czech Centres (CCs) are organisations partly subsidised by the Ministry of Foreign Affairs of the Czech Republic and their mission is, through the CC network, to create

a positive image and enhance the good reputation of the Czech Republic abroad and actively to promote the Czech Republic's interests, making use of public diplomacy in line with the state's foreign policy priorities. In 2005, there were 19 CCs operating in 17 European countries and 1 CC in the USA. This network is complemented by Czech House and the Trade and Technical Centre in Moscow.

The overall media image of the Czech Republic in foreign media in 2005 can be rated as balanced. The Czech Republic received most attention in the press and in agency and television news coverage, and to a lesser extent on radio. Foreign media reacted primarily to the following topics or events: the government crisis in the Czech Republic at the start of 2005 and the affair of the former Prime Minister S. Gross (Czech Social Democratic Party – ČSSD); the opinions of President V. Klaus on the future of the European Union and his attitude to the European constitution; and the police operation at CzechTek. The main items of sports news were the successes of the Czech national hockey and football teams. The Czech Republic is often mentioned in cultural features and is regarded as an interesting tourist destination offering culture and history; the capital Prague, Czech spas and other attractive locations receive the most coverage. In economic terms, the Czech Republic is described as a reliable trading partner and a suitable destination for foreign investment.

There are currently almost two million people living outside the Czech Republic who regard themselves as Czech. Many of them are several generations down from original émigrés, so they do not speak Czech but retain an awareness of their links to the Czech nation. They foster the culture of the land of their forebears and present this culture in the countries that have become their new home. Cooperating with them and actively supporting their cultural and club activities remained an important component of Czech foreign policy in 2005.

Consular work was another integral part of Czech foreign policy in 2005. In the Ministry of Foreign Affairs, consular activities are handled by the Consular Department. In performing this work, the Consular Department of the Ministry of Foreign Affairs cooperated with the relevant sections of the Ministry and other government bodies. Abroad, the consular agenda is handled by the consular sections of Czech embassies. Last year, the Ministry's Consular Department paid maximum attention to tasks related to the Czech Republic's integration into the Schengen system in the area of visa policy. Needless to say, the consular service also provided assistance to Czech citizens abroad.

Membership of the European Union enables Czech citizens to apply for jobs and posts in EU bodies and structures. For that reason, the Ministry of Foreign Affairs set up the National Contact Point (NCP), which gathers information about such opportunities and vacancies in other international governmental organisations and makes the information available to potential applicants. This information can be found on the Ministry of Foreign Affairs website; it is also sent out to members of the database set up by the NCP for people interested in such work. There was an important change in the administration of the database in 2005: the database became interactive and members are required to provide regular updates.

That completes the opening summary. From the point of view of foreign policy and the foreign service of the Czech Republic, 2005 was a year of positive development of the Czech Republic's position in terms of both integration and bilateral relations. It left a number of tasks for the coming years, however: for example, the fight against terrorism, energy security and global challenges, including resolving human rights issues. Even though 2006 will be an election year, no major change is expected in the field of foreign policy.

I. MULTILATERAL COOPERATION

1. The Czech Republic and the European Union

2005 can be described as a “year of tests” for the European Union. At the very start of the year, attention was fixed on the EU and its ability to swiftly and effectively demonstrate solidarity with the areas of South and Southeast Asia affected by the tsunami of 26 December 2004. The negative results of the referenda on ratification of the European Constitutional Treaty in France and the Netherlands were a test of the EU’s coherence. Terrorist attacks in London in July 2005 were an urgent reminder of the new threats to the internal security of member states and the EU as a whole.

2005 was the first full calendar year in which the Czech Republic participated in EU activities in full as a member state. It is a positive finding for the Czech Republic that none of the tests the EU was exposed to in 2005 disrupted its cohesion. This finding is all the more valuable for the fact that even at extremely sensitive moments of talks on reform of the Stability and Growth Pact, political consensus on the financial perspective, i.e. the EU budget for 2007-2013, or the EU’s position on whether to start talks opening the prospect of membership for Turkey, the EU did not stray from the path of cooperation in the “EU-25” format.

Key results of the Luxembourg and British Presidencies and their evaluation from the point of view of the Czech Republic

In 2005, the Presidency of the EU was held by Luxembourg and the UK. Although the word “crisis” was often used in connection with events in the EU, the overall balance of both Presidencies is in fact evidence of the opposite.

The first half of 2005, when Luxembourg held the Presidency, was a period of striving for economic reforms. Changes to the Stability and Growth Pact were adopted. Although the modified substance is criticised for loosening the original rules, the Stability and Growth Pact continues to constitute a framework of rules for member states’ budgetary discipline that works as a counterbalance to the single monetary policy of Economic and Monetary Union (EMU). The approved text of the Stability and Growth Pact primarily enables member states

to cope better with the economic consequences of the phenomenon of ageing populations and its long-term impact on the sustainability of public finances.

During the Luxembourg Presidency the EU reached agreement on a new concept of the Lisbon Strategy. Greater emphasis is placed on the systematic creation of better conditions for economic growth and new jobs. Support for science, research and innovations comes to the fore, with sustainable development remaining a firmly established part of the Lisbon Strategy.

Despite the huge efforts by the Luxembourg Presidency, in June 2005 top-level representatives of member states could not reach consensus on the main parameters of the financial perspective (FP), i.e. the EU's budget for 2007-2013.

The British Presidency's approach and proposals in the second half of 2005 followed up the work of the Luxembourg Presidency. Its last FP proposal managed to knit the national interests of EU member states in a way that allowed the Council of Europe to adopt a budget that was, first, economical; second, based on the solidarity principle thanks to which new member states in particular, including the Czech Republic, may profit from the acceleration in their economic growth; and, third, a budget which anticipates the future modernisation of both its expenditure and income sides.

The negotiated economic reforms will help to promote agreements on a package of chemicals legislation known under the acronym REACH (Registration, Evaluation and Authorisation of Chemicals) from the EU level. The essence of the agreement consists in harmonising the industry requirement for simpler administrative procedures, which also boosts competitiveness, and environmental and health protection requirements. The agreement was approved by the European Parliament (EP) on 17 November 2005 and, under the leadership of the UK Presidency, by the EU Competitiveness Council on 13 December 2005. The Czech Republic supported member states' consensus on REACH.

One major success of the British Presidency was the EU agreement to reform common sugar sector policy reached by agriculture ministers on 24 November 2005.

The terrorist attacks in London (7 July 2005) spurred the EU, under the British Presidency, to speed up work on a comprehensive EU Action Plan to Combat Terrorism and to agree on a Data Retention Directive. In the case of the EU Counter-Terrorism Strategy, the

Czech Republic stresses the need for attention to be paid both to prevention of acts of terrorism and to the investigation of their possible consequences.

In 2005, the UK also held the Presidency of the group of most developed industrial countries of the world and Russia (G8). Another feature of its EU Presidency was therefore increased attention to global problems. The European Council (15-16 December 2005) adopted the first complete EU Strategy for Africa and a strategic EU approach to migration.

Regarding the EU's comprehensive approach to illegal migration, the Czech Republic accented the need for a balanced EU position on migration, not just from the Mediterranean and Africa, but also from Eastern Europe.

In connection with the spread of avian influenza across the world in 2005, the EU adopted a number of preventive measures to combat this disease. The Czech Republic was actively involved in international talks and preparations for the ministerial pledging conference in Beijing in January 2006, at which it committed itself to providing assistance worth USD 5 million to combat the spread of this disease.

Negotiations on future forms of EU cooperation from the Czech Republic's point of view

Treaty establishing a Constitution for Europe, period of reflection

The ratification process of the Treaty establishing a Constitution for Europe continued in 2005, but after its rejection in referenda in France (29 May 2005 – 55% voted against) and the Netherlands (1 June 2005 – 61.5% against), the approval process in other member states practically stopped, bar some isolated exceptions. Apart from the positive result of the Spanish referendum (20 February 2005), during the Luxembourg Presidency in the first half of 2005 the Constitutional Treaty was ratified only in those countries that submitted it to parliament for approval (Austria, Cyprus, Germany, Greece, Italy, Latvia, Slovakia and Slovenia). During the British Presidency, the Constitutional Treaty was only ratified in two countries, Luxembourg and Malta. At the end of 2005, it had been ratified in 13 countries. For the sake of completeness, it should be added that the European Constitutional Treaty's compatibility and its national approval were examined by constitutional courts in two member states (Germany and Slovakia).

On 16 June 2005, the European Council adopted a consensual recommendation stating that continuation of the European Constitutional Treaty ratification process was not thrown into doubt. Nevertheless, in view of the “no’s” from the French and Dutch referenda, the originally planned deadline for completion of the ratification process – 1 November 2006 – has been extended. Each member state may adjust the timing of the European Constitution ratification process to suit its own political situation. In response to the European Council recommendation, Finland and Sweden postponed parliamentary ratification that had originally been scheduled for the end of 2005. Denmark, Ireland, Poland and Portugal postponed their ratification referenda without specifying a date. The UK postponed parliamentary debate on referendum legislation.

Following the European Council’s recommendation, the government of the Czech Republic decided on 7 July 2005 to set a deadline of the end of 2007 for asking its citizens’ opinion on the ratification of the European Constitutional Treaty. For the moment, the consensus across the spectrum of parliamentary political parties indicates that ratification will take place in the form of a referendum.

The European Council meeting concluding the Luxembourg Presidency also decided that there would be a “period of reflection” running in parallel with the European Constitutional Treaty ratification process. During the reflection period various, chiefly practical questions, whose resolution may be aided by European integration, are debated with the broad participation of civil society (civic associations, the social partners, political partners).

On 12 October 2005, the European Commission (the “Commission”) published its “Plan D” – Democracy, Dialogue and Debate. In it the Commission proposes that future national debates focus on three basic themes: economic and social development, including jobs; feeling towards Europe by its citizens and the EU’s tasks; and Europe’s borders and the EU’s role in the world. Commission president J. M. Barroso and commissioners V. Špidla and M. Wallström visited the Czech Republic on 18 November 2005, making it the first member state in which the Commission’s Plan D-related activities were presented.

An informal meeting of member states’ heads of state and government held at Hampton Court near London on 27 October 2005 gave a new impulse to the EU’s period of reflection. This informal summit gave rise to five core themes of the “Europe of Projects”

framework that is intended to demonstrate European integration's ability systematically to resolve urgent matters and implement reforms. The themes concern the following areas: research and development of new technologies (nanotechnology, biotechnology, pharmacy) and closer involvement between universities and the private sector designed to boost the EU's competitiveness; countering the influence of ageing populations on economic performance; common EU energy policy (among other things, more intensive creation of the internal energy market in the EU); common migration policy; and strengthening the Common Foreign and Security Policy (including financing).

As part of the period of reflection, an information campaign on the following topics ran in the Czech Republic in 2005: Czech EU membership (acquainting citizens with the practical opportunities that the Czech Republic's membership of the EU offers), Europe's Future (information on the Lisbon process and the Treaty establishing a Constitution for Europe); European programmes and funds – signposts for European money; and the project "EU into Schools".

The main elements of the first part of the national reflection periods were summarised in a progress report compiled by the British and Austrian Presidencies in the second half of 2005 and the first half of 2006. The report was drawn up for a session of the European Council in December 2005; further evaluation of the reflection period at the level of the European Council was scheduled for June 2006.

European Union enlargement

In some countries of the original EU-15, the accession of ten more countries is groundlessly believed to have adverse economic and social impacts; however, this did not have a profound effect on the process of further EU enlargement in 2005. The fifth wave of EU enlargement continued under the Luxembourg Presidency with the signing of an accession treaty with Bulgaria and Romania; under the British Presidency, the EU started talks on membership conditions with Croatia and Turkey; and in December the European Council awarded candidate country status to the Former Yugoslav Republic of Macedonia (FYROM).

The EU's ideas about further enlargement are formulated by the 2005 Enlargement Strategy Paper drawn up by the Commission and published on 9 November 2005. The strategy is based on three principles ("3C"): consolidation, conditionality, and

communication. As far as consolidation is concerned, the EU should observe all its existing commitments and only adopt new ones to an extent that would not reduce its credibility and viability. Every further enlargement must take into account the EU's absorption capacity. Conditionality focuses on candidate and potential candidate countries and requires them to rigorously fulfil EU membership conditions. Last but not least, the Commission drew attention to the deficit in communication with the citizens of member states regarding EU enlargement. It recommended that in the communication process the Commission and representatives of member states should remind the public in the EU that enlargement is a compact and successful policy that helps eliminate and diminish a wide variety of risks.

From the Czech Republic's point of view, further EU enlargement policy should be based on rigorous assessment of the EU's absorption capacity and make allowance for the principle of differentiation between individual countries seeking to join. That means that the integration outlook of candidate countries will depend on their internal readiness to take on the obligations of EU membership.

Bulgaria, Romania

Bulgaria and Romania signed their Treaty of Accession to the EU in Luxembourg on 25 April 2005. Prior to that, on 13 April 2005 the European Parliament had expressed its consent with these countries' accession to the EU.

The accession treaties for Bulgaria and Romania reckon with two types of safeguard clauses: what are referred to as the general safeguard clause and the safeguard clauses. The general safeguard clause makes it possible to postpone by one year the 1 January 2007 date repeatedly confirmed by the EU for Bulgaria's and Romania's accession to the EU in the event of demonstrable shortcomings in national preparations. The general safeguard clause can be invoked separately for each country and requires a special decision of the Council (based on a Commission recommendation) for its application. In the case of Bulgaria, the decision must be unanimous. For Romania, situations are defined where postponement may be invoked by majority vote. In the event of disruption of the internal market or serious impacts on the EU or on Romania and Bulgaria from the EU, a decision may be made to make use of the "three safeguard clauses" (general economic, internal market, and justice and home affairs). These safeguard clauses can be applied for a period of three years from the date of Bulgaria's and Romania's actual accession.

Bulgarian and Romanian members of parliament did not become observers in the EP immediately after the signing of the Accession Treaty as is customary: 18 Bulgarian and 35 Romanian parliamentarians took their place in the EP on 26 September 2005. The reason given by the EP was delays in administrative preparations.

On 25 October 2005, the Commission published its Comprehensive Monitoring Report on the state of preparedness for EU membership of Bulgaria and Romania. The report states that both candidate countries fulfil the political criteria of membership, nonetheless both countries show room for improvement in stamping out corruption at the highest administrative and political level, in the working of the judicial system and public administration, and in integration of the Roma population.

The Commission also confirmed that Bulgaria, which it had already described as a functioning market economy in its 2003 report, continues to satisfy the required Copenhagen economic criteria, with especial regard to its ability to withstand competitive pressures. Romania was recognised as a functioning market economy in 2004, but it will only meet the required economic criteria if it implements convincing structural reforms.

On 9 June 2005 and 7 November 2005, the Commission sent both candidate countries warning letters in which it appealed for effective measures to be taken in the area of the free movement of goods, protection of intellectual property rights, agriculture (paying agency, veterinary and phytosanitary measures), regional policy, and judicial and police cooperation.

Croatia

The EU was not able to comply with the scheduled date for starting accession talks. A decision of the European Council from December 2004 specified that Croatia's accession process should start on 17 March 2005, but Zagreb's insufficient cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY) led the EU to postpone the start of accession talks. Croatia managed to improve its cooperation with the ICTY to such an extent that accession talks commenced on 3 October 2005, jointly with Turkey. General A. Gotovina, whose non-arrest was the most visible example of Croatia's failure to cooperate with the ICTY, was detained on 7 December 2005.

According to the European Commission's report of 9 November 2005, Croatia is not encountering any major problems in fulfilling the political criteria of membership; the

Commission also declared that Croatia is cooperating fully with the ICTY. If, however, the intensity of this cooperation should wane, accession talks may again be suspended at any time. In the area of economic reforms, Croatia is considered a functioning market economy. Its biggest shortcomings are in the adoption of the EU's environmental protection legislation. The Commission urged Croatia to step up its efforts to reform the judicial system, including the impartial prosecution of war criminals and enabling the return of refugees, in the fight against corruption, and in improving the status of minorities. The Commission appreciated the progress Croatia had made in regional cooperation, particularly with neighbouring countries.

Besides the matters mentioned by the Commission, other issues such as the unresolved question of borders with Slovenia and the unilaterally declared a protected ecological and fishing zone in the Adriatic Sea will also play a crucial role in Croatia's accession talks.

The Czech Republic supported the start of accession talks with Croatia on the basis of differentiation between its preparedness and that of another candidate country, Turkey.

Turkey

On 29 July 2005, Turkey signed the Additional Protocol extending the Ankara (Association) Agreement to all ten new EU member states. Turkey accompanied its signature with a unilateral declaration confirming its refusal to recognise the Republic of Cyprus in any form. Moreover, Turkey did not take any step that would indicate that it is cancelling its transport and trade embargo on the Republic of Cyprus. The EU reacted to the unilateral Turkish declaration with a counter-declaration of 21 September 2005. The counter-declaration stressed the fact that recognition of all member states (including the Republic of Cyprus) is an essential part of Turkey's accession process and called on Turkey to end the transport embargo on the Republic of Cyprus as soon as possible. The EU will assess the full implementation of the measures required of Turkey by the Additional Protocol (i.e. eliminating all transport restrictions and obstacles to the free movement of goods between Turkey and the Republic of Cyprus) in 2006. Turkey's failure to make progress would impact on its accession talks with the EU.

In its monitoring report of 9 November 2005, the Commission stated that Turkey sufficiently satisfies the Copenhagen political criteria. Yet despite the changes made, particularly in the judicial system, Turkey slowed down the pace of reforms in 2005 and their implementation is becoming unbalanced. The Commission called on Turkey to focus its

future efforts on consistent compliance with fundamental freedoms and human rights, in particular freedom of speech, religious belief, the formation of trade unions, the rights of women *et al.* The Commission appealed to Turkey to complete the development of an independent and functioning judiciary, eliminate the mistreatment of persons undergoing criminal prosecution, ensure parliamentary supervision over the army and provide full cultural and language rights to minorities, and to do so within two years' time. In 2005, the Commission for the first time granted Turkey the status of a market economy capable in the medium-term outlook of coping with competitive pressures on the EU's internal market. The Commission called on Turkey to fully observe its obligations deriving from customs union with the EU.

The Czech Republic supported the start of accession talks with Turkey on 3 October 2005. In the light of the European Council conclusions of December 2004, the Czech Republic has based its approach to Turkey's accession process on the understanding that the negotiations are open-ended and have no pre-guaranteed outcome. The Czech Republic also stresses the EU's absorption capacity. It is important that Turkey ensure the smooth working of customs union with the EU as a whole, i.e. ending the transport embargo on Cypriot shipping and aircraft. The Czech Republic advocates the Cyprus question being resolved during the EU's accession talks with Turkey. Talks on resolving the problem of the divided island of Cyprus should primarily take place in the context of the UN, and in the context of the EU only insofar as it relates to EU law. If Turkey fails to honour its obligations, the Czech Republic expects the mechanism specified in the EU's counter-declaration of September 2005 to be applied.

Former Yugoslav Republic of Macedonia (FYROM)

On 14 February 2005, the Former Yugoslav Republic of Macedonia (FYROM) submitted its answers to a Commission questionnaire compiled following its application for membership. In December 2005, the European Council accorded FYROM the status of candidate country as an expression of support for its reforms and encouragement for political stabilisation within the country.

The Czech Republic supported the granting of candidate status to the Former Yugoslav Republic of Macedonia (FYROM), but given the political and economic situation in the country and in the light of its current level of preparedness to take on membership

obligations it regards as premature the specification of a date for the start of accession talks or any time frame for further procedure.

Western Balkans

On 10 October 2005, the EU started negotiations on a Stabilisation and Association Agreement (SAA) with Serbia and Montenegro. Fulfilling the SAA in the case of Serbia and Montenegro depends on conditionality, i.e. cooperation with the ICTY (arresting R. Mladić and R. Karadžić). Talks on an SAA were started with Bosnia and Herzegovina on 25 November 2005. The Commission also recommended concluding an SAA with Albania, which is expected to be signed in spring 2006.

The Western Balkans is a priority territory for the Czech Republic's foreign aid and economic interests. The Czech Republic regards talks with Western Balkan countries on an SAA as a suitable means for improving these states' European perspectives.

Preparation of the new European Union financial framework for 2007-2013

In 2005, the Czech Republic continued with intensive negotiations on the EU's new financial framework for 2007-2013 (the financial perspective, FP). Negotiations on the new financial framework started back in February 2004 with the publication of the first Commission proposal. Subsequently, during the Dutch, Luxembourg and British Presidencies, all fundamental parts of the proposal, including the total magnitude and structure of the financial framework, were discussed in detail at the technical and political level. The most complicated part of the talks took place in 2005, during which a total of six proposals of the Luxembourg Presidency and three of the British Presidency were tabled.

The last proposal of the Luxembourg Presidency from June 2005 was rejected by five member states. The Netherlands, Sweden and the UK had reservations about the income side of the FP, or rather the excessive size of their net contribution to the EU budget compared with the relative prosperity scales of other similarly developed member states. Finland and Spain disagreed with the Luxembourg proposal mainly due to their dissatisfaction with the breakdown of expenditure priorities. In the end, the most serious reason for the failure to agree on the FP turned out to be a dispute between France and the UK about linkage between EU budget expenditure and the Common Agricultural Policy and the British rebate.

It was not until the very end of the British Presidency, in December 2005, that the representatives of all 25 EU member states' governments reached important political consensus on the FP. The total magnitude of the approved FP for 2007-2013 is to equal 1.045 % of the EU's gross national income (GNI), i.e. EUR 862.36 billion (at 2004 fixed prices).

The Czech Republic's primary concern has for long focused on negotiating optimal conditions for financing cohesion policy and the Structural Funds, linked to the financing of rural development and agricultural payments. In the interests of making maximum use of finances for economic and political cohesion policy, throughout the entire negotiations on the FP the Czech Republic stressed compliance with the timetable set for FP approval, including achieving political agreement by the end of 2005 at the latest.

Throughout the entire process of negotiations on the FP, the Czech Republic carried on diplomatic activity at all levels. It actively coordinated its positions regarding the EU Presidencies, particularly with Visegrad Group (V4) states. A series of expert meetings and consultations during 2005 culminated in high-level meetings of V4 representatives in August and December 2005 (prime ministers) and in September 2005 (finance ministers). The run-up to the December session of the European Council was marked by frequent contacts with the British Presidency at the level of heads of government and other government representatives.

The contribution made by Czech diplomacy to the approval of the agreement on the EU's new financial framework for 2007-2013 in December 2005 was visible and can be described as positive from the point of view of the Czech Republic's national economic interests. The FP agreement gives the Czech Republic, and other new member states, improved possibilities for obtaining EU funds for structural policy, cohesion policy and rural development. Along with the other new member states and certain other countries (Portugal, Greece), the Czech Republic will benefit from more flexible implementation rules.

The non-financial consequence of the FP agreement for Czech foreign policy is also important: according to the Commission's report, re-evaluation of the EU budget should start in 2008-2009, during which period the Czech Republic will preside over the Council of the EU in the first half of 2009. Revising the budget in order to modernise it may therefore be one of the principal themes of the Czech Republic's presidency of the EU.

The European Union's economic and social cohesion policy

In the area of economic and social cohesion policy, in 2005 Czech foreign policy primarily strove to negotiate the best possible conditions and a sufficient volume of allocated finances from the EU Structural Funds and Cohesion Fund in the next EU budget.

The efforts of Czech foreign policy culminated in an agreement on the Czech Republic's indicative incomes from cohesion policy, which will reach approximately EUR 23.7 billion (at 2004 prices), i.e. approx. CZK 685 billion, in the 2007-2013 period. Compared with the ongoing budget period that means that in 2007 alone the Czech Republic will obtain a greater amount than for the 2004-2006 period. The level of support in economic and social cohesion policy per head in the Czech Republic, approx. EUR 330 per annum, will be absolutely the highest of all member states. The increase of the overall income side to include a special allocation of EUR 200 million for Prague is another Czech foreign policy success. After Poland, which is an incomparably larger country, the Czech Republic will have available the second largest amount of finances in aggregate out of all new member states.

Besides the actual amount of funds, the agreed terms under which these funds will be spent can also be rated positively. Co-financing of all projects from Czech national funds will be just 15 %; the remaining 85 % will be covered by the European budget. It will be possible to draw national funds from the private sector as well as public money, which should help reduce the burden on public budgets. Other rules for drawing down funds will also improve markedly: non-refundable VAT will be a recognised cost for all entities, which is good news for municipalities and regions in particular. The permissible length of project implementation will also be extended by one year in the 2007-2010 period. Housing project costs will be a recognisable expenditure from the European Regional Development Fund.

These results represent Czech diplomacy's positive contribution to the Czech economy. The agreed conditions should help the Czech Republic as much as possible in reducing interregional differences and also in speeding up the growth of the Czech Republic's overall competitiveness on a European and global scale.

The European Union's agricultural policy

2005 was important because of the growing internal EU and external foreign trade pressures on speeding up reform of the EU's Common Agricultural Policy (CAP). While the

internal pressure culminated at the European Council's June 2005 session and became one of the reasons for the failure then to agree on the FP, external pressures accompanied negotiations on tariff changes for agricultural imports to EU countries throughout the year, coming to a head at a session of the World Trade Organisation's ministerial conference in Hong Kong in December 2005.

Czech foreign policy was actively involved in the negotiations on reforming the CAP. The Czech Republic supported in principle the overall liberalisation of the Common Agricultural Policy, but opposed further reductions in the already highly restricted direct payments for farmers from the new member states. In the EU debate on CAP reform, the Czech Republic advocated bringing the European agriculture model closer to the goals of the Lisbon Strategy, with particular regard to promoting growth and creating jobs in the countryside and protecting and making better use of natural resources. The Czech Republic also spoke in favour of simplifying the legislation in the area of the CAP and the direct payments system (introducing single farm payment). In connection with the external pressures, the Czech Republic supported efforts to reduce export subsidies and reduce tariffs on agricultural produce imports from developing countries.

Besides questions linked to CAP reform, the Czech foreign service helped resolve a number of pressing political and technical tasks on the agriculture agenda. The most important ones included: resolving sales of excessive cereal harvests from previous production periods; the problem of excessive domestic stocks of certain commodities; promoting the Czech Republic's demands for swifter payments of a simplified single area payment; promoting the Czech Republic's interests in approving the important Council regulation on the National Strategic Rural Development Plan, which defines EU rural development policy for the 2007-2013 period; the Czech Republic's activities linked to the threat of the spread of avian influenza and a possible human influenza pandemic; resolving the specific problems of the Czech Republic to ensure correct administration of common market organisations (e.g. interventions in the sugar sector); the administration method for certain payments; promoting the Czech Republic's interests in the area of aquaculture during the negotiation of a new regulation on the European Fisheries Fund for the 2007-2013 period; interests in the veterinarian field; consulting with the EU on programmes of notified or existing state aid (e.g. rape oil methyl ester, bioethanol, viticulture fund, etc.); verifying the formula proposed in the draft National Strategic Rural Development Plan for the Czech

Republic's allocations from the current guarantee section of the European Agricultural Guidance and Guarantee Fund; and more.

Reform of the sugar sector regime

The WTO conclusions committing the EU to open its sugar market to the poorest countries of the world by reducing import duty on sugar, this duty being several times higher in the EU than anywhere else in the world, made 2005 a year of sugar sector reform. One major success of the British Presidency was the EU agreement to reform common sugar policy reached by agriculture ministers on 24 November 2005. In negotiating sugar sector reform, the Czech Republic's priority was maintaining and not decreasing the national sugar production quotas until 2014/2015 and eliminating imbalances between new and older EU member states in the matter of direct payments to sugar beet growers. The fact that the European Commission accommodated the Czech Republic in both regards is a success of Czech foreign policy activities in the EU. The measures also work in favour of consumers in EU member countries, as they could bring about a sharp fall in the sale price of sugar.

Lisbon Strategy

In 2005, EU member states declared their individual contributions to Lisbon Strategy priorities in the National Reform Programmes (NRPs) covering a three-year period. The Czech Republic handed in its NRP to the European Commission on 15 October 2005, in line with the timetable. The Czech NRP stresses public finances reform, improving the business environment, including reducing red tape, and linking the academic and scientific communities with private enterprise.

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. The internal market comprises the markets of the 28 members of the EU and the European Economic Area (EEA), with a population of more than 450 million. The basic precondition for the successful functioning of the internal market is effective application of the adopted legislation, and, in particular, transposition of internal market directives. The European Commission regularly monitors progress in this task and compares the performance of individual member states. By

the end of 2005, the Czech Republic had managed to substantially reduce its deficit in the transposition of internal market directives to a level of 2.5 %.

The SOLVIT network of contact points considerably helps resolve disputes and overcome obstacles in the internal market; the network was formed in 1997 and is characterised by swift, informal and free mediation in disputes between business and individuals. The Czech SOLVIT centre is one of the best in the entire EU: in 2005 it dealt with a total of 40 cases, 80 % of which were successfully concluded.

European Economic Area

After the Treaty on the Accession of the Czech Republic to the European Union, the Agreement on the Participation of the Czech Republic in the European Economic Area was concluded, as a document whose signatories are all existing members of the EEA, the European Community and all ten new EU member countries. The EEA Agreement integrates 25 EU member countries and three EEA/EFTA countries (Iceland, Liechtenstein and Norway) into a single internal market. On 6 December 2005, the preliminary implementation of the EEA Agreement was terminated, and the agreement was retroactively, as of 1 May 2004, put into the full application regime.

Schengen cooperation

On joining the EU, the Czech Republic took on the Schengen *acquis* in full, but the Schengen regulations were divided into two categories according to their implementation date. The category 1 Schengen *acquis* was fully implemented on the date of the Czech Republic's accession to the EU; the category 2 Schengen *acquis*, concerning abolition of checks at internal frontiers, may only be applied in a new member state by a decision of the Council, issued after consultation with the European Parliament, after it has been verified that the conditions for applying the relevant parts of the *acquis* were satisfied in this new member state. According to the conclusions reached by the European Council in November 2004, new member states may be fully integrated into the Schengen area in October 2007.

During 2005, the Czech Republic intensively prepared for full integration to the Schengen area. On 10 January 2005, the Czech Republic's application for start of the Schengen evaluations process was presented to the General Secretariat of the Council of the

EU. In its application, the Czech Republic declared its readiness to fully adopt the Schengen acquis as of 31 December 2005 and to undergo the evaluations process in 2006.

Evaluation questionnaires were sent to the Czech Republic in June 2005. The Czech Republic submitted its answers to the General Secretariat of the Council of the EU on 30 November 2005. That marked the start of the process of evaluating the Czech Republic's preparedness for full integration into the Schengen system.

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

In 2005, the Czech Republic became part of the Partnership and Cooperation Agreement with Tajikistan and supported the revised version of the Cotonou Agreement by its approval as well as the EU Strategy for Africa. As part of the overall agreement on the FP, it was decided that, for future, the cooperation with ACP countries (the poorest countries in Africa, in the Caribbean, and the Pacific Regions) shall continue to be financed within the European Development Fund, which stays separately from the EU budget. The Czech Republic was also involved and played active role in ongoing talks on the Stabilisation and Association Agreement with Albania and Serbia and Montenegro, and in negotiations on a Free Trade Agreement with GCC countries (Gulf Cooperation Council consists mainly of Gulf Countries), as well as on the Trade and Investment "Enhanced" Agreement with Canada and on the mandate regarding the Stabilisation and Association Agreement with Bosnia and Herzegovina. During these negotiations in EU institutional bodies, the Czech Republic strove to ensure that its traditional trade links with third countries are taken fully into account and sought to assist positively in resolving persisting problems.

In 2005, the Czech Republic also completed its accession to so called "mixed" EU treaties existing before the Czech Republic's accession to the EU, particularly, by means of adaptation the relevant protocols.

The European Union's development policy

The European Union is currently the world's biggest provider of aid to developing countries. 2005 enhanced this position, as several fundamental decisions were taken determining future quantitative and qualitative increases in the provision of aid.

In connection with the World Summit in New York in September 2005, the EU presented its new commitments to increase official development assistance (ODA). The original ODA commitments from the Barcelona and Monterrey summits were fundamentally increased at the May session of the Council (among other things, confirming progress towards the UN requirement of 0.7 % of GNI); moreover, the time frame of the commitments was extended to 2010, or 2015, and EU enlargement in 2004 was taken into account. This group of countries (including the Czech Republic), in which development cooperation is not particularly developed as yet, also confirmed a substantial ODA increase, pledging to strive to attain a level of 0.17 % of GNI by 2010 or 0.33 % of GNI by 2015.

In 2005, member states and the Commission agreed both on an increased volume of finances earmarked for development cooperation and on improving the quality of the assistance. Important in this regard was the adoption of the Paris Declaration on aid effectiveness. The political consensus between donors and beneficiaries of development assistance covers concrete and binding goals in the area of process harmonisation, coordination between donors, policy coherence, etc.

The key document that will politically determine the EU's involvement in the provision of development assistance in future years was the Joint Declaration of the Council, Commission and EP on the EU's development policy, which was adopted at the Council's November session. This is the first EU document in this area on which the Council, the Commission and the EP agreed and which deals with the development policy frameworks, not just of the European Community, but also the entire European Union, i.e. including member states. This document, which defines principles, approaches and principal goals, will also fundamentally influence the future development policy of the Czech Republic.

During the year, the EU also adopted a number of other documents (e.g. on financing non-government organisations, development assistance to promote trade, etc.).

The scale of the EU's humanitarian assistance in 2005 represented a responsible reaction to the large number of natural disasters in the world. The largest-scale disaster was the earthquake followed by the destructive tsunami in the Indian Ocean in December 2004, which the EU responded to by adopting an Action Plan. This document did not just cover matters of immediate humanitarian aid, i.e. needs and commitments; it primarily dealt with questions of prevention and boosting the EU's reaction capability.

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

Since the Czech Republic's accession to the EU, the Czech Republic's representation before the Community's judicial bodies, i.e. the Court of Justice, the Court of First Instance, and now also the Civil Service Tribunal, has been carried out by the Ministry of Foreign Affairs, within which this agenda 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 2005, 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 made by the Czech Republic in individual cases. At its sessions, the Committee also discusses matters concerning difficulties in transposing Community law and the further development of the European Community's judicial bodies.

The year 2005 saw a further marked increase in the so called Treaty infringement proceedings, through which the Commission ensures compliance with the *acquis communautaire* by member states. 72 new proceedings were initiated against the Czech Republic; the total number of proceedings initiated against the Czech Republic since the accession to the EU until the end of 2005 was 217 (the Czech Republic ranked among those states facing the largest number of Treaty infringement proceedings). For the most part, these are proceedings initiated on the grounds of failure to perform timely transposition of Community legislation (199 cases). In 18 cases, proceedings were initiated on substantive grounds, i.e. the European Commission rebuked the Czech Republic for faulty implementation or insufficient practical application of Community law in its internal legal order. Some of the proceedings entered the second of the three procedural phases, i.e. the reasoned opinion phase. 27 cases were in this phase of proceedings at the end of 2005.

From the total of 217 proceedings, 150 proceedings had been stopped by the end of 2005. None of the proceedings entered the phase of an action before the Court of Justice in 2005.

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 2005 the government agent received a total of approximately 550 submissions in approximately 400 proceedings. In 13 proceedings directly concerning the legal or factual situation in the Czech Republic the government agent presented its observations; in 10 of these cases these were written observations and in 3 cases the government agent delivered statements in oral proceedings.

In two cases the government agent intervened in support of the Commission in direct action proceedings.

Communication strategy on EU affairs

Regarding the EU's communication strategy, 2005 saw the end of EU funding (*Phare*) for EU Information Centres and the launch in the new member states of Europe Direct, the single information network. This is a project of the European Commission's Directorate-General for Communication for the period from May 2005 to December 2008. Under grant procedures launched in February 2005, seven *Europe Direct* centres were selected in Brno, České Budějovice, Hradec Králové, Liberec, Olomouc, Pardubice and Tábor. The information centres are co-financed by the Commission and will draw down an annual sum of EUR 107,545.

Following the Czech Republic's accession to the EU, the Ministry of Foreign Affairs continued to implement the national communication strategy via existing communication tools, i.e. the information server on the EU *www.euroskop.cz* (new sections, increased "hit" rates), the toll-free telephone line on the EU *800 200 200* (with the involvement of the Ministry for Regional Development, the Ministry of Labour and Social Affairs and *CzechTrade*), and information stands known as Europoints (numbering 531 throughout the Czech Republic). Since January 2005, one of the communication tools administered by the Ministry of Foreign Affairs has been the Information Centre of the European Union (ICEU), which the Ministry took over from the Representation of the European Commission in

Prague; the Ministry started to work on its incorporation into the combined system of communication tools.

As of 31 May 2005, the agenda of the Ministry of Foreign Affairs' Communication Strategy Department was transferred to a new division for informing about European Affairs (DEA) of the Office of the Czech Republic Government under government resolutions No. 298 of 16 March 2005 and No. 426 of 13 April 2005. The DEA undertook to take on the existing communication tools and contractual obligations stemming from implementation of the communication strategy. The DEA was also charged with preparing and executing an information campaign dealing with the Treaty establishing a Constitution for Europe.

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

The Czech Republic regards the EU's Common Foreign and Security Policy (CFSP) as an important tool for defending European values in the world and an important forum for articulating and formulating the positions of individual member states. The Czech Republic rates very positively the fact that the CFSP has undergone dynamic development in recent years, which has helped raise the EU's prestige in the world. There is no doubt that, despite all the difficulties, the EU is gradually becoming an important actor in global politics. The Czech Republic attributes particular importance to the fact that its capabilities in the specific sphere of security policy (ESDP), and particularly in conflict prevention and crisis resolution, have increased fundamentally. The EU is no longer involved only in its immediate neighbourhood (the Balkans, the post-Soviet area); it has missions on several continents.

The Czech Republic participates and intends to continue to participate actively in the formulation of CFSP. It bases this intention on the fact that the CFSP is founded on the principles of mutual solidarity and support among member states. This approach creates space for smaller countries to promote their interests and preferences, giving them an opportunity to be genuinely active in promoting common goals which would reflect their national priorities and needs. For that reason, in 2005 the government approved a document which defined the Czech Republic's priorities within CFSP. These priorities include the fight against terrorism, protection of human rights, support for democracy and the strengthening transatlantic ties. Additionally, the Czech Republic focuses its priority attention on the following territories: the Western Balkans (Bosnia and Herzegovina, Serbia, including Kosovo, and Montenegro); Eastern European countries (Russia, Ukraine); and the Middle East.

In 2005, 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 their possible solutions. Heightened attention in the implementation of the ESS was paid to terrorism as a growing threat for the whole of Europe.

Progress was made in the European Neighbourhood Policy (ENP). In 2005, Action Plans with the first group of countries (Israel, Jordan, Moldova, Morocco, Palestine, Tunisia and Ukraine) were implemented. Based on the monitoring reports for the countries of the South Caucasus, whose integration into the ENP the Czech Republic supported, the Council decided in April 2005 to draw up Action Plans for these countries as well. An Action Plan for Egypt was also prepared in 2005 and preparatory work on an action plan for Lebanon was started.

The EU was traditionally active in the Middle East. Within this region, the Czech Republic paid heightened attention to the Middle East peace process, particularly in the context of Israel's withdrawal from the Gaza Strip and part of the West Bank. Emphasis was also placed on monitoring the situation in Iran in connection with its nuclear programme and monitoring the political process in Iraq, which culminated in parliamentary elections. In November 2005, Barcelona hosted the Euro-Mediterranean summit, where the Czech Republic was represented by Prime Minister J. Paroubek. The summit adopted a five-year working plan and a code of conduct in the fight against terrorism.

The Czech Republic was intensively involved in creating and implementing the EU's foreign policy towards Eastern European countries. Cooperation with Russia, as part of the concept of four common spaces of mutual cooperation, continued in 2005. With Czech support, the EU intensified its activities towards Moldova. The EU's efforts to support democratic changes and human rights in Belarus continued. Ukraine's Action Plan was also under implementation. The Czech Republic offered Ukraine assistance with its implementation, and the first consultation was held towards the end of 2005.

The European Union also focused on the political and security situation in the Western Balkans. Talks on the Stabilisation and Association Agreement with Serbia and Montenegro and Bosnia and Herzegovina and on the future status of Kosovo commenced in 2005. Personnel of the Army of the Czech Republic form part of KFOR units in Kosovo and

EUFOR in Bosnia and Herzegovina, and Czech police officers take part in the EUPM mission in Bosnia and Herzegovina.

In December 2005, the European Council approved the EU's Strategy for Africa, which is the first comprehensive document of the enlarged EU of 25 member states seeking to link economic, security and political assistance to Africa to the EU's standard values and requirements (peace, human rights, sustainable development, the fight against terrorism *et al.*), and stressing more intensive cooperation with African regional organisations.

After joining ASEM (formally institutionalised dialogue between Europe and Asia established in the 1990s) in October 2004, together with the other new member states, the Czech Republic engaged in the formation of a European policy towards Burma/Myanmar. ASEM succeeded in pushing through more stringent and effective sanctions on that country's authoritative regime. One landmark in the EU's engagement in Asia was the sending of an EU monitoring mission to Aceh, Indonesia.

The Czech Republic was also highly active in shaping the EU's common policy on Cuba. It continued its long-term support for democratic dissent; and in internal EU dialogue, it was one of the key advocates of a policy of no concessions towards the Cuban regime, emphasis on human rights, and support for the Cuban opposition.

The Czech Republic and European Security and Defence Policy

The European Security and Defence Policy (ESDP) continued to develop dynamically in 2005. The EU started a number of new missions and developed its key concepts and activities in both the military and civilian dimensions, such as the battle groups concept, the European Defence Agency, civilian/military planning cell, or 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 to be able to achieve its ambitions as declared in the European Security Strategy from December 2003.

NATO remains the EU's key partner in the ESDP. Nevertheless, in 2005 relations between the EU and NATO concentrated on practical cooperation and stagnated on the political level. The civilian/military ALTHEA operation in Bosnia and Herzegovina verified "Berlin plus" cooperation mechanisms, i.e. the use of NATO assets and capabilities for EU

requirements. There was an opportunity to develop substantive cooperation between the two organisations in coordinating their contributions to the AMIS II African Union mission to support conflict resolution in the Darfur region of Sudan. Positive signals included steps to ensure the coherence of EU and NATO military planning and an agreement between the two organisations on practical modalities of mutual representation of the EU Military Staff (EUMS) and SHAPE.

Contacts between the EU and UN in 2005 concentrated on the question of the possible provision of EU rapid reaction forces at the UN's request. Training in this area took place in the form of a study looking at cooperation between the two organisations during a crisis. The EU's relations with the African Union (AU) grew in significance, principally thanks to the EU's support for AMIS II and assistance in the building of AU crisis management capabilities. Dialogue with Mediterranean partners was restricted in practice to passing on information about ESDP capabilities and missions.

In 2005, the EU expanded its range of ESDP activities to incorporate areas outside its security neighbourhood. It launched new missions in the Middle East, Africa and Asia. The adopted EU Strategy for Africa makes it clear that heightened attention will be paid to the African continent in the ESDP. 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 the Western Balkans, the EU continued in 2005 with its most extensive civilian/military operation to date, ALTHEA, in Bosnia and Herzegovina, which was launched in 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. During the year, the Czech Republic took part in the operation by sending two transport helicopters, and a team of officers to the contingent headquarters in

Sarajevo, and participating in a joint Czech-Austrian guard unit, whose command it took in July 2005. The mandate for the Czech Republic's participation in ALTHEA limited its involvement to 90 personnel of the Army of the Czech Republic. There were 66 servicemen of the Army of the Czech Republic in the operation at the end of 2005.

The EU also continued with its two police missions in the Western Balkans: EUPM in Bosnia and Herzegovina and PROXIMA in the Former Yugoslav Republic of Macedonia (FYROM). In 2005, the EUPM mission concentrated on supporting improvements in the administrative management of the Bosnian police and helping in the fight against organised crime. The Czech Republic maintained a contingent of seven, or at times six, officers of the Police of the Czech Republic in the mission, whose mandate was extended to the end of 2007. PROXIMA, which ended as of 15 December 2005, similarly focused on advising the Macedonian police. The Czech Republic sent three police officers to the mission, who completed their work in September 2005. Since mid-December 2005, a police advisory team (EUPAT) has operated in the Former Yugoslav Republic of Macedonia (FYROM); the team is meant to bridge the gap between the termination of PROXIMA and the start of a follow-up project under European Commission programmes. EUPAT's primary purpose is to implement police reforms.

EUJUST THEMIS in Georgia, the first rule of law mission of the ESDP, was successfully completed in the middle of 2005. The expert team helped the Georgian authorities draw up a reform strategy for the criminal justice system and supervised the start of its implementation. Since the end of the mission, assistance has been provided through the Commission, an expanded team of the EU's special representative for the South Caucasus, and member countries.

A new civilian mission was launched in Iraq in July 2005 (EUJUST LEX) designed to help reform Iraq's criminal justice system by giving expert training to senior state officials, policemen, judges, public prosecutors and officials in penal system. The mission takes the form of training courses held in EU member states. In the Iraqi capital, the mission only has a four-member liaison office, where an officer of the Police of the Czech Republic operates as police coordinator.

In April 2005, the first-ever EU civilian mission was launched in Africa, the EUPOL Kinshasa police mission, its aim being to advise and monitor the work of the Congolese

integrated police unit in the Democratic Republic of Congo. In June 2005, a decision was made to start another ESDP civilian mission in the country, EUSEC Congo, to support security sector reform. In November 2005, the mission was expanded to include a technical assistance project designed to improve the Congolese defence ministry's administrative pay system. In Africa, the EU was also active in respect of the conflict in the Darfur region of Sudan. In July 2005, an ESDP civilian/military assistance operation, AMIS II (*AMIS EU Supporting Action*), was launched in Darfur. In coordination with the UN and NATO, the EU provided political, military, and police support to the African Union.

The launch of the EU's monitoring mission in Aceh, Indonesia (AMM), in September 2005, saw the ESDP enter a remote and logistically demanding environment. What is more, this was the first action conducted in cooperation with ASEAN countries. The mission's task was to monitor the state of affairs following the signing of a memorandum of understanding between the Indonesian government and the rebel Free Aceh Movement (GAM), to assist in the collection and destruction of arms, and to monitor the demobilisation and reintegration of GAM members.

Under the ESDP, the EU also started to focus on the Middle East. After agreement was reached between the Israeli government and the Palestinian National Authority to open the Rafah border crossing, in November 2005, the Council of the EU expressed its consent for the launch of an EU assistance mission on the crossing point between Gaza and Egypt (EU BAM Rafah), based on an invitation by both sides. The mission's purpose is to actively monitor, verify and evaluate activities by the Palestinian police and customs officers in administering the border crossing. The mission is not executive, i.e. its staff in no way replace Palestinian personnel in controlling the crossing point.

Outside the ESDP, the EU BAM mission on the Moldova-Ukraine border started in December 2005. 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. The Czech Republic sent one customs expert to the mission.

ESDP capabilities

In the area of military capabilities, the EU continued to implement the Headline Goal 2010 (HG 2010), and, in particular, drawing up a Requirements Catalogue (RC 05), that was adopted at the November session of the Council of the EU. RC 05 was drawn up using technical support from NATO agency NC3A. The forces requirements in the catalogue were defined using theoretical scenarios and with the help of expert analyses and special programmes. Based on the requirements defined in RC 05, the process of forces commitments may be commenced in 2006.

Aspects of the “battle groups” concept of the EU’s rapid reaction force were further elaborated in 2005. On 3-4 November 2005, the Czech Republic organised an international seminar in Prague devoted to the issue of strategic decision-making processes for the deployment of battle groups at both European and national level. The seminar’s focus on EU and UN cooperation in the future deployment of battle groups was also beneficial. In December 2005, a seminar in Shrivenham, the United Kingdom, followed up the Czech Republic’s activity, dealing with military questions at the concept’s tactical level. Two coordination conferences on battle groups took place in 2005, at which member states made offers of rapid reaction forces up to 2010. At the November session of defence ministers held as part of the General Affairs and External Relations Council (GAERC), the Czech Republic signed a communiqué with Slovakia in which it undertook to create a joint battle group for the second half of 2009.

The civilian/military planning cell began its work within EUMS in January 2005, with full operation starting in September 2005 based on the work of the preparatory team. The cell has already taken part in preparations for the civilian missions in Aceh and Rafah. There was a delay in the establishment of an EUMS operations centre: the start was moved back from the start of 2006 to the middle of the year. The Czech Republic supported the preservation of the *ad hoc* nature of the centre, even though certain states continued to press for its gradual transformation into an EU permanent operational command centre.

Since January 2005, the work of the European Defence Agency (EDA) has gradually expanded; its key goals are defence capabilities development, armaments cooperation, strengthening the European defence equipment industry, creating a European defence equipment market and enhancing cooperation in defence research and development. On

21 November 2005, the Steering Board of defence ministers approved both the EDA budget and Work Programme for 2006, and also a Code of Conduct on Defence Procurement into which the Czech Republic's key priorities, such as emphasis on small and medium-sized enterprise, offsets and security supplies, were successfully incorporated.

The relatively brief period of the EDA's full operation and the dynamic development of its activities made it difficult to evaluate its possibilities and define a financial framework at the GAERC November session. Only guidelines for the EDA work plan were approved. The three-year financial framework, originally scheduled for approval in autumn 2005 to cover the 2006-2008 period, was deferred and will be defined during 2006 for the 2007-2009 term. EDA structures were staffed during the year, with a representative of the Czech Republic taken on in April 2005.

The priority in the civilian ESDP in 2005 was work to implement the Civilian Headline Goal 2008. In this context, the Czech Republic concentrated on facilitating the dispatching of its civilian experts to foreign peace missions by creating a national mechanism. Under resolution No. 1544 of 30 November 2005, the Czech government adopted a material titled "Creating the Conditions for Involving Czech Citizens in Civilian Missions Led by the EU and Other International Governmental Organisations", which proposed a possible means of resolving the dispatching of Czech experts to foreign missions, with particular regard to financing.

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

The Czech Republic regards the North Atlantic Treaty Organisation (NATO), founded on the Allies' mutual security guarantees enshrined in Article 5 of the North Atlantic Treaty, as the principal guarantor of the Czech Republic's security and as a place where exchange of opinions between Allies shapes the security policy of the Euro-Atlantic area.

In 2005, 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.

Key topics for NATO in 2005 included the Alliance's continuing political transformation and transformation of NATO military capabilities, preparations for the reform of NATO's financing mechanism and for the further expansion of its operational scope.

There were several important high-level meetings of NATO member states in 2005. The political highpoint of 2005 came right at the beginning of the year, when NATO Summit was held in Brussels, attended by President V. Klaus and Prime Minister S. Gross. The Summit's principal goal was to renew transatlantic dialogue. President G. W. Bush demonstrated the USA's interest in strong ties with NATO and the EU. The Summit sent out a positive signal that the USA and Europe are prepared to jointly confront new security threats and agree the geographical focus of their joint efforts. True to its tradition, the Czech Republic stressed the need for strong transatlantic ties as well as the need to retain the Alliance's original character, based on collective defence.

Regular meetings of foreign affairs and defence ministers were held during the year and attended by Czech representatives. Foreign ministers met in Vilnius in April and in Brussels in December. Defence ministers met in Nice in February, Brussels in June and Berlin in September. A session of the Euroatlantic Partnership Council (EAPC), the first in the new Security Forum format, took place in Åre, Sweden, in May.

In 2005, the Allies decided to hold two NATO Summits in the coming years. A summit focusing on the transformation of NATO will be held in Riga in November 2006. Another summit, to be held in 2008, will most probably deal with NATO enlargement.

NATO Secretary General Jaap de Hoop Scheffer met the new Czech Prime Minister J. Paroubek in Brussels in June. It has become a tradition that visiting NATO Headquarters forms part of the Czech Prime Minister's first official visit to Brussels. The Prime Minister emphasised that the Czech Republic has been an active NATO member ever since it joined this eminent club in 1999. With NATO assistance, the Czech Republic is working on demanding reform of its armed forces. The results it achieved in 2005 enabled it to fulfil the ever increasing demands that participation in NATO operations places on it. The Czech Republic has moved from being a security consumer to becoming a security provider and co-creator. It was actively involved in the debate on strengthening political consultations,

improving cooperation with partners, further NATO enlargement, and reform of NATO financing, including the financing of operations.

The Czech Republic's involvement in NATO activities in 2005 was intensive in a number of areas at both the political and military level. The Czech Republic has for long supported the strengthening of political dialogue within NATO and coordinates the continuing reform of the Czech Republic's armed forces with the military transformation of NATO. Over and above its commitments, the Czech republic provided humanitarian aid to the USA following hurricane Katrina and has financially contributed to humanitarian aid to Pakistan as well as to the trust funds for Iraq, Serbia and Montenegro, and Moldova. In its relations with the Alliance's partners, the Czech Republic strongly supported NATO internal debate on the Russian Federation and on values in partnership.

The Czech Republic also focused on NATO operations and missions involving Czech military personnel in Kosovo (KFOR), Afghanistan (ISAF) and Iraq (NTM-I). Moreover, the Czech Republic contributed to the fifth NRF rotation in the second half of 2005 with a unit of 30 personnel specialised in protection against chemical, biological and radioactive substances (CBRN). The deployment of forces and assets of the Czech armed forces in NATO military operations and missions in 2005 was based on political and security priorities and corresponded to the available resources.

In 2005, the Czech Republic paid approximately 49 million CZK into NATO's civilian budget, approx. 290 million CZK into the military budget, and approx. 167 million CZK into the NATO Security Investment Programme (NSIP).

The Czech Republic promoted Czech interests in the areas of military infrastructure funding and the involvement of Czech companies in NATO tenders. There are 109 Czech companies registered in the NATO Maintenance and Supply Agency (NAMSA) database and five in the NATO Consultation, Command and Control Agency (NC3A) database. The registration of other companies is ongoing. Czech companies won NATO contracts worth approx. 18.3 million EUR (approx. 540 million CZK) in 2005. Despite the growing success of Czech companies in tenders, it must be said that Czech companies are not yet sufficiently prepared to execute comprehensive supplies according to NATO requirements.

2005 was an important year for the Alliance's political transformation. The deepening of strategic political dialogue between the Allies and political consultation in NATO reached

a new level, especially after the Brussels Summit in February. The United States in particular initiated a number of discussions on topics that do not normally arise in NATO, for example the Middle East, Iran or DPRK. With the active involvement of the Czech Republic, NATO also made strategic decisions on its future contribution to the global fight against terrorism, the results of which are yet to be presented, as well as the preparation of consultation mechanisms before any decision to launch an operation. The team of the NATO Secretary General drew up and, in December 2005, submitted a proposal for the reform of NATO Headquarters. However, it was not accepted in its entirety by member states. Given its position as a medium-sized country, the Czech Republic has traditionally advocated further deepening of political dialogue in NATO which will strengthen the decision-making process and the Alliance's cohesion.

In 2005, NATO continued process of transformation of its military capabilities launched at the Prague Summit (2002). NATO members decided not to change the Strategic Concept from 1999 but to fundamentally overhaul the defence planning system and give preference to mobile capabilities over static ones. The new guideline for NATO military transformation is the Comprehensive Political Guidance (CPG). It was approved in December 2005 by the North Atlantic Council on the level of permanent representatives, then, in July 2006, on the level of Ministers of Defence, and, at the Summit in Riga, it will be submitted to the Heads of States and Governments to be endorsed and published. The CPG sets out the framework and priorities for NATO transformation and other NATO activities related to the development of military capabilities for the next 10 to 15 years. It will serve as a guideline for collective planning so that NATO has sufficient capabilities for the entire spectrum of its missions. The CPG occupies second place in the hierarchy of key NATO documents, below the NATO Strategic Concept, but above the ministerial guidelines for individual planning disciplines (e.g. force planning).

In the area of strengthening the capability to react to current security threats in the form of international terrorism and proliferation of weapons of mass destruction (WMD), the Czech Republic continued to implement the NATO Prague Summit (2002) decision to ensure adequate defence resources, capabilities and military forces necessary to deal with these asymmetric threats. Under the Prague Capabilities Commitment (PCC), the Czech Republic assumed thirteen national commitments to support the specialisation of the Czech army in WMD protection, passive monitoring systems, and military healthcare. In addition to its contribution to the multinational chemical, biological and radiation protection battalion, the

Czech Republic offered non-accredited specialist training courses for the armed forces of the Czech Republic, NATO as well as partner and other countries at the Centre of Excellence (CoE) in Vyškov.

Under the defence planning system, the Czech Republic successfully took part in multilateral talks in the Defence Review Committee (DRC) to evaluate its defence plans within the framework of the Defence Planning Questionnaire (DPQ). The Czech national chapter and the Czech assessment in the General Report on the Allies' capability to contribute to NATO defence planning approved by Defence Ministers in June were improved. Discussion on Force Goals (FG) - updated versions of the 2004 goals – started in the second half of 2005.

The Czech Republic was actively involved in formulating NATO's "Air Policing" policy to protect the airspace of new NATO members, where it successfully promoted a solution consistent with the Czech Republic's interests. The Czech Republic continued, within the process of integration into the Alliance's structures, negotiations to join NATO Airborne Early Warning and Control (NAEW&C) Programme Management Organization (NAPMO). Simultaneously, the Czech Republic actively participated in developing of Airborne Ground Surveillance (AGS), which will be paralleled to the NAEW&C, but for the surveillance of situation on the ground.

In response to the changing security environment and new threats, NATO continued to work on improving an intelligence exchange mechanism. This cooperation among Allies in NATO is fully supported and has for long been developed and strengthened by the Czech Republic.

The key achievement in NATO financing reform is the decision to introduce from 1 January 2006 a new contributions scale based on a new cost-sharing key. In 2005, the Czech Republic advocated the creation of this new system both through Ambassador K. Kovanda as the Dean of the North Atlantic Council and during negotiations in the Senior Resource Board (SRB).

Progress was made in broadening the common financing of NATO operations not covered by Article 5 of the North Atlantic Treaty and in creating rules governing the use of NATO common capabilities to support the safe conduct of high-level events. These rules

reflected the Czech Republic's lessons-learned from the participation of Czech CBRN experts at the 2004 Summer Olympic Games in Athens.

Besides the new scale of contributions, NATO continued to work on creating a new system for fairer burden sharing. Progress was made towards a solution for common financing of strategic air-lift, with particular regard to the NATO Response Force (NRF).

The need for a more systematic approach to the fight against terrorism was emphasised by the terrorist attacks in the UK, Spain, Turkey and Egypt. Reasoning reaction to these, the NATO Secretary General initiated a more detailed and structured debate on this issue. There is also room for improved cooperation in intelligence sharing between member states and partners, cooperation with other international organisations (UN, EU), strengthening the mandate of anti-terrorism operations (operation Active Endeavour), the "Renegade" concept (measures to deal with airspace violations by unidentified civil aircraft), and in building up capabilities for the fight against terrorism. At present, the Czech Republic participates in addressing the terrorism issue through NATO transformation activities (CBRN battalion) and operations (KFOR, ISAF).

2005 brought a fundamental extension of NATO's current operations. In September, the UN Security Council extended the mandate of the NATO International Security Assistance Force (ISAF) in Afghanistan by another year. NATO decided to strengthen the presence and mandate of its forces in Afghanistan and to bring ISAF closer to Operation Enduring Freedom (OEF). The stabilisation operations in Kosovo (Operation Joint Enterprise, KFOR) went ahead; and based on the "Berlin Plus" NATO/EU cooperation mechanism, support for the EU's operation in Bosnia and Herzegovina (ALTHEA) also continued. Operation Active Endeavour (OAE – the naval anti-terrorism operation in the Mediterranean) and the NATO Training Mission – Iraq (NTM-I) also continued.

From the point of view of military deployment, NATO has marked two landmark events. It has supported an operation in Africa (Sudan) for the first time and engaged in humanitarian aid on three occasions. At the beginning of the year, the Alliance donated engineering equipment to Indonesia to help tackle the effects of the tsunami. In the aftermath of hurricane Katrina, in August, NATO provided humanitarian aid to the USA and, after the October earthquake in Pakistan, it launched a rescue operation on the ground. That included the Alliance's first-ever deployment of its new NATO Response Force (NRF).

The Czech Republic contributed forces and assets to all the aforementioned operations and missions, with the exception of the naval operation in the Mediterranean, logistical support to the African Union in Darfur, and NATO assistance to Indonesia.

Kosovo and KFOR have for long been at the centre of Czech attention. The largest contingent of the Czech armed forces abroad is deployed in Kosovo. It is also the biggest Czech contribution to NATO operations. The importance of this operation grew as the start of the talks on the province's final status approached (beginning of 2006).

The Czech Republic maintained a contingent of 400 to 500 personnel in Kosovo in 2005. After the Czech Republic took over command of the Multinational Brigade in the Central sector from Finland, on 1 August 2005, the numbers were increased to 500. The brigade also includes Finnish, Swedish, Slovak, Irish and Latvian servicemen. The transformation of multinational brigades to a task force structure started in 2005, however, the overall NATO military presence in Kosovo will remain at the same level. The Czech Republic advocated the North Atlantic Council's political supervision of the progress of the KFOR transformation.

One partial success of the Czech Republic's policy is the involvement of a NATO representative in the expanded Contact Group negotiating the final status of Kosovo. In March, a Czech diplomat became the deputy political advisor to the KFOR commander.

The main operation outside NATO's traditional Euro-Atlantic area in 2005 was the ISAF operation in Afghanistan. Its primary objective was to continue to assist the Afghan government in stabilising and rebuilding the country, and to ensure security during parliamentary elections, which signified an important step in the democratisation of the country.

ISAF, including Provincial Reconstruction Teams (PRTs), expanded into its second phase (West), and NATO started to prepare for further expansion into the South. The revised operational plan gives ISAF a stronger mandate and enables its expansion into areas that are considerably more dangerous. In parallel with this, synergy was increased between ISAF and the anti-terrorism coalition Operation Enduring Freedom (OEF).

In March 2005, the Czech Republic sent a new rotation of military experts – a mine and unexploded munitions disposal unit and a team of meteorologists – to Kabul International

Airport (KAIA). Talks on the engagement of Czech servicemen as part of the German-led contingent were successfully completed at the beginning of the year and, subsequently, in mid-March 2005, forty Czech personnel joined the PRT under German command in Faizabad in the northern province of Badakhshan, along with Denmark and Croatia.

The government later approved a further increase of the Czech military presence in Afghanistan for 2006. The number of servicemen at Kabul International Airport will rise from 15 to 50 in connection with the assumption of the leading role at KAIA in December 2006. From the original 40 personnel, as many as 100 will be available for deployment in the Faizabad Provincial Reconstruction Team.

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. As a consequence, the Ministry of Foreign Affairs, in cooperation with other ministries, started to prepare for the greater involvement of Czech civilian experts in Afghanistan under ISAF.

The international community takes part in the stabilisation and democratisation of Iraq following a decision of the UN Security Council. Its work concentrates on supporting the consolidation of Iraqi state power, stabilising the security situation and developing democratic society. The international forces’ mandate was last extended in November 2005. The Iraqi government has the right to review the mandate at any time and terminate the forces’ presence in the country. In 2005, the Czech Republic used both political means and military assets to support the joint stabilisation efforts of the international community and the Iraqi government.

The US-led Multinational Forces coalition (MNF) has operated in Iraq since 2003. Its task is to stabilise the security situation and renew the country’s security sector and basic administrative functions. Furthermore, by invitation from the Iraqi government and following a decision of the Istanbul Summit, the NATO Training Mission – Iraq (NTM-I) was launched, focusing on the training of Iraqi armed forces’ command structures. A Training and Education Doctrine Centre (TEDC) was set up for this purpose in Ar-Rustamiyah. The Czech army provides five instructors to the NATO training mission. The scale of Czech engagement in Iraq corresponds with the armed forces current material and personnel capabilities.

Three trust funds were set up for the NATO training mission. They are intended to cover travel expenses for Iraqis taking courses outside of Iraq, and to fund purchases or repairs of munitions and military equipment. The Czech Republic contributed to the fund for training Iraqi security forces in Iraq and is considering the possibility of providing experts to training courses organised by other NATO member states.

For the first time ever, NATO operates in Africa. Following a request from the Secretary General of the African Union (AU) for logistical support to the AU operation in the Darfur region of Sudan (AMIS), a NATO support mission was launched in July. The mission continues to 2006. Apart from providing logistical support to the African Union, the NATO mission has been also devoted to training AMIS personnel in crisis management. NATO assistance is closely coordinated with the UN and the EU. The Czech Republic supported both the inception of the NATO logistical support mission to AMIS and its extension until the end of March 2006. It does not, however, contribute assets or forces.

NATO assisted the USA in delivering humanitarian aid to the areas affected by hurricane Katrina. Part of the NATO Response Force (NRF), namely the airborne and seaborne transport component, was activated. Airlift was also provided by individual Allies and by the headquarters of the Airborne Warning and Control System (AWACS). The Czech Republic was among the contributors: the first NATO aircraft carrying humanitarian aid set off from the Czech Republic.

Following a request by Pakistan, NATO approved the provision of airborne and seaborne capabilities to transport humanitarian aid (NATO air bridge) and later decided to launch an operation in the affected territory. The engineering component of the NRF was activated and NATO members provided other important contributions: a field hospital, mobile medical teams, transport helicopters, a Civil Military Cooperation (CIMIC) team as well as logistical components. At the beginning of December, when the Alliance's involvement was at its highest, the NATO contingent numbered almost 1,400 persons.

The Czech Republic dispatched a thirty-member medical team to a field hospital set up by the Netherlands. Czech material aid, transported by the NATO air bridge and a Czech army aircraft, amounted to 24.8 million CZK. Moreover, the Czech Republic provided a financial contribution of 20 million CZK to co-finance the NATO air bridge.

2005 did not bring any breakthrough in the evolution of the NATO/EU strategic partnership. Political consultations in the North Atlantic Council (NAC) and the EU's Political and Security Committee (PSC) did not live up to expectations. One new development is an agreement on the reciprocal representation of the military structures. Apart from ALTHEA, the coordination between NATO and EU structures in the process of providing logistical assistance to the African Union in Darfur was another example of practical cooperation. NATO and the EU acted independently of one another after hurricane Katrina and the earthquake in Pakistan; nevertheless, informal contacts did take place between liaison officers on the ground.

The Czech Republic advocates further development of cooperation between the two organisations and is in favour of ending the current impasse in NATO/EU relations. It supports the complementarity of the rapid response forces that are being developed and the broadening of dialogue between the two organisations. The Czech Republic was actively involved in the debate on the NATO/EU relationship in the area of military capabilities development, with particular regard to the NATO Response Force and EU battle groups (BGs). Here, the Czech Republic advocated efficient expenditure of efforts and resources and seeks to prevent duplications.

From the Czech Republic's point of view, the fight against terrorism, non-proliferation of WMD, and geographically focused cooperation in areas of common interest, such as the Mediterranean and the Middle East, remain the key themes of the NATO/EU partnership. In the area of operational command, the Czech Republic supports sharing NATO's capabilities with the EU under the "Berlin Plus" mechanism, and not just in the EU's ALTHEA operation in Bosnia and Herzegovina.

In the 1990s, the Partnership for Peace (PfP) and later 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 Prague Summit, continued in 2005. The aim of this transformation is to ensure that the partnership is oriented more towards specific problems and a more individual approach is taken towards the Partners – whether they are individual countries or groups of countries. The first independent EAPC Security Forum was held in Åre, Sweden, in May 2005 – with a longer-term and more strategic scope.

The Partnership for Peace currently comprises several groups of countries, each of which requires a different approach, has different expectations and is in a different economic and political situation: the Caucasus and Central Asian countries; neutral countries – Austria, Finland, Ireland, Sweden, and Switzerland; countries aspiring to NATO membership – Albania, Croatia, and the Former Yugoslav Republic of Macedonia; Russia and Ukraine.

In line with the recommendations of the Istanbul Summit, NATO has developed its relations with the Caucasus and Central Asian countries. There are liaison officers working in both regions and contacts also continued via the NATO Secretary General's Special Representative. After Georgia and Azerbaijan, Kazakhstan and Armenia also enhanced their cooperation with NATO through the Individual Partnership Action Plan (IPAP). Another new tool is the Partnership Action Plan on Defence Institution Building (PAP-DIB). This programme is designed to help integrate hitherto fragmented NATO projects in the areas of democratisation, civilian control of the military and defence planning support. The Czech Republic supported the Alliance's individualised approach to partner countries.

Along with other countries, the Czech Republic continued to support NATO's cooperation with a candidate to the PfP membership – Serbia and Montenegro (SaM). Following a Czech proposal, a meeting was held between the North Atlantic Council and SaM's Foreign Minister V. Drašković in January 2005. NATO signed a transit agreement with Belgrade and decided to establish a Military Liaison Office in Belgrade as well as a joint Defence Reforms Assistance Group. The Czech Republic contributed 20,000 EUR towards a project to re-train demobilised military personnel. The Czech Republic also supports the admission of Bosnia and Herzegovina to the Partnership for Peace.

In the context of the upcoming 2008 NATO Summit on enlargement, the first informal exchanges of opinion regarding NATO's further enlargement began in 2005. Ukraine was the political prime mover of the deliberations on future enlargement and Georgia's aspirations also came to focus. The three countries currently seeking to join NATO are Albania, Macedonia (FYROM), and Croatia. All three are preparing under the Membership Action Plan (MAP). Having made substantial progress in meeting the political criteria – mainly cooperating with the International Criminal Tribunal for the Former Yugoslavia (ICTY) and refugee returns – Croatia is rated the best-prepared country. However, for the time being, none of the candidates complies with all the standards deemed as necessary for accession.

A session to open a new round of talks on the national Annual Programmes was held with each country in autumn.

The Czech Republic advocates NATO's Open Door Policy and continued to engage in intensive cooperation as well as sharing its experience of accession to NATO and its work within the organisation with countries seeking membership, primarily with candidates from southern Europe. NATO's Open Door Policy stands: no European country applying the values of democracy, the rule of law and human rights enshrined in the North Atlantic Treaty should be ruled out. Concrete action and honouring commitments are fundamental for NATO.

At the beginning of 2005, the Czech Republic initiated a round of discussions in NATO's Political Committee on strengthening political dialogue regarding NATO's relationship with Russia. In the NATO-Russia Council (NRC), the Czech Republic sought to widen consultations to include further strategic topics for political dialogue. Subsequently, exchanges of opinion with Russia regarding the situation in the Balkans, Kosovo, Georgia, Afghanistan, Darfur and the Middle East took place at various levels.

The Czech Republic and other NATO members welcomed the signing of the Status of Forces Agreement (SOFA) with Russia, intended to facilitate military cooperation.

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

The fight against terrorism, based on the Action Plan on Terrorism designed to coordinate activities that have so far been splintered among several working groups, remained at the forefront of cooperation between NATO and Russia.

In 2005, the Czech Republic supported Ukraine's ambitions to deepen cooperation with NATO. The February summit of the NATO – Ukraine Commission (NUC), attended by President V. Yushchenko, marked a new stage in NATO - Ukraine relations. It was followed by the adoption of the "Intensified Dialogue on Ukraine's Aspirations to Membership and Relevant Reforms" in Vilnius in April. Although this instrument does not automatically

anticipate integration to NATO, the Allies have *de facto* recognised Ukraine's ambitions as legitimate.

The Czech Republic regards the Mediterranean Dialogue (MeD) as a useful format for developing NATO's security cooperation with the southern Mediterranean countries. Within NATO, the Czech Republic is one of the strongest advocates of strengthening an individual approach and has repeatedly stressed that Israel is the only MeD country sharing common values with NATO.

In 2005, NATO offered MeD countries new instruments, such as the Operational Capabilities Concept or Individual Cooperation Programmes. MeD countries may take part in sessions of selected armaments groups and Defence Against Terrorism (DAT) activities. Some MeD countries took also part for the first time in Cooperative Best Effort joint military exercise in Ukraine. On the other hand, talks on cooperation with the NATO Maintenance and Supply Agency (NAMSA) and on SOFA made no progress.

On 1 January 2005, the Czech Republic took on the role of NATO Contact Point Embassy in Israel. Its chief task is to provide information about NATO through public diplomacy activities.

The Czech Republic supported the goals and further development of the Istanbul Cooperation Initiative (ICI). Political dialogue with ICI countries as well as other Middle East countries paved the way for practical cooperation with countries in the region, where the fight against terrorism appears to be the area with the greatest potential.

Bahrain, Qatar and the United Arab Emirates joined the Istanbul Cooperation Initiative in 2005. Kuwait became the first member at the end of 2004. A conference on NATO's role in the Broader Middle East was held in Rome in March 2005. A conference on NATO's role in security in the Gulf took place in Qatar in December.

At the beginning of 2005, the Czech Republic took part in NATO's crisis management exercise CMX 05, along with nine partner countries. The exercise tested consultation procedures and collective decision-making against the background of escalating tension in an area, where NATO and its partners were conducting a fictitious operation under a UN Security Council mandate. The sequence of events led NATO to decide to deploy NRF. It is

NATO's interest to conduct real operations with partners' participation; that is why their involvement in training was an important test of the mechanisms in place.

The Czech Republic continued to participate actively and successfully in formulating the principles of NATO's public diplomacy. In collaboration with the NATO International Secretariat, the Czech Republic's Permanent Delegation to NATO welcomed a number of visitor groups in 2005: students, Czech business representatives and regional representatives. The annual "NATO Day" is becoming increasingly popular. The fifth annual celebration took place in Ostrava in October. The Permanent Delegation gives public speeches and interviews that are met with considerable interest. A web site devoted to NATO is in its fourth year of operation.

In October 2005, representatives of Contact Point Embassies in the Partnership for Peace, Mediterranean Dialogue and Istanbul Cooperation Initiative countries met for the first time at NATO Headquarters. The Czech Republic was represented by a diplomat from its Tel Aviv Embassy.

In July 2005, Š. Füle became the head of the Czech Republic's Permanent Delegation to NATO, taking over from Ambassador K. Kovanda after a term of more than seven years in office.

3. The Czech Republic and regional cooperation

Visegrad cooperation

Visegrad Group (V4) cooperation has become the most distinctly profiled initiative in the Central European region. The Visegrad Group has earned a good reputation as a catalyst of integration processes and as a symbol of Central European stability. It represents an association of countries that have coped positively with the consequences of communist rule and has gradually become a respected formation on the international political scene; there is growing interest in cooperation with it.

In 2005, V4 developed in particular the civil dimension of cooperation, held regular consultations on V4 countries' positions on EU affairs, continued to widen cooperation in V4+ formats on matters of the EU's European Neighbourhood Policy and to assist countries undergoing political and social transformation. Inter-ministerial cooperation within V4 was

strengthened: V4 country prime ministers and ministers met regularly, including outside the specified framework of meetings.

A number of minister-level meetings took place during the second half of the Polish Presidency (January to June 2005). Under the Polish Presidency, V4 stepped up its foreign policy activities, focusing chiefly on supporting transformation processes in Eastern European countries. Several significant summit-level meetings have taken place since the start of the Hungarian Presidency (July 2005). The foreign ministers' conference of 11 July 2005 contributed to the further development of V4+ cooperation; several meetings of prime ministers helped attain consensus among Visegrad Group countries on further steps to be taken in talks on the new EU financial perspective and in the view of further developments in the European Union. Before the December 2005 session of the European Council, the prime ministers of V4 countries also met in a joint format with their Benelux partners.

Cooperation between ministries and joint expert groups and also a number of civil activities, many of them supported out of the Bratislava-based International Visegrad Fund (IVF), gave practical substance to the Visegrad Group. In the vast majority of cases, the IVF supported activities of non-governmental entities. In 2005, the IVF assessed 712 grant applications, supporting 303 of these applications with a total sum of EUR 2,376,864. Additionally, the IVF assessed 241 scholarship applications, awarding 80. Contributions to the IVF are gradually increasing; in 2005, it was decided that, starting in 2006, the Fund would have available an annual sum of EUR 3.2 million.

Since 2005, the IVF has started to develop a strategic projects programme in addition to its "small and standard grants"; the purpose of the strategic projects programme is to actively take part in the process of defining themes and areas of cooperation for the Fund to support. Strategic themes designed to strengthen ties within V4 and support V4 countries' activities towards their eastern and southern neighbours are identified for a 1-3 year period as a contribution to implementation of the EU's European Neighbourhood Policy.

In the area of external relations, Visegrad-Benelux cooperation developed in 2005; areas of cooperation are also being discussed with Japan. The altered situation in the Ukraine paved the way in 2005 for new cooperation possibilities and there was growing interest in cooperation with other Eastern European countries undergoing social and economic transformation. In terms of foreign policy, the Visegrad Group also concentrated on

supporting the democratisation process in Belarus and decided to include cooperation with Moldova among its priorities.

Meetings of representatives of Visegrad Group states in 2005:

- 28-30 January 2005 – meeting of parliamentary committees for EU affairs in Zakopane;
- 4 March 2005 – meeting of defence ministers in Warsaw, attended by the Ukrainian defence minister as a guest;
- 16-18 March 2005 – meeting of transport and infrastructure ministers in Straszyn;
- 14-15 April 2005 – meeting of regional development ministers in Warsaw;
- 18-20 April 2005 – meeting of parliamentary committees for EU affairs in Častá Papiernička;
- 21 April 2005 – meeting of foreign ministers with the Ukrainian foreign minister in Vilnius;
- 28-29 April 2005 – meeting of culture ministers in Banská Bystrica;
- 4 May 2005 – meeting of finance ministers in Prague;
- 6-7 May 2005; – meeting of environment ministers in Białowieża;
- 10 June 2005 – meeting of prime ministers in Kazimierz Dolny;
- 11 July 2005 – conference of foreign ministers in Budapest;
- 13 July 2005 – working meeting of prime ministers and working dinner with the Austrian chancellor in Budapest;
- 30 August 2005 – meeting of prime ministers with the president of the European Commission in Budapest;
- 30 September 2005 – meeting of presidents in Wisła;
- 2 December 2005 – meeting of regional development ministers in Sliach;
- 2 December 2005 – meeting of prime ministers with the British prime minister in Budapest;
- 8-9 December 2005 – meeting of culture ministers in Karlovy Vary;
- 15 December 2005 – meeting of prime ministers with Benelux prime ministers in Brussels.

Central European Initiative (CEI)

During 2005, consolidation of cooperation mechanisms and the work of the Central European Initiative (CEI) continued in a situation where 7 of the 17 CEI member countries were simultaneously members of the EU and, moreover, a number of countries in the Western Balkans took a fundamental step closer to the EU by signing stabilisation and association agreements. In this sense, the CEI retained its original role as a multilateral platform for deepening ties between countries with varying levels of social and economic development and, most importantly, different degrees of integration into European structures. The CEI also enhanced its function as an instrument of political dialogue and technical cooperation in the interest of European cohesion, overcoming new dividing lines and building capabilities where they have previously been lacking. In 2005, the CEI's basic comparative advantage continued to be its accent on bottom-up initiatives and flexibility of reaction to the changing needs both of the member countries and their mutual cooperation.

Slovakia, which held the CEI Presidency in 2005, organised over 25 international events under the CEI aegis, all with substantial participation and at a sufficiently representative level. Slovakia can thus be credited for both the practical aspect and real impacts of CEI cooperation and also for enhancing the CEI's presence in the European institutions system. However, it was the Slovak Presidency's efforts to institutionalise relations between the CEI and the EU that had key significance for the future: there were meetings and exchanges of letters at the highest level; contact points on both sides were successfully established; and a European Commission representative took part in CEI events for the first time.

The most important event in the CEI was a prime ministers' meeting in Piešťany on 25 November 2005. The meeting was attended by the prime ministers of the 11 CEI member countries, including Czech Prime Minister J. Paroubek. The meeting's core topic was "The Situation in the Region and New Developments in the European Integration Process". The heads of government expressed optimism regarding political and economic developments in the CEI's geographical area, appreciated the CEI's stimulating role in the European integration process and called for the CEI to continue to fulfil this role towards the remaining CEI countries. The European Commission representative described regional cooperation as a pillar of good neighbourhood policy.

There were also three ministerial meetings during the Slovak Presidency: a meeting of agriculture ministers in Sliach on 3 November 2005 (attended on behalf of the Czech Republic by Minister of Agriculture P. Zgarba); a ministerial round table as part of the CEI's Summit Economic Forum (SEF) in Bratislava on 24 November 2005 (the Czech delegation was headed by 1st Deputy Minister of Industry and Trade J. Bis); and a meeting of CEI countries' foreign ministers in Tatranská Lomnica on 27 May 2005 (the Czech Republic was represented by the Secretary of State of the Ministry of Foreign Affairs V. Zavázal). Cooperation at the political level was complemented by parliamentary meetings (CEI Parliamentary Committee, Bratislava, 5-7 May 2005; CEI Parliamentary Assembly, Bratislava, 3-5 November 2005; meeting of foreign ministries' political directors (Rome, 24 October 2005); regular meetings of the CEI Committee of National Coordinators (9 in total); and the CEI Youth Forum (Trenčín, 22-25 November 2005).

As regards CEI expert events, the most important ones were: an international conference of cultural monument restorers; a workshop on civil protection; an international conference on the fight against organised crime; and a "Conference for the Safe Development of Life Line Systems (with regard to disaster preparedness and relief after earthquakes). The Czech Republic organised an international conference titled "Competitiveness – Innovation – Human Resources: CEI Countries in Global Perspective", in Prague on 27 - 29 April 2005. This was a practical contribution to the work of the CEI Working Group for Human Resources Development and Training, which the Czech Republic co-chairs.

In 2005, the CEI Cooperation Fund supported a total of 76 "cooperation activities", which are thematically oriented cooperation projects between interested countries or entities from CEI member countries. Cooperation activities focused mainly on culture, science and technology, and youth affairs. Czech entities organised (or co-organised) a total of three CEI cooperation activities, two in the environment, and one in tourism. Combined with other sources of financing (voluntary contributions by Italy, CEI Trust Fund at the EBRD), the CEI contributed EUR 930,000 to cooperation activities in 2005, i.e. 12 % of the total of its overall budgets. Since cooperation activities constitute a significant part of the CEI's work with an immediate practical impact, at their Tatranská Lomnica meeting CEI member countries' foreign ministers decided to increase the volume of the CEI Cooperation Fund (composed of CEI country membership contributions) to EUR 320,000 per annum. The CEI's involvement in the implementation of seven European projects to a total value of EUR 7.5 million can be viewed as a great success. These are projects financed out of EU funds, e.g.

INTERREG III B CADSES, the Sixth Framework Programme for Research and Technological Development, INTERACT, and Culture 2000.

Practical cooperation in the 16 CEI working groups also went ahead in 2005, but not always at comparable levels of intensity. In contrast, substantial progress was registered by younger CEI structures: the CEI University Network (75 universities from the CEI region joined the network), the CEI Know-how Exchange Programme, and the CEI Science and Technology Network. In 2005, a new programme for the award of an annual “CEI Award for Innovative SMEs” was launched as a complement to the older “From Research to Enterprise” CEI award. One entirely new element was the introduction of a separate category of “CEI Feature Events & Activities”, incorporating specific annual CEI events: a summit economic forum, youth forum, journalists’ forum, and the Venice forum of contemporary art curators.

Regional Partnership

Since its inception in 2001, cooperation in the Regional Partnership format (Austria, Czech Republic, Hungary, Poland, Slovakia and Slovenia) has consisted primarily in meetings of foreign affairs, interior and environment ministers. The best-developing area of Regional Partnership cooperation that brings concrete results is internal security cooperation, which takes place in the form of regular meetings of interior ministers.

The principal endeavour in external cooperation was to find common positions on EU affairs and possibilities for jointly presenting them. Attention was focused primarily on the Balkans, where the most of its members’ experience with this territory could provide a role for the Regional Partnership. In this context, there is the option of a “division of labour” between the Regional Partnership and Visegrad Group. Whilst the Regional Partnership would participate in developing the southeastern dimension of EU external policy, the Visegrad Group would participate in the eastern dimension. The 7th conference of foreign ministers of Visegrad countries, Austria and Slovenia on Western Balkans affairs, held in Budapest on 10-11 October 2005, can be seen as a concrete step towards implementing this “division of labour”. Here the Regional Partnership countries agreed to assist Western Balkans countries in their integration efforts in pre-agreed areas. The Czech Republic was chosen to coordinate cooperation in the transfer of experiences in matters concerning the application of internal market principles.

Stability Pact for South East Europe (SESP)

In its sixth year of operation, the Stability Pact for South East Europe (SESP) continued to fulfil its role as an initiator and coordinator of international assistance projects to the countries of the Western Balkans and Moldova. SESP activities focused primarily on supporting regional cooperation with a view to gradually transferring individual initiatives and projects to partner countries so that the impetus for regional cooperation can come from the region itself. Besides the European Union, the United States, Switzerland, Norway, Japan, Canada, and the International Financial Institutions actively supported SESP members.

Member countries registered fundamental progress by SESP beneficiaries in the process of stabilisation, democratic development and European integration in 2005. Bulgaria and Romania signed a treaty on EU accession, scheduled for January 2007; Croatia started accession talks with the EU; the European Council awarded candidate status to the Former Yugoslav Republic of Macedonia; Serbia and Montenegro and Bosnia and Herzegovina started talks on a Stabilisation and Association Agreement (SAA); and Albania drew closer to completing talks on an SAA.

The Czech Republic offered to organise a session of the SESP in order to show beneficiary countries the results of economic transformation and European integration, thus supporting positive changes in countries in the region. In November 2005, Prague hosted a session of the SESP supreme body. Besides its standard agenda, this session dealt with the topical theme of the SESP's future in consequence of the aforementioned positive developments in the region: drawing up a strategy for the gradual handover of SESP activities management to countries of the region and scaling down the work of the SESP Brussels secretariat. On the sidelines of the SESP session, representatives of the South Moravian Region of the Czech Republic gave a presentation of a development cooperation project between the South Moravian Region and the Sumadije region in Serbia, focusing on both economic cooperation and the transfer of practical experience of functioning local government in a democratic society.

In 2005, the Czech Republic continued to give active support to the work of all three SESP working tables and financed a number of projects to support stabilisation in the region and individual countries. Under the SESP requirement for new EU member countries, the Czech Republic concentrated on transferring its experiences of the economic and social transformation process and preparation for EU membership.

Within *Working Table I for democratisation and human rights*, the Czech Republic supported the transfer of experience through a number of projects. The International Relations Council organised training for non-governmental organisations (NGOs) from Serbia and Montenegro and Bosnia and Herzegovina targeting NGOs' role in the development of civil society. For the fifth consecutive year, the Czech Ministry of Interior continued to implement a project targeted on the transfer of experience of public administration reform to Serbia and Montenegro. In response to a call from the SESP Special Coordinator E. Busek, the Committee of European Affairs of Chamber of Deputies of Parliament of the Czech Republic and the Parliamentary Institute started to prepare a capacity building project for the Serbian parliamentary officials, focusing on legislation harmonisation and assuming the *acquis*.

Within *Working Table II for economic cooperation, renewal and development*, the Ministry of Foreign Affairs of the Czech Republic and the CzechInvest (Investment and Business Development Agency) organised training for investment support agency staff in Bosnia and Herzegovina and Serbia and Montenegro, designed to transfer Czech experience of attracting foreign investors. The Czech Office for Standards, Metrology and Testing (ÚNMZ) implemented a year-long project to train Albanian standardisation specialists, including supplying necessary equipment worth a total of CZK 1.6 million, in order to boost Albanian export capacities and help establish a standard market environment in Albania.

Within *Working Table III for defence and security*, the Czech Republic gave financial and expertise support to a seminar organised by the SESP in Belgrade; financed a NATO project to improve communication facilities for the army of Bosnia and Herzegovina to the value of CZK 1.5 million; and an OSCE project to improve the work of the Albanian border police to the value of CZK 900,000. As part of the transfer of experiences in the field of preparation for NATO membership, the Czech Republic supported training for Serbian and Montenegrin students and journalists organised by the Jagello 2000 society.

In keeping with tradition, the Czech Republic made a financial contribution to the Ljubljana-based International Trust Fund for Demining and Mine Victims Assistance, this time providing CZK 1.4 million for demining in the Sizje-Suma Ceste locality in Bosnia and Herzegovina and a mine clearance quality management project in Albania. Also within Working Table III, in 2005 the Czech Republic's representative continued his secondment to the Office of the Special Coordinator of the SESP in Brussels being in charge of the small arms and transformation of the armed forces and defence industry issues. The Czech Ministry

of Interior started to implement a project to fight against organised crime by sending an expert mission to Serbia and Montenegro in December 2005.

The Czech Republic also supported the SESP's goals and activities in international institutions and organisations, most notably the European Union, the North Atlantic Treaty Organisation, the Organisation for Security and Cooperation in Europe, the Regional Partnership, and at the level of individual ministries as part of development aid or directly by means of a military and police presence in the region, e.g. as part of the international stabilisation operations in Kosovo, Bosnia and Herzegovina, and the Former Yugoslav Republic of Macedonia.

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 Czech Republic regards the OSCE as 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 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. According to the Czech Republic, the OSCE's primary roles are conflict prevention and post-conflict renewal. The Czech Republic supports further deepening of cooperation between Euro-Atlantic organisations and the OSCE security dimension in line with the principles of the Platform for Cooperative Security, approved at the OSCE summit in Istanbul in 1999.

In 2005, the Czech Republic was fully involved in cooperation and coordination with other EU member states within the framework of the OSCE, where EU members account for almost half the participating countries (25 of 55) and EU members' contributions make up roughly two-thirds of OSCE funds. The Czech Republic was actively involved in formulating EU positions on general matters and specific problems.

The Czech Republic regularly hosts sessions of the OSCE Economic Forum, which meets every year in Prague at the Senior Council level and is the main OSCE event in the economic dimension each calendar year. The 13th OSCE Economic Forum was held in Prague on 23-27 May 2005 under the title "Demographic Trends, Migration and Integration of Persons Belonging to National Minorities: Ensuring Security and Sustainable Development in the OSCE Region".

The Czech Republic welcomes the efforts designed to strengthen the OSCE's economic dimension and find the right balance between all three OSCE dimensions. Although the OSCE is not an economic organisation, its role in preventing security risks stemming from economic and environmental problems is indispensable.

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

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

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

The OSCE Human Dimension Annual Implementation Meeting took place in Warsaw on 19 September to 2 October 2005. Its agenda centred on the issue of compliance with fundamental democratic freedoms. The issue of tolerance, in all its various aspects, was the central theme.

One important event in the human dimension was the Conference on Anti-Semitism and Other Forms of Intolerance (Cordoba, 8-9 June 2005). The conference was attended by a large Czech delegation, headed by Deputy Minister of Foreign Affairs P. Svoboda.

Election monitoring remained a key area of the OSCE's work in the human dimension. In 2005, the Office for Democratic Institutions and Human Rights (ODIHR) sent election observers in particular to countries in South Eastern Europe and CIS countries. A support team of OSCE election experts also operated in the territory of the Palestinian National Authority. 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 Parliamentary Assembly of the OSCE.

In 2005, the OSCE registered positive results in its field missions, particularly in South Eastern Europe (among other things, it continued to help establish basic democratic standards in Kosovo and to strengthen statehood and the rule of law in Bosnia and Herzegovina). The OSCE 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 2005. The Czech Republic continued to actively send its experts to these missions. Ambassador P. Vacek continued to hold the post of head of the OSCE presence in Albania.

In 2005, there was merely limited 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 Russian will to complete its military withdrawal from the country and to put pressure on the Transnistrian regime to take a constructive attitude.

There were no fundamental developments in the OSCE-sponsored talks on Nagorno-Karabakh taking place in the Minsk Group format between Armenia and Azerbaijan in 2005.

The Czech Republic again declared its readiness to host talks between the personal envoys of the two countries' presidents in Prague.

Slovenia held the Presidency of the OSCE in 2005. The culmination of its Presidency was the 13th session of the Council of Ministers in Ljubljana (5-6 December 2005). The Czech delegation was led by First Deputy Minister of Foreign Affairs J. Bašta. The meeting as a whole was dominated by debate on OSCE reform, frozen conflicts, and 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 also spoke on 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.

One important document for OSCE reform is the decision on "Making the OSCE More Effective", which is actually a "road map" for implementing certain recommendations from the report of the Panel of Eminent Persons established by a decision of the Council of Ministers in 2004. Decisions were adopted in the area of the fight against terrorism (on the fight against transnational organised crime, on container security, on strengthening legal cooperation in terrorism-related criminal matters). A Border Security and Management Concept and decisions concerning migration issues were also adopted.

In the political/military dimension, ministers supported the decision to hold an OSCE seminar on military doctrine. A declaration was also adopted on Nagorno-Karabakh, drawn up by the Co-Chairs of the OSCE Minsk Group after consultations with both concerned countries, and a declaration on Georgia reflecting the progress in the Russian Federation's fulfilment of its Istanbul commitment.

In view of the failure to adopt a ministerial political declaration reflecting the disarmament regime, NATO states issued their own declaration on the (Adapted) Treaty on Conventional Armed Forces in Europe and the Istanbul commitments.

The Council of Ministers also adopted a decision on the fight against illicit drugs, a decision on the fight against human trafficking and on support for human rights education in the OSCE region; a general declaration on the 20th anniversary of the Chernobyl nuclear power station disaster; a decision on the role of women in conflict prevention, crisis management and post-conflict rehabilitation, and a decision on preventing and combating violence against women.

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. The Czech Republic seeks to strengthen further the significance of the office and to deepen its activities for the benefit of the entire organisation, by strengthening both its function as an archive and conference service and its information role for expert and lay public.

Council of Europe

Political agenda activities

The 3rd summit of the Council of Europe was held in Warsaw on 16-17 May 2005. Heads of state and government discussed the following topics in three blocks: “European Unity and European Values”, “Challenges for European Society”, and “European Architecture”. The summit’s aim was to confirm the Council of Europe’s key mission in the coming years – supporting and promoting shared values, i.e. in particular the protection of human rights, the rule of law and democracy.

The Czech Republic was represented by President V. Klaus, who gave an address on the subject of “European Unity and European Values”. His speech touched on the question of the co-existence of two international organisations, the Council of Europe and the European Union. He expressed the opinion that even following EU enlargement the Council of Europe plays and will continue to play an indispensable role in human rights protection in Europe.

The 3rd summit adopted two documents: a Political Declaration and an Action Plan. Adoption of the Political Declaration creates a framework for the Council of Europe’s further functioning. The Declaration states that further progress in building a Europe without dividing lines must continue to be based on the Council of Europe’s common values: democracy, human rights, and the rule of law.

To follow up the Political Declaration, the summit drew up an Action Plan identifying areas in which the CoE will in future carry on its activities and further formalise the basic outlines of cooperation with partner organisations, namely the OSCE and EU. The key areas here are strengthening the effectiveness of the European human rights protection system, and the fight against terrorism, human trafficking, corruption and organised crime.

Three new CoE conventions were also opened for signing at the summit: the Convention on the Prevention of Terrorism, the Convention on Action against Trafficking in Human Beings, and the Convention on the Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

One aspect of the practical implementation of the 3rd summit's conclusions was the establishment of what is called a "Group of Wise Persons", which was charged with looking for ways to make the work of the European Court of Human Rights more effective and evaluating its reform to date. The Group of Wise Persons was asked to present the results of its work in a report to the Committee of Ministers by May 2006.

Following up the 3rd summit, the founding session of the Forum for the Future of Democracy was held in Warsaw on 3-4 November 2005. The Forum is conceived as a process that will continue in other host countries and whose aim is to provide practical instruments for policy makers, practitioners, think tanks and non-governmental organisations working in this area to facilitate their greater engagement in the strengthening and development of democracy. The Forum's participants are representatives of government offices, parliaments, and local and regional government and self-government, and non-governmental organisations.

Another aspect of the practical implementation of the 3rd summit's outputs was the creation of a task force to combat violence against women and a task force on social cohesion.

The 115th session of the Council of Europe's Committee of Ministers (CM) was held in Strasbourg on 16-17 November 2005. The main item on the agenda was the first evaluation of implementation of the 3rd summit's conclusions. The ministers issued a communiqué summarising the steps taken to date, including the establishment of the Group of Wise Persons to assess the effectiveness of reform steps regarding the working of the Court, the founding of the Forum for the Future of Democracy, the creation of a Centre of Expertise on local government reform, the establishment of a task force to combat violence against women, the launch of a child protection campaign, the setting up of a task force on social cohesion, the

appointment of a coordinator for intercultural dialogue development, and strengthening EU and OSCE cooperation.

Monitoring and activities in bodies of the Council of Europe

In March, the Advisory Committee on the Framework Convention for the Protection of National Minorities issued its 2nd Opinion on the Czech Republic's implementation of the convention. In response, the Czech Republic submitted its own commentary in July; the CoE Secretariat subsequently drew up a draft resolution of the Committee of Ministers on the Czech Republic's implementation of the Framework Convention on the Protection of National Minorities. Before the further discussion of the draft resolution, the Czech Republic was given the opportunity to present its comments on it by 4 January 2006.

In August, the European Committee on Social Rights (a body monitoring compliance with the European Social Charter in states parties' legislation and its implementation) published a total of 38 conclusions focusing on the Czech Republic's implementation of selected provisions of the European Social Charter and its Additional Protocol. The Committee found that the Czech Republic was in conformity with the Charter in 10 cases and in non-conformity in 12 cases (these are mostly highly specific matters requiring amendments of legislation – e.g. the notice period for long-term workers, the size of wage deductions, the minimum employment age, severing employment during maternity leave, etc.). In the remaining 16 cases the Committee requested additional information for assessment purposes; the Czech Republic is to provide this information in a further report on implementation of the articles in question.

Treaty-related activities

Out of a total of 201 Council of Europe conventions, the Czech Republic is party to 95 and signatory of 14 as of the end of 2005. The Czech Republic became a party to 3 CoE conventions in 2005:

- Agreement on Illicit Traffic by Sea, implementing Article 17 of the UN Convention against Illicit Traffic in Narcotic and Psychotropic Substances;
- Additional Protocol to the Anti-doping Convention;

- Additional Protocol to the European Agreement on the Transmission of Applications for Legal Aid.

The Czech Republic became a signatory of 2 CoE conventions in 2005:

- Convention on Cybercrime;
- Protocol No. 14 to the Convention for the Protection of Human Rights and Fundamental Freedoms, amending the control systems of the Convention.

In the same year, the Czech Republic renewed its reservations regarding two CoE conventions, namely the European Convention on the Adoption of Children (reservation regarding Article 7 (1)), and the Criminal Law Convention on Corruption (reservation regarding Articles 7 and 8).

In June 2005, there was a technical seminar in Prague on questions concerning the Czech Republic's ratification of the European Charter for Regional or Minority Languages. Council of Europe experts and government and national minorities representatives took part in the seminar. The seminar's principal aim was to discuss questions associated with preparations for ratification of the Charter.

The CoE and the fight against terrorism

With the involvement of Czech specialists, the Committee of Experts on Terrorism (CODEXTER) continued its work in 2005, preparing a draft European Convention for the Suppression of Terrorism. Besides this convention and the Convention on the Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, as part of measures in the fight against terrorism, the Committee of Ministers approved Recommendation (2005) 7, concerning identity and travel documents and the fight against terrorism, Recommendation (2005) 9, on the protection of witnesses and collaborators of justice, and Recommendation (2005) 10, on "special investigation techniques" in relation to serious crimes, including acts of terrorism. The Committee of Ministers also approved the Guidelines on the Protection of Victims of Terrorist Acts, which contains a recommendation for member countries regarding the provision of assistance, adequate compensation and protection of victims' private and family life, dignity and safety. In March 2005, the Committee of Ministers issued a Declaration on the Freedom of Expression and Information

in the Media in the Context of the Fight against Terrorism, confirming that not even the fight against terrorism justifies the imposition of other restrictions on freedom of expression than those already contained in the European Convention on Human Rights.

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, but also CODUN, CONOP, COHOM, CODEV and COTER¹, 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 EU common position as a voter to the elected bodies of the UN system and when exercising functions in these bodies if it was elected for the Eastern and Central European regional group.

Principal UN bodies

59th session of the UN General Assembly

The 59th session of the United Nations General Assembly (GA), chaired by former foreign minister of Gabon J. Ping, continued in the first half of 2005. One of the main topics of the spring part of the session was preparation for the UN summit in 2005. The preparations were based on a set of reform proposals tabled in March by the UN Secretary General K. Annan in his report titled "In Larger Freedom: towards development, security and human rights for all". This report sought to update the concept of the fundamental pillars of international relations in today's world (development – security – human rights), bring them into equilibrium and propose corresponding institutional changes.

As part of the UN reform efforts, talks went ahead on a resolution on the revitalisation of the General Assembly; the Czech permanent representative to the UN in New York,

¹ CONUN – EU working group for UN affairs; 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; COTER – EU working group on terrorism

Ambassador H. Kmoníček, was one of five facilitators at the talks. During spring 2005, priority attention was occupied by attempts to table a resolution to enlarge the UN Security Council (SC). The Czech Republic was co-sponsor of a model which was proposed by a group of four countries – Germany, Japan, India and Brazil – and which envisaged enlarging the SC equally in the permanent and non-permanent members categories.

In January and August 2005, the Czech Republic actively participated in the 5th and 6th sessions of the UN Ad Hoc Committee on a Comprehensive and Integral Convention on the Protection of the Rights and Dignity of Persons with Disabilities, and was a member of the Committee bureau.

On 2 June 2005, in addition to the EU joint address, the Czech Republic gave a separate address on prevention matters during a one-day GA High Level Meeting on HIV/AIDS devoted to reviewing progress in realising the commitments from the 26th special session of the UN GA (2001) on HIV/AIDS.

A session of the Ad Hoc Committee on international terrorism was held on 28 March to 1 April 2005; for several years the Ad Hoc Committee has been drawing up international instruments on the suppression of terrorism. During the session, work on the International Convention on the Suppression of Acts of Nuclear Terrorism was successfully completed; on the following day, 13 April 2005, the Convention was adopted by the UN GA and on 14 September 2005 was opened for signing. On 15 September 2005, Prime Minister J. Paroubek signed the Convention for the Czech Republic.

60th session of the UN General Assembly

The main (autumn) part of the 60th session of the UN GA took place from 14 September to 23 December 2005 at UN Headquarters in New York, presided over by Swedish diplomat J. Eliasson. The 2005 World Summit: High-level plenary meeting of the 60th session of the General Assembly took place on 14-16 September 2005 in New York (hereinafter “summit”), which was held in connection with the 60th anniversary of the UN. The meeting was attended by heads of state and government from some 154 of the UN’s member states, 149 of which addressed the summit. One of the summit’s key goals was to evaluate the performance of tasks deriving from the Millennium Summit in the year 2000, in particular the Millennium Development Goals. Besides development issues, the question of

UN reform was a dominant topic at the summit. The summit's key results were summarised in the Outcome Document.

In an address given on 15 September 2005, the head of the Czech delegation, Prime Minister J. Paroubek, followed up the EU's joint address, stressing the link between security goals and development goals. He also underscored the moral imperative of the fight against hunger and poverty for both rich and poor states, advocated shared responsibility and pointed out that the Czech Republic, whose development assistance has already more than doubled and continues to grow, is the biggest donor of the 10 new EU members. Furthermore, he announced that the Czech Republic was making a voluntary contribution to the newly established UN Democracy Fund and recalled the Czech Republic's candidacy to the SC in 2007. In view of the criticism of the UN as an organisation, he mentioned above all the need for political will among member states to reform the organisation so that it can confront the challenges of globalisation. He expressed the hope that the summit's conclusions would reflect this will and that they would be implemented as soon as possible.

The summit's Outcome Document was regarded as a political success. Even though references to disarmament and the modalities of other reform steps had to be omitted due to lack of consensus (they were debated after the summit), the document contains practically all the development, security, human rights, social, environmental and organisational priorities of the European Union. It fully confirmed the previous commitments from the 2000 Millennium Summit and international conferences from the end of the 20th century and did not weaken any of these political commitments. For the first time, it enshrined the important principle of the shared responsibility for protecting the civilian population from ethnic cleansing and genocide, and stressed the importance of complying with international law and commitments, including human rights commitments, even during the fight against terrorism. The decision to set up a Peacebuilding Commission was a great success. Decisions adopted at the summit in the chapter concerning reform of the UN Secretariat will also be an important impulse for improving the organisation's transparency and effective working.

The attention of the ensuing general debate of the 60th UN GA then concentrated mainly on the Summit's follow-up activities. The head of the Czech delegation, Minister of Foreign Affairs of the Czech Republic C. Svoboda, spoke on current topics of a global character, such as the problems of poverty, hunger and disease in Africa. He stressed that all the countries of the world share the responsibility for these problems and for resolving them.

Although not all the expectations associated with UN reform were fulfilled, one of the summit's achievements according to C. Svoboda was the decision to strengthen the UN's human rights mechanism. He also welcomed the commitment to increase cooperation in the fight against terrorism and to set up the Peacebuilding Commission. In conclusion, Minister C. Svoboda drew attention to the need for common political will to resolve the problems of the present-day globalised world through an effective and genuinely universal UN and stressed the Czech Republic's readiness to shoulder its portion of this collective responsibility as a member of the UN Security Council, if elected to it for the 2008-2009 term.

As a member of the European Union, the Czech Republic was actively involved in the preparation and course of the 60th UN GA. It co-sponsored over 140 EU addresses given by the British Presidency on individual agenda items at the level of the plenary and UN GA committees. Moreover, the Czech Republic gave a separate address to the plenary session presenting its position on UN SC enlargement. In the EU's coordination meetings and during negotiations, the Czech Republic was active primarily in discussing economic and development cooperation, human rights, humanitarian and social issues, disarmament, and the situation in the Middle East, as well as current political questions arising at the UN GA, and reform steps ensuing from the summit's conclusions.

So far member states have not managed to agree on reform of the UN SC. The Czech Republic supported enlargement based on the model submitted before the 6th UN GA by a group of four countries (the "G4" group: Germany, Japan, India, and Brazil), as it regards it as the most realistic of all models presented so far.

In keeping with tradition, the Palestinian issue was another key topic at the plenary sessions of the 60th UN GA. This was the first such discussion in the UN since the death of Y. Arafat, the introduction of new Palestinian National Authority structures and replacement of the Palestinian permanent representative to the UN (the former permanent representative became the foreign minister). The talks took place shortly after Israel's withdrawal from Gaza and part of the West Bank. Thanks in part to the Czech Republic's active approach, the debate on draft resolutions eventually satisfied many important EU requirements: most notably the requirement that the resolution should welcome Israel's withdrawal from Gaza and that most of the one-sided formulations regarding Israel should be omitted from the text.

With support from the Czech Republic, a new item was added to the UN GA agenda, under which the GA's plenary session approved the first ever resolution on the holocaust. This resolution designated 27 January as a Day of Commemoration in memory of victims of the Holocaust. One of the suggestions for implementation of this item on the agenda is to support educational programmes against genocide.

One of the important results of the 60th UN GA for the Czech Republic was its election as a member of the UN Economic and Social Council for the 2006-2008 term.

UN Security Council

In 2005, the Security Council adopted 71 resolutions, issued 67 presidential statements and released 56 press statements. Besides the question of Africa, the SC concerned itself with Iraq and Afghanistan, decided to start talks on the status of Kosovo and dealt intensively with the fight against international terrorism. One of the most sensitive political topics discussed in the SC in 2005 was the question of Lebanon. This matter fully replaced the Palestinian question on the Council's agenda; with the exception of regular monthly briefings, not one resolution was adopted on the Palestinian question.

Under the "Miscellaneous" item, briefings on "contentious" topics – the situation in Zimbabwe and Burma /Myanmar– were added to the SC's agenda.

Thematic debates became a regular item on the SC's agenda in 2005; these represent one possible way for the SC Presidency to reiterate its more profound interest in certain topics. At the end of 2005, the British Presidency sought – without success, regrettably – to amend the earlier text on the protection of civilians in armed conflicts, in particular to add a clause recalling the summit's commitment to start talks in the GA on the modalities of use of the "responsibility to protect" principle.

True to tradition, the largest number of items on the SC agenda concerned Africa. Out of 71 resolutions in 2005, 39 were devoted to Africa (8 – Côte d'Ivoire, 7 – DRC, Sudan, 4 – Burundi, 3 – Eritrea/Ethiopia, etc.). Heightened attention was paid in 2005 to the situation in Côte d'Ivoire (with France particularly active in this matter). In the context of the SC and the UN in general, the issues of Sierra Leone and the situation in Eritrea/Ethiopia departed from the agenda's "standard" framework, i.e. resolving conflicts, humanitarian crises, etc.

UN Economic and Social Council

In 2005, there were 41 formal sessions of ECOSOC and a number of other accompanying events. For the first time, sessions dealing with potential humanitarian disasters, such as the avian influenza session, were added to ECOSOC's agenda. The Czech Republic took part in ECOSOC sessions as an observer.

As every year, in 2005 there was an ECOSOC organisational session (spread over several dates during the year), dealing with questions of the agenda and organisation and elections, and an annual session. At the spring organisational session, the Czech Republic was elected to the Commission on Sustainable Development (CSD) for the 2006-2009 term.

The ECOSOC substantive session, held on 29 June to 27 September 2005, was attended by a Czech delegation, led by First Deputy Minister of Foreign Affairs J. Winkler. As the session was to follow up the Second High-level Dialogue on Financing for Development, which took place on 27-28 June 2005 as part of preparations for the UN 2005 summit, it was held exceptionally in New York (to balance out the traditional alternation rhythm the following two ECOSOC sessions will be held in Geneva). The theme of the substantive high-level segment on 29 June to 1 July 2005 was "Achieving the internationally agreed development goals, including those contained in the Millennium Declaration, as well as implementing the outcomes of the major UN conferences and summits: progress made, challenges and opportunities". Another (new) item of the substantive session was "high-level political dialogue", which comprised eight roundtables mapping government policies in the interest of achieving the Millennium Development Goals. For the first time ever, no ministerial declaration was adopted from the high-level segment.

UN international conferences

World Summit on the Information Society (WSIS) – 2nd phase

In 2005, the Czech Republic worked on preparations for the 2nd phase of the World Summit on the Information Society (WSIS II), which was held in Tunis on 16-18 November 2005. Preparations for the summit in the Czech Republic were coordinated by the Ministry of Informatics in cooperation with the Ministry of Foreign Affairs. The aim of WSIS II, which was attended by a Czech delegation, was to ensure implementation and finalisation of the

conclusions of the WSIS 1st phase and continuation of the process supporting the creation of a global information society for all, focusing on people and their universal development.

The summit approved documents titled “The Tunis Commitment” and “The Tunis Agenda”, which represent a compromise between the interests of all involved parties. The question of Internet governance will be dealt with by the Internet Governance Forum, whose first session will take place in Athens in 2006. At the summit the Czech Republic confirmed its earlier positive position on the vision of a global information society and its readiness to help bridge the “digital gap”. Via its national stall at the summit, the Czech Republic successfully presented its information and communication technologies projects, among them a project focusing on computer and Internet literacy in Kenya.

International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States

The “International Meeting to Review the Implementation of the Action Programme for Sustainable Development of Small Island Developing States” was held in Port Louis, Mauritius, on 10-14 January 2005. Besides the participation of a delegation from the Czech Embassy accredited to South Africa and Mauritius and the Czech honorary consulate in Mauritius, the Czech Republic was also represented by a diplomat from the Czech Republic’s Permanent Mission to the UN in New York as a member of the conference bureau. First and foremost, the Czech Republic’s participation in the conference gave it the opportunity to learn more about the arguments and problems and thus also the aspects of development cooperation for these areas and also to hold targeted bilateral talks with representatives of small island states who tend to be only sporadically represented at the UN in New York.

;Meetings of the states parties to international conventions on the environment:

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

The 1st Conference of Parties of the Stockholm Convention on Persistent Organic Pollutants took place in Punta del Este, Uruguay, on 2-6 May 2005. The Czech delegation, led by Deputy Minister of the Environment T. Novotný, 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 parties to the Convention on Biological Diversity met in Montreal from 30 May to 3 June 2005 to discuss practical matters related to cross-border movements of genetically modified organisms (GMOs). The Czech delegation was led by the Deputy Minister of the Environment T. Novotný.

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

On 1 July 2005, an extraordinary meeting of the parties to the Montreal Protocol was held in Montreal to follow up the 16th meeting of the parties to the MP in Prague in 2004; the meeting dealt with the granting of exemptions for use of methyl bromide after 1 January 2005 and debated exemptions for CFC consumption for the manufacture of medicaments for chronic lung diseases. The delegate from the Ministry of the Environment of the Czech Republic gave an address supporting compliance with the MP and the gradual phaseout of exemptions.

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

The 2nd Conference of the Parties to the Rotterdam Treaty on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade (PIC) was held in Rome on 27-30 September 2005. First and foremost, the meeting evaluated the success of the Convention's implementation in promoting measures on exports and

imports of hazardous chemicals. In the highest-level segment, the head of the Czech Republic's three-member delegation gave an address.

Conference of the Contracting Parties to the Convention on Wetlands of International Importance especially as Waterfowl Habitat

The 9th Conference of the Contracting Parties to the Convention on Wetlands of International Importance especially as Waterfowl Habitat (Ramsar Convention) was held in Kampala, Uganda, on 8-15 November 2005. The Czech delegation was headed by Minister of the Environment L. Ambrozek, who gave an address focusing on identifying ways and means for further use of wetlands, including an evaluation of regional initiatives.

Conference of the Parties to the Convention on the Conservation of Migratory Species of Wild Animals

The 8th Conference of the Parties to the Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention) was held in Nairobi, Kenya, on 20-25 November 2005. The Czech delegation was headed by Ambassador P. Kopřiva, who is also the Czech Republic's Permanent Representative to the UN Environment Programme (UNEP). The Czech Republic's address concentrated on evaluating the National Report for 2003-2005.

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

The 11th Conference of Parties to the Framework Convention on Climate Change (UNFCCC) and 1st 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 Montreal from 28 November to 9 December 2005. The Framework 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 climatic 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 head of the Czech delegation, Deputy Minister of the Environment T. Novotný, gave an address focusing on emissions trading. The session's conclusions will be elaborated in the Czech Republic by the inter-ministerial commission on climate change.

World Conference on Disaster Reduction (WCDR)

Representatives of states and international organisations met in Kobe, Japan, on 18-22 January 2005, to discuss problems associated with changing climatic conditions and the growing threat of natural disasters. The Czech delegation (comprising representatives of the environment, foreign affairs, health and agriculture ministries and the Czech Hydrometeorological Office) was led by Minister of the Environment L. Ambrozek. The talks and discussions culminated in agreement on a programme document titled "Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters".

Specialised organisations in the UN system

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 2005, the Czech Republic took part in all sessions (General Conference, Industrial Development Board, Programme and Budget Committee) and participated in activities in the context of the EU coordination mechanism. The Czech Republic's voluntary contribution to the Industrial Development Fund (IDF) was CZK 3 million. 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.

At the 11th UNIDO General Conference, held in Vienna from 28 November to 2 December 2005 under the presidency of the Czech Republic (namely M. Somol), the Czech Republic was elected to the Industrial Development Board, UNIDO's highest elected executive body in charge of the organisation's political management between General Conference sessions.

At the venue of the 11th UNIDO General Conference, there was a presentation of Czech tourism on 30 November and 1 December, co-organised by CzechTourism, the Permanent Mission in Vienna, the Prague Information Service and Czech Airlines.

United Nations Food and Agriculture Organisation (FAO)

In 2005, the Czech Republic retained its position as the biggest donor among new European Union members. The 33rd session of the FAO Conference, the supreme management and control body of this specialised UN agency, was held in Rome on 19-26 November 2005. During the FAO conference, the Czech Republic was elected to the FAO Committee on Constitutional and Legal Matters for the second time (for a two-year term of 2005-2007).

The conference was preceded by the 129th session of the FAO Council (16-18 November 2005), where preparations were made for the conference; the 130th Council session held on the following day (28 November) elected the chairpersons and members of the programme committee and financing committee and members of the World Food Programme's Executive Board, where the Czech Republic is an observer member state.

Voluntary contributions drawn from the development cooperation chapter of the Ministry of Agriculture of the Czech Republic were again allocated via the joint trust fund; in 2005, a total of CZK 6.5 million was provided to cover the costs of FAO training courses and

seminars organised in the Czech Republic for experts from Eastern European countries and the short-term involvement of young Czech experts in FAO projects. The second phase of a joint project of the Czech Republic and the FAO focusing on sustainable game management in Morocco went ahead, with the Czech Republic contributing CZK 6 million in 2005.

The number of Czech experts operating as specialists in the FAO head office fell in 2005; there are currently three working at FAO Rome.

World Health Organisation (WHO)

The 58th World Health Assembly was held in Geneva on 16-25 May 2005, attended by a Czech delegation led by M. Vít, Deputy Minister of Health and Chief Public Health Officer of the Czech Republic.

Key items on the Assembly's agenda were the adoption of revised International Health Regulations, which govern individual countries' and international responses to outbreaks of disease; approval of the Proposed Programme Budget for 2006-2007, comprising a 4% increase in the regular budget; and the endorsement of World Blood Donor Day as an official annual event to be observed on 14 June.

International Labour Organisation (ILO)

The 93rd session of the International Labour Conference, the supreme ILO body, was held in Geneva from 31 May to 16 June 2005. Here the Czech Republic was elected to the ILO Governing Body for 2005-2008. The session's principal themes were adoption of a programme and budget for 2006-2007 and adoption of instruments titled "Promotional Framework for Occupational Safety and Health" and "Plan of Action for Youth Employment". The adoption of the long-planned Convention on Work in the Fishing Sector was postponed in the absence of a quorum for the vote in the plenary. During the session of the committee for implementation of ILO conventions and recommendations, substantial attention was paid to Myanmar's violation of Convention No. 29 concerning forced labour. The Committee on Safety and Health dealt with the preparation of a convention and recommendation regarding the issue of promotional instruments for occupational health and safety, scheduled for adoption in 2006. The Czech Republic played an active role in the work of all committees and the plenary.

After a period of 9 years, the Czech Republic again attended as a member the follow-up 293rd session of the Governing Body, where its auxiliary bodies were elected for the following three-year period. The Czech Republic works in five committees in the Governing Body and was elected as coordinator of its regional group. The Czech Republic also took part in both the Governing Body's regular sessions: it attended the spring session as an observer and the autumn session as a representing 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 57th session of the Executive Council of the World Meteorological Organisation (WMO) was held in Geneva from 20 to 30 June 2005; at the start of 2004, a Czech representative, director of the Czech Hydrometeorological Institute I. Obrusník, was elected to the Executive Council. 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)

Since 2005 (when the Czech Republic's term of office ended), the Czech Republic's interests in the key body of the ICAO, its Council, have been promoted 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 growing in significance: in the absence of geographical quotas or official geographical groups in the ICAO, 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 place in 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 role tourism plays in the Czech economy makes the activities of the World Tourism Organisation (UNWTO, formerly WTO/OMT) highly significant for the Czech

Republic. The Czech Republic makes use of analytical information and forecasts provided by the UNWTO in the formulation of the relevant policies. The 16th session of the organisation's General Assembly was held in Dakar at the turn of November/December 2005, attended by a two-member Czech delegation composed of representatives of the Ministry for Regional Development and the Ministry of Foreign Affairs. The session focused on questions of tourism's significance for developing and the least-developed countries, support for sustainable development of 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.

International Seabed Authority (ISA)

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

International Maritime Organisation (IMO)

The 24th Assembly of the IMO, which is held once every two years, took place in London from 21 November to 2 December 2005. The session was attended by a Czech delegation. The coordinator of the Czech Republic's membership of the IMO is the Ministry of Transport. Although no commercial tonnage is currently registered under the Czech flag, Czech seafarers serve on ships sailing under foreign flags. In addition, IMO membership remains an essential condition for the possible involvement of Czech entities in maritime shipping. The EU also places due importance on fulfilment of this condition: even its landlocked states with no maritime fleet are required to have all the legislation relating to IMO membership and to implementation of the obligations stemming from the IMO's legal instruments.

United Nations Educational, Scientific and Cultural Organisation (UNESCO)

The most important event in 2005 was the 33rd session of the UNESCO General Conference (Paris, 3-21 October 2005), which was actively attended by a Czech delegation composed of representatives of the ministries of foreign affairs, education, youth and sports, culture, informatics and the environment and the Academy of Sciences. The Czech Republic supported the adoption of a Convention on Protection and Promotion of the Diversity of Cultural Expressions and an International Convention against Doping in Sport. Delegation members supported initiatives to increase the effectiveness of the UNESCO programme and concentrate it on priority tasks in each of the programme areas.

Based on a Czech initiative, the General Conference proclaimed 27 October World Day for Audiovisual Heritage, which should help raise international awareness of the need to safeguard this unique and simultaneously highly vulnerable form of cultural heritage. Additionally, the 300th anniversary of the death of Jiří Josef Kamel (botanist), the 100th anniversary of the birth of Jaroslav Ježek (composer) and the 150th anniversary of the founding of the Secondary Glassmaking School in Kamenický Šenov were added to the list of UNESCO cultural anniversaries for 2006-2007.

At the 171st and 172nd sessions of the UNESCO Executive Board, the Czech Republic, which sits on the Executive Board for the 2003-2007 term, was actively involved in preparing the future UNESCO programme and the autumn session of the General Conference. The Czech Republic's election to the 173rd session of the Executive Board as one of its vice-chairpersons is the result of the high standard of Czech cooperation with UNESCO.

In 2005, the Czech Republic provided UNESCO with a voluntary contribution of CZK 3 million for projects designed to renew Iraqi and Afghan cultural heritage and to develop information and communications technologies in developing countries. In 2004 and 2005, UNESCO contributed a total of USD 138,800 towards eight projects in the Czech Republic.

In 2005, the Czech Commission for UNESCO took over patronage of 16 events related to implementation of the approved UNESCO programme in the Czech Republic. The Czech Commission developed its cooperation with partner organisations, principally within the Central European countries group.

There were 48 Czech schools in the network of UNESCO affiliated schools in 2005. Their activities focused on human rights, environmental protection and international cooperation. Students of the schools participated in the publication of a Czech version of the “UNESCO World Heritage” teaching aid designed for elementary school pupils.

At present, the Czech Republic has a total of 12 heritage sites on the UNESCO World Heritage List. The final decision to inscribe the “Třeboň fishponds complex” has been postponed for the moment; in September 2005, UNESCO undertook an expert mission to the Czech Republic to assess the nomination of the “Renaissance houses in Slavonice”.

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 in environmental matters and energy efficiency, economists, medical personnel (primarily in the area of the fight against HIV/AIDS), specialists in small and medium-sized enterprise or waste and water management, may take part in UNDP projects and programmes in countries in Eastern Europe, the Balkans and the CIS. In 2005, the UNDP continued to provide support in the preparation of the Czech Republic’s sustainable development strategies at regional level and cooperation in the area of environmental protection, most notably in the Bohemian Switzerland and White Carpathians regions.

Czech membership of the Joint Executive Board of the UNDP and UN Population Fund (UNFPA) expired as of 31 December 2004; the Czech Republic therefore continued to attend sessions of the executive board as an observer. In 2005, the UNDP/UNFPA Joint Executive Board had, as usual, two regular sessions (20-28 January and 6-9 September) and one annual session (13-24 June), held in New York.

The Czech Republic provided CZK 3 million as a voluntary contribution to the UNFPA in 2005.

United Nations Conference on Trade and Development (UNCTAD)

In 2005, the Czech Republic served as the coordinator of UNCTAD's regional group D, associating the countries of Central and Eastern Europe. Consequently, it played a more active role in most UNCTAD events than in previous years. Czech representatives also actively participated in a number of coordination meetings concerning UNCTAD affairs organised at EU level.

The 52nd regular session of the Trade and Development Council, UNCTAD's supreme body between sessions of the conference at ministerial level, took place in Geneva on 3-14 October 2005. Here the Council adopted conclusions concerning the issue of least developed countries. There were also two executive sessions and one special session of the Council in 2005.

Traditional activities of bodies subordinate to the Council also went ahead in 2005, i.e. sessions of the Commission on Trade in Goods and Services, and Commodities, the Commission for Investment, Technology and Related Financial Matters, and the Commission for Enterprise and Facilitating Procedures in International Trade and Development; there was also a number of sessions of expert groups. UNCTAD also cooperated on thematic seminars co-organised with other international organisations.

UNCTAD held two conferences in Geneva in February and June 2005 for the negotiation of a successor agreement to the International Tropical Timber Agreement from 1994; and in April 2005 a UN conference for the negotiation of a successor agreement to the International Agreement on Olive Oil and Table Olives.

One important event for UNCTAD in 2005 was the appointment of a new secretary-general: on 1 September 2005 S. Panitchpakdi from Thailand, previously director general of the World Trade Organisation, took the post for a four-year term.

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 7-11 March 2005; 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 2004 annual report of the International Narcotics Control Board. Considerable attention was paid to strengthening the concept of alternative development, consisting in replacing plants that provide drug production raw materials with other commercially viable crops. A thematic discussion concerned HIV/AIDS and capacity building at community level.

In 2005, the Czech Republic again made a voluntary governmental 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)

On 18-25 April 2005, the 11th Congress on Crime Prevention and Criminal Justice was held in Thailand; the Congress approved a key strategic document, the “Bangkok Declaration on Synergies and Responses: Strategic Alliances in Crime Prevention and Criminal Justice” The Czech delegation to the Congress was led by Deputy Prime Minister and Minister of Justice P. Němec. The Congress debated questions related to the fight against transnational organised crime and corruption, international cooperation in the fight against terrorism, economic and financial crime, money laundering, cybercrime, urban crime and youth crime.

The CCPCJ, which the Czech Republic is a member of, held a session on 23-27 May 2005. 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. The Commission also adopted the UN Guideline on Justice in Matters

involving Child Victims and Witnesses of Crime and the text of the Model Bilateral Agreement on Sharing the Confiscated Proceeds of Crime or Property. During coordination meetings of the EU and the “Committee of the Whole”, the Czech delegation participated in discussing the draft text of the resolutions.

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), will start in 2006.

The Czech Republic attended the session in the role of 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 2005, a Czech delegation led by Professor V. Kopal took part in the 48th session of the United Nations Committee on the Peaceful Uses of Outer Space (COPUOS). The Czech Republic was also 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 seven Czech volunteers working towards the Czech Republic’s development priorities in Ukraine, Kosovo, Yemen and Angola, and 17 more volunteers who took part in UN missions in Kosovo, Sierra Leone, Congo, Liberia, Burundi and East Timor. The Czech Republic also finances the work of the country’s National Contact Point for UN Volunteers. At the end of 2005, new programmes for sending university students on one year placements to developing countries were discussed with the UNV.

United Nations Commission for Social Development (CSocD)

The 43rd session of the CSocD was held in New York on 9-18 February 2005. 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. As with other ECOSOC functional commissions in 2005, the session took place in the context of the 10th anniversary of the fundamental thematic summit or UN conference (in the case of social development it was the 1995 World Summit for Social Development in Copenhagen). The key goal was therefore 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 updated Sachs Report on existing obstacles to and other ways of achieving these goals.

In addition to actual participation in the session (and the delegation leader's involvement in the ministerial roundtable debate), a fact important for the Czech Republic was that the European Commission was represented in New York by the Czech Commissioner for Employment, Social Affairs and Equality, V. Špidla. At the roundtable debate he gave the opening address for the EU and later addressed the high-level plenary debate with a speech in which he *de facto* presented his recently drafted employment policy concept of the new European Commission. The Czech Republic's Permanent Mission to the UN organised a meeting with Czech expatriates in honour of the Commissioner and a dinner attended by senior members of the European Commission and the EU Secretariat in New York.

United Nations Commission on Sustainable Development (CSD)

The 13th session of the CSD was held in New York on 11-22 April 2005; the session completed the two-year cycle by consideration of three key areas of the Millennium Development Goals: water, sanitation and human settlements. The session was attended by a Czech inter-ministerial delegation led by Deputy Minister of the Environment T. Novotný and made up of representatives of the environment, agriculture, health and regional

development ministries. Czech delegates presented statements in the Commission's plenary session and in panel discussions.

United Nations Forum on Forests (UNFF)

The 5th session of the UNFF was held in New York on 16-27 May 2005, attended by representatives of the Czech Republic. The session focused on preparation of an instrument for the sustainable development of forests. Throughout the year, the work of three ad hoc groups that deal with specific issues in the periods between UNFF sessions was ongoing. A representative of the Ministry of Agriculture, T. Krejzar, participates in the work of the expert group for monitoring, assessment and reporting.

Commission on the Status of Women (CSW)

The Czech Republic attended the 49th session of the CSW on 28 February to 11 March 2005 as an observer. In view of the importance the EU placed on the session, it was attended by both representatives of the Ministry of Foreign Affairs and a deputy minister of the Ministry of Labour and Social Affairs and by the government's chief coordinator for equal opportunities policy Č. Sajda; it was also visited by Czech parliamentary deputy V. Nedvěďová, who was in New York for a parallel session of the Interparliamentary Union dealing with equal opportunities and the status of women. In the high-level plenary discussion, the Czech Republic supported the EU statement and the delegation leader made a supplemental statement, focusing in greater detail on gender statistics and budgeting, in which the Czech Republic is viewed as one of the pioneers in the EU.

The Czech Republic's Permanent Mission to the UN and the Ministry of Labour and Social Affairs co-organised a social function and made use of other promotional means to lobby among EU countries and European Commission representatives on behalf of the Czech candidacy for locating the EU Gender Institute in Prague (the Czech Republic did not subsequently submit a formal candidacy, however).

UN Statistical Commission

The Czech Republic, through the Czech Statistical Office, continued to be actively involved in the work of the Commission in 2005. Although the Czech Republic is not currently a member, it is an active participant in its sessions and other work.

At its regular session, the Commission discussed its strategic objectives for the further development of statistics on a global scale, with a strong focus on the issue of population censuses and social and economic statistics. The debate touched on national accounts statistics, price statistics, and statistics of the informal sector, poverty, services, energy and the environment. Specific issues were followed up at meetings concerning matters of a comprehensive or cross-cutting nature, such as coordination and integration of statistical programmes, international economic and social classification and building statistical capacities. Considerable attention was paid to monitoring implementation of the Millennium Development Goals.

Czech Statistical Office representatives also took part in the work of expert groups (national accounts, enterprise statistics).

At regional level, the Czech Statistical Office is a member of the Conference of European Statisticians Conference within the UN Economic Commission for Europe, where, besides being actively involved in the preparation and course of its sessions, it takes part in activities in individual areas of statistical work, such as expert talks on the issue of population censuses, migration, metadata or dissemination (implemented as a rule in cooperation with Eurostat and the OECD).

UN Economic Commission for Europe (UNECE)

In 2005, the UNECE continued to exercise its mandate as a regional economic organisation of the UN. From 22 to 25 February 2005, the 60th 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 2005, the Czech Republic was also represented in UNECE steering bodies through Ambassador A. Slabý.

The continuing effort to reform the UNECE and make its work more effective led to the formulation of an “External Evaluation Report on the State of the UNECE”. Member countries submitted their comments on this report’s recommendations, and on 2 December 2005 the “Working Plan on UNECE” was formally approved at an ad hoc plenary session.

As part of the implementation of the conclusions of global processes at regional level, the 2nd regional implementation forum on sustainable development was held in Geneva on 15-16 December 2005, attended by Czech representatives. Another area of the UNECE's work in 2005 was technical cooperation, which the Czech Republic was also involved in.

Attention was also paid to UNECE's cooperation with the Organisation for Security and Cooperation in Europe (OSCE). On the occasion of the 13th OSCE Economic Forum in Prague, the Czech Republic hosted a visit by the UNECE Executive Secretary B. Schmögner (23 May 2005) to discuss certain questions of the UNECE's cooperation with the Czech Republic.

Miscellaneous

In 2005, 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 donated more than CZK 29 million to the WFP in 2005, earmarked for humanitarian operations in Indonesia, Georgia, Nigeria, south Asia, Guatemala, Salvador, and Albania. In December 2005, J. M. Powell, Deputy Executive Director of the WFP, paid a visit to Prague to discuss possible further cooperation with senior officials of the Ministry of Foreign Affairs, including involving Czech experts in WFP structures.

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), the International Research and Educational Institute for the Status of Women (INSTRAW) and the UNAIDS Coordination Council.

The Czech Republic and international organisations

The Czech Republic and the world economy

Organisation for Economic Cooperation and Development (OECD)

December 2005 marked ten years since the Czech Republic's accession to the Organisation for Economic Cooperation and Development (OECD). In this context, Minister

of Foreign Affairs C. Svoboda invited the OECD Council, composed of the permanent representatives of 30 member countries at the OECD in Paris, to Prague. On 1-2 December 2005, the OECD held a session in Prague, whose opening part was devoted to the 10th anniversary of the Czech Republic's accession to the OECD; the second part dealt with the standard agenda. The ceremonial part of the session was opened by President V. Klaus, who underlined both the historical significance of the Czech Republic's accession to the OECD, symbolising its return to the group of most-developed countries, and the number of demanding criteria that had to be fulfilled in this context. The OECD Council had the opportunity to discuss informally cooperation between the Czech Republic and the OECD (and within the OECD) with the session host, Minister of Foreign Affairs C. Svoboda, with Deputy Prime Minister for Economic Affairs M. Jahn, Minister of Education, Youth and Sports P. Buzková and Minister of the Environment L. Ambrozek, with deputy ministers from a number of ministries and with senior representatives of the majority of Czech institutions cooperating with the OECD. Members of the Council and senior officials of the OECD, including its Secretary General D. Johnston, and Czech representatives were thus able both to recapitulate the ten years of the Czech Republic's membership of the OECD and to exchange opinions on the OECD's future in the light of the challenges of globalisation and the needs and expectations of member countries.

The Czech Republic's practical experience of cooperation with the OECD in all areas during 2005 demonstrated that ten years of membership is not a reason to slow down the pace of reforms; quite the reverse, the present day demands flexible reaction to current developments. In 2005, the OECD adopted a number of new general recommendations or decisions (what are called instruments), particularly in the areas of agriculture, competition, corporate governance, education, financial markets and the insurance industry. Instruments are usually adopted in the OECD Council or in the appropriate committees on an ongoing basis in line with their current work plan. Recommendations contained in the conclusions of a given country's economic overviews or in evaluations of selected sectoral policies constitute a separate chapter. Here the Czech Republic receives valuable comments and guidelines regarding measures in both macroeconomic and structural policy. At the same time, it has the opportunity to confront continuing reforms with globally recognised and tried-and-tested trends.

The Czech Republic underwent the second two-year (2004-2005) review of its environment policy and the state and development of the environment. In this review, the

OECD focused on questions of sustainable development, emphasising the implementation of internal and international environment policy and the interaction of economic, social and environmental aspects in decision-making processes. The Czech delegation, led by Minister of the Environment L. Ambrozek, successfully defended the resulting review document in Paris on 19 May 2005. Implementation of the recommendations contained therein was subsequently elaborated and discussed by the Czech government (government resolution No. 1540 of 30 November 2005).

The third in-depth review of the Czech Republic's energy policy by the International Energy Agency (IEA), a part of the OECD, was no less demanding. Based on the expert scrutiny, the IEA published a document titled "Energy Policy of IEA Member States – Czech Republic – 2005 Review", containing almost 50 recommendations targeting increased energy efficiency, measures to restrict climate change, increasing the proportion of renewable energy sources in the fuel mix, and energy market liberalisation. IEA Executive Director C. Mandil officially handed over this Review to Minister of Industry and Trade M. Urban at a press conference in Prague on 8 September 2005. The chosen form of presentation helped enhance the IEA's presence in the Czech Republic.

During 2005, preparations went ahead for the Economic Survey of the Czech Republic 2005/2006, which is due to be discussed by the OECD's Economic Development Review Committee in Paris on 6 April 2006. In September 2005, the Czech Republic was visited by an OECD Structural Mission; on 12-16 December 2005 by a Policy Mission, during which OECD representatives met with ministers and leading officials of the relevant ministries (finance, industry and trade, labour and social affairs, education, youth and sports) and with representatives of the Office of the Czech Republic Government and the Czech National Bank.

One unique event was the seminar held at the OECD to discuss the "Economic Growth Strategy for the Czech Republic", which the Czech government approved by resolution No. 1500 of 16 November 2005. The purpose of the seminar was to confront the recommendations of the strategy with OECD expertise and member country experience. The Czech Republic was the first OECD member state to turn to the OECD with a request for assessment of such a document; based on the good experience, certain other states intend to continue with this trend. The aforementioned efforts are consistent with the general trends as

formulated in an OECD document titled “Indicators and Priorities in OECD States – Economic Policy Reforms – Towards Growth, 2005”.

In 2005, the relevant Czech bodies devoted their attention both to general and specific (relative to the Czech Republic) recommendations adopted by the OECD during the year, but also to implementing previous OECD instruments. Most of these have been successfully implemented in the Czech Republic, either as part of harmonisation with EU legislation or through the independent amendment of the relevant legislation. A summary report titled “OECD Instruments and Specific Recommendations for the Czech Republic Adopted in 2004 and their Implementation in the Czech Republic” was submitted to the Czech government on 2 March 2005.

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 coordinates the Czech Republic’s membership of the OECD. During 2005, the Working Group concentrated on preparations for key OECD sessions and the ongoing assessment of the Czech Republic by the OECD; on drawing up a material for the government on instruments adopted by the OECD in 2005; and finalising the projections for provision of voluntary contributions to OECD projects in coming years.

In 2005, delegates from the Czech Republic were actively involved in discussing matters linked to OECD reform and other institutional matters, such as the strategy for cooperation with non-members, questions of management, priorities and budget, assessment of committees, and the selection of a new Secretary General. Coordination with EU countries also continued, most importantly on matters concerning the work of the OECD Council and OECD enlargement. Particular attention was paid to the Council Working Party on the Implications of Future Enlargement on OECD Governance, a body expected to propose changes to the organisation’s management that would boost its importance in the world, make its work more effective, and, above all, enable it to admit new members without compromising the current high standard of its work. Finalising these measures requires input from the new OECD Secretary General, however. Out of the six candidates for the post (from Australia, France, Japan, Mexico, Poland, and the Republic of Korea), J. A. Gurría (Mexico) was selected and appointed at the end of November 2005; he will take office on 1 June 2006.

The highest-level OECD event was the ministerial meeting of the OECD Council on questions of globalisation and energy in Paris on 3-4 May 2005. The Czech delegation was led by Deputy Prime Minister for Economic Affairs M. Jahn. Other delegation members were representatives of the foreign affairs, finance, and industry and trade ministries and the Czech Republic's Permanent Mission to the OECD in Paris.

Besides the regular membership contribution to the OECD, in 2005 the Czech Republic provided a total of nine voluntary contributions for selected OECD activities in line with its interests and priorities in the OECD. The voluntary contributions were evenly divided among areas of OECD cooperation with non-members and specialised expert reports requested by the Czech Republic. Cooperation with non-members is one of the Czech Republic's priorities in the OECD. The financially supported projects were consistent with the Concept of the Czech Republic's Relations with Non-member States in the OECD and were selected from the programme of OECD activities, making allowance for the Czech government's foreign policy priorities and existing capacities for the active involvement of Czech experts. The Czech Republic's specialised expert reports are among the most effective areas of cooperation with the OECD. Based on independent analysis, these expert reports formulate recommendations for action in individual areas of the government's economic and social policy. The proposed projects responded to the Czech government's need for an independent opinion on how to address a task or problem, making maximum use of OECD's comparative advantages ("peer reviews"). One such project was the organisation of a seminar for ministries' spokespersons and Czech journalists in Prague in March 2005. The seminar helped broaden knowledge of the OECD, make the OECD's work in the Czech Republic more visible and improve the use of its results in the formulation of government policies.

Visits by representatives of the Czech Republic to OECD bodies:

- 22 February 2005 – senator K. Schwarzenberg attended a joint session of the Economic and Security Committee of the NATO Parliamentary Assembly and senior officials of the OECD Secretariat;
- 3 May 2005 – a Czech delegation, led by Deputy Prime Minister for Economic Affairs M. Jahn, attended the minister-level session of the OECD Council in Paris;
- 19 May 2005 – Minister of the Environment L. Ambrozek attended a review of environment policy and the state and development of the environment in the Czech Republic;

- 17 June 2005 – parliamentary deputy M. Melčák attended a meeting between the Committee on Economic Affairs and Development of the Council of Europe’s Parliamentary Assembly and senior officials of the OECD Secretariat;
- 26 October 2005 – Chairman of the Committee for Foreign Affairs of the Chamber of Deputies V. Laštůvka attended an OECD seminar for members of parliament on the theme of “Current Challenges for China’s Economic Policy”.

Visits by OECD representatives to the Czech Republic:

- 8-9 June 2005 – visit by managing director of the OECD’s Nuclear Energy Agency L. Echávarri marking the celebration of the 50th anniversary of the founding of the Nuclear Research Institute in Řež;
- 8 September 2005 – visit to Prague by the Executive Director of the OECD’s International Energy Agency C. Mandil to mark the occasion of the publication of the in-depth review of the Czech Republic’s energy policy drawn up by the IEA;
- 11 October 2005 – visit by the representative of the OECD Secretary General K. Akasaka on the occasion of the Sustainable Development Forum, organised by the Government Council for Sustainable Development, during which the OECD Report on Environment Policy and the State and Development of the Environment in the Czech Republic was published;
- 1-2 December 2005 – visit by OECD Secretary General D. Johnston and Deputy Secretaries General and by ambassadors of OECD member states on the occasion of the Prague session of the OECD Council.

World Trade Organisation (WTO)

In view of the principle of representation in the WTO, where the EU is treated as a customs union and is represented by the European Commission, the Czech Republic promoted its interests in this area when drawing up EU common positions in Committee 133 and other working bodies of the Council of the EU and European Commission, or in Geneva during coordination meetings before or during sessions of the WTO’s working bodies. The Czech Republic profiled itself as a liberal state with a considerable interest in accelerating the liberalisation of trade and perfecting its multilateral rules, and was actively involved in the work of the said bodies.

Multilateral trade talks on the Doha Development Agenda (DDA) remained the most important area of the WTO's work. The WTO undertook these talks practically throughout the entire year, with the culmination expected to be the adoption of modalities (specific technical procedures) for trade liberalisation during the 6th Ministerial Conference in Hong Kong. This conference was attended by a Czech delegation led by Minister of Industry and Trade M. Urban. Even though it took place at the very end of the year, WTO member states did not manage to reach consensus on modalities; that meant that ambitions had to be downscaled to prevent further failure.

The conference adopted a Ministerial Declaration, summarising the results of the talks so far, containing certain new agreements on market access and laying down further procedures. Consequently, the conference can be described as merely another – albeit undoubtedly positive – step towards implementation of the DDA. Agrarian reform remained a key area, where an acceptable text for the EU and the Czech Republic was successfully agreed regarding export competition (elimination of all its forms by 2013). Another significant step was taken in respect of the least-developed countries, which will be able to export goods without duties and quotas to developed and certain developing countries. Partial progress was made in the liberalisation of trade in services; the continuation of consultations on extending the additional protection of geographical indications to other products was one of the priorities and is important from the Czech Republic's point of view.

In contrast, expectations regarding the liberalisation of trade in non-agricultural products were not fully realised. Agreement was reached on a basic liberalisation formula, but achieving consensus on other elements will be very difficult. The conference did not make progress on either rules or other areas of negotiation. Ministers did, however, adopt specific deadlines for finalising modalities and adopting solutions that would ensure completion of the multilateral tasks by the end of 2006.

International Monetary Fund (IMF)

The Czech Republic has been a member of the IMF since its independence, i.e. since 1 January 1993. The IMF's supreme body is the Board of Governors. The Czech Republic's IMF governor is Governor of the Czech National Bank Z. Tůma; Deputy Minister of Finance T. Prouza is his alternate. IMF governors meet at the regular annual IMF/World Bank sessions. The most recent annual meeting was held in Washington on 24-25 September 2005.

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

At present, cooperation 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 in May 2005 and focused on assessing developments in the fiscal and monetary area, assessing financial sector developments and progress in structural changes. In November 2005, the IMF undertook another visit to the Czech Republic, designated as a Staff Visit, which looked more closely at economic development and outlooks, monetary and fiscal policy, growing household debt levels and pension system reform as a response to population ageing.

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

The Czech Republic participated in generating funds for the IMF ESAF II programme (Enhanced Structural Adjustment Facility), whose finances have been used since September 1999 in connection with the international community's Millennium Development Goals and under the name PRGF (Poverty Reduction and Growth Facility) as IMF aid to the poorest developing countries. The Czech Republic's overall contribution amounted to SDR 10 million. The contribution was paid in from 1994 at annual instalments of SDR 1 million, i.e. approx. CZK 38 million (rate: 38 CZK/SDR); the last instalment was paid in 2003.

World Bank Group (WBG)

Since its independence, i.e. 1 January 1993, the Czech Republic has been a member of all five independent institutions forming the World Bank group. These are:

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

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

The WB's supreme body is the Council of Governors. The WB Governor for the Czech Republic is Minister of Finance and Deputy Prime Minister B. Sobotka; his alternate is Czech National Bank Vice-governor M. Singer. WB governors meet at regular annual sessions, the most recent one being on 24-25 September 2005 in Washington.

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

One fundamental change in the Czech Republic's relationship with the WB that came about in 2005 after the Czech Republic's economic development achieved a number of criteria, and the Czech Republic graduated from borrower status to join the group of developed countries. 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 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 2005-2006 fiscal year contains an analysis of good governance on the financial markets (specifically in supplemental pension insurance); consumer protection on the financial market; protection of natural persons' income tax base in the event of using international accounting standards; and the organisation of a European Knowledge Economy Forum in Prague in 2006. Additionally, the Czech Republic and the WB agreed to co-organise a meeting of experts on the theme of International Financial Architecture, and to organise an

event designed to mark the Czech Republic's graduation in the WB. Both these meetings will take place at the end of February 2006.

The Czech Republic's successful cooperation with the WB in the area of the environment continued in 2005. The Czech Republic is a contributor to the Global Environment Facility (GEF); at the same time, it draws environmental protection grant funds. The Czech Republic is currently also drawing a grant from the Japan Climate Initiative Grant Programme, which is intended to support implementation of the Framework Agreement between the Czech Republic and the IBRD on Cooperation to Reduce Greenhouse Gases.

European Bank for Reconstruction and Development (EBRD)

The EBRD was established to assist countries of Central and Eastern Europe and former Soviet Union countries in their transition to market economy – it carries out its financial operations in 27 countries. It has 62 members in total. Its supreme body is the Board of Governors, in which Minister of Finance B. Sobotka represents the Czech Republic. The Czech Republic's share of the EBRD's paid in capital is 0.87 %, which is also the country's voting power. The Board of Governors meets once a year at the annual sessions of the EBRD. The most recent annual meeting of the Board of Governors was held in Belgrade in May 2005.

In the Czech Republic, the EBRD concentrates on private sector financing (loans and equity investment); since its founding, it has implemented projects in the Czech Republic worth a total of EUR 1 billion. Projects worth a total of EUR 51.7 million were approved in 2005.

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

On 4 October 2005, the Executive Board of the EBRD approved unanimously the EBRD Strategy for the Czech Republic which sets out the orientation of activities of the Bank within the Czech Republic for coming two years. The Strategy is considerably selective due to advanced level of transformation process in the Czech Republic and graduation from

a number of market segments like government guaranteed credits or credit financing of companies.

In 2005, the EBRD was engaged in the private sector in the Czech Republic in 7 regional projects.

Council of Europe Development Bank (CEB)

The CEB, which until 1 November 1999 was called the Council of Europe Social Development Fund, was established in 1956. It currently has 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 (in which two bodies each member country has one representative) and the Auditing Board. The Czech Republic has been a member of the CEB since 12 February 1999.

The CEB's priority objective is to help resolve social problems in member countries, primarily in aiding refugees, immigrants and victims of natural or 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 restoring historical monuments).

To date, the Czech Republic has not applied to the CEB for a loan to cover the needs of the state. In 2005, a private sector loan of EUR 20 million to finance investment projects in the area of water management infrastructure.

International Bank for Economic Cooperation (IBEC)

The IBEC was established by the Agreement on the Establishment and Work of an International Bank for Economic Cooperation of 22 October 1963. The former Czechoslovakia was a founding member of the IBEC and the Czech Republic's membership was established by virtue of its succession into international agreements concluded by Czechoslovakia. Currently, the bank has nine members: the Russian Federation, the Czech Republic, Poland, Bulgaria, Romania, Slovakia, Cuba, Mongolia and Vietnam.

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

In 2005, the ICEB concluded a contract with auditors Deloitte & Touche CIS for an examination of the bank's financial reporting for 2004. The contract did not encompass the entire set of procedures necessary for a full audit. The examination formed the basis for recommendations from Deloitte & Touche CIS that should enable the bank to undergo a full audit of its 2005 accounts.

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. The positive changes in the IIB's financial situation, which

continued in 2005, have paved the way for the full revitalisation and gradual expansion of its business. The IIB is currently developing its credit activities, completing the preparations for the transition to international accounting and reporting standards, and striving to raise its entire banking business to a level comparable with international practice.

The Czech Republic's membership 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)

In 2005, CERN's work continued according to plan: that involved both building the largest accelerator in the world, the Large Hadron Collider (LHC), and building four giant detectors for key experiments prepared in this accelerator. As far as the Czech Republic itself is concerned, in 2005 it successfully supplied all the detector parts it pledged for the experiments ATLAS (A Toroidal LHC Apparatus), ALICE (A Large Ion Collider Experiment), TOTEM (Total Elastic Measurement) and COMPASS (Common Muon Proton Apparatus for Structure and Spectroscopy). Moreover, Czech scientists were involved in developing a new GRID network for storing and processing experimental data and in outstanding experimental and theoretical results in particle physics, which were published in 93 papers in renowned specialist magazines and in 69 papers in the proceedings of international conferences and working collaboration meetings.

The Czech Republic's cooperation with CERN also contributed to improving the qualifications of young Czech scientists and technicians (8 PhD. works completed; participation in 2 special schools, 3 conferences, 5 courses and a number of summer activities) and to training secondary school teachers and the lay public (2 special courses, several films, 3 television programmes, 6 radio programmes, 2 press conferences and more than 10 popularising articles in magazines and newspapers).

Data on supplies by Czech industrial firms to CERN have so far only been processed up to 30 June 2005, when they amounted to a total of CHF 3.42 million for the Czech Republic. It can thus be expected that in 2005 the Czech Republic will be one of those CERN member

countries who achieved an above-average return on their financial contribution to CERN, which equalled CHF 7.167 million for the Czech Republic.

In summary, therefore, it is fair to say that the Czech Republic's cooperation with CERN in 2005 successfully achieved all the planned goals.

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 2005 focused on joint long-term target projects. In 2005, there were 44 projects, with the results of cooperation with the JINR summarized in over 56 joint works published (or pending publication) in international magazines and more than 70 papers at international conferences, symposia, working meetings, etc. 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 recent years, excursions have been organised for several dozen Czech university students; these are gradually shifting towards specialized work experience in JINR laboratories.

Last year, a unanimous vote by member countries' representatives elected a new JINR director, who took office at the end of the year. There are currently three Czech citizens serving as deputy laboratory directors in the JINR, where laboratories are major organisational units of the institute, comparable in size with the largest institutes of the Academy of Sciences of the Czech Republic. One of these deputy laboratory directors was temporarily appointed laboratory director.

During the last ten years, the Czech contribution to the JINR has hovered at a level slightly above USD 1 million per year. In addition to the approximately USD 200,000 that the Czech Republic is obliged to defray in cash according to the JINR Charter, the remainder of

the Czech membership contribution is supplied in the form of goods produced in the Czech Republic. It has recently become increasingly common for firms that have become reputed suppliers to the JINR facility at Dubna to win additional major orders from the JINR facility at Dubna over and above Czech membership contribution, as well as orders from other foreign scientific institutions. These regard the JINR's satisfaction with these firms as a very good reference.

Intergovernmental Organisation for International Carriage by Rail

The 7th General Assembly of the Intergovernmental Organisation for International Carriage by Rail took place in Berne on 23-25 November 2005, attended by a Czech delegation. The session primarily discussed recommendations concerning the revision of the Vilnius Protocol 1999 and a reworking of the uniform rules regarding the OTIF Convention and approved the assumption of the tasks of Secretariat of the Supervisory Authority for the Convention on International Interests on Mobile Equipment. The Czech delegation's address presented statements on all the questions under discussion. The authority in charge of the Czech Republic's membership of the OTIF is the Ministry of Transport.

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

In 2005, Czech Railways, which is a shareholder in the European Company for the Financing of Railroad Rolling Stock (EUROFIMA), drew 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 provided. In line with EUROFIMA's rules and its additional protocol, the Czech Republic provided a state guarantee on these loans.

European Civil Aviation Conference (ECAC)

Besides standard matters of the safety of civil aviation in general and air traffic over the European continent in particular, in 2005 the European Civil Aviation Conference (ECAC) also dealt with its member states' attitudes to the reform of the International Civil Aviation Organisation (ICAO), including the selection of a joint European candidate for the post of ICAO Secretary General, which will be filled at the start of 2006. The authority in charge of the Czech Republic's membership of the ECAC is the Ministry of Transport.

European Conference of Ministers of Transport (CEMT)

The 89th session of the CEMT Council of Ministers was held on 24-25 May 2005. The session adopted a declaration on the "Strategy for the Development of Transport Infrastructure in a Wider Europe", according to which there will be further talks on existing corridors and their possible expansion. The head of the Czech delegation presented a statement on road transit transport and the redistribution of quotas for road haulage.

International Exhibitions Bureau (BIE)

The International Exhibitions Bureau (BIE) regulates the conditions for organising World Exhibitions or Fairs. In 2004 and 2005, the Czech Republic was active in the Administration and Budget Committee. In December 2005, the Czech Republic was elected to the Information and Communication Committee for a two-year term of 2006-2007.

International Institute of Refrigeration (IIR)

The IIR assists research and development of refrigeration technology; the research findings are used in the fields of industry and trade, healthcare, environment and agriculture. In May 2005, it was decided that the 23rd International Refrigeration Congress of the IIR in 2011 would be held in Prague.

6. Non-proliferation, Arms Control and Disarmament

International talks on non-proliferation of weapons of mass destruction (WMD), arms control and disarmament formed the focus of the work of the United Nations Security Council (UN SC), the 1st Committee (for disarmament and international security) of the 60th General Assembly of the United Nations (60th UNGA), the UN Disarmament Commission (UNDC) in New York, the Conference on Disarmament (CD) in Geneva and other international organisations and international control regimes and initiatives. In 2005, the Czech Republic was also actively involved in implementation of the European Union Strategy against the Proliferation of WMD for 2004-2008.

UN Security Council resolution 1540 (2004)

On 28 April 2004, the United Nations Security Council adopted resolution 1540 (2004) on the non-proliferation of weapons of mass destruction. The resolution stresses

that the proliferation of nuclear, chemical and biological weapons, as well as their means of delivery, constitute a threat to international peace and security and affirms the UNSC's support for multilateral treaties/conventions whose aim is to eliminate or prevent the proliferation of or illicit trafficking in WMD. It calls on all states to implement them fully, and in particular to prevent non-state actors from developing, acquiring, manufacturing, possessing, transferring, transporting or using WMD and their means of delivery, especially for terrorist purposes, and from attempting to engage in any such activities, participating in them as an accomplice, assisting or financing them.

The Czech Republic fully supported this resolution, appreciating its benefits for today's very pressing problems in the area of WMD non-proliferation. In accordance with the resolution, the Czech Republic presented its detailed national report to the 1540 Committee, in which it expressed its readiness to provide assistance to third countries in its implementation in the area of export control. In 2005, it updated the national report in line with the Committee's requirements.

Nuclear weapons

Nuclear Non-proliferation Treaty

The Treaty on the Non-proliferation of Nuclear Weapons (NPT) remains the basis of the global system of non-proliferation of WMD, despite the failure of the 7th Review Conference (7th RC NPT) held in New York on 2-27 May 2005. The preparations for and subsequently the course of the 7th RC NPT confirmed the persisting long-term negative trend in disarmament talks regarding matters of nuclear disarmament and non-proliferation. As a result, the 7th RC NPT did not adopt any additional measures regarding the NPT or its implementation. The mere fact that the conference took place at all and that none of the participants voiced views casting doubt on its significance is regarded as a success. At the Review Conference, the Czech Republic promoted the strengthening of measures designed to prevent proliferation of nuclear weapons, particularly in the area of strengthening export controls, the IAEA safeguards system and the physical protection of nuclear materials.

International Atomic Energy Agency

The most important event in the International Atomic Energy Agency (IAEA) in 2005 was the 49th session of the General Conference (49th GC) of the IAEA (Vienna,

26-29 September 2005), attended by a Czech delegation led by D. Drábová, the president of the Czech Republic's State Office for Nuclear Safety (SÚJB). The General Conference adopted a resolution regarding the entry into force of Article 6 of the IAEA Statute on increasing the number of members of the Board of Governors. The Czech Republic and other EU countries sponsored a resolution on the fight against terrorism and a "safeguards resolution".

One of the key political events was the adoption of a Board of Governors' resolution in September 2005, which speaks clearly of Iran's violation of the safeguards agreement for the first time since IAEA started to discuss the Iranian question. The "Iran" resolution establishes a legal basis for steps to comply with the requirement contained in Article 12 C of the IAEA Statute, to inform the UNGA and UNSC of Iran's breach of its safeguards agreement with the IAEA.

An Advisory Committee on Safeguards and Verification was established at the end of 2005. It is important primarily as a forum for discussing in detail member states' implementation of safeguards agreements and updating the annex to the Additional Protocol. Strengthening the role of the IAEA in the area of nuclear non-proliferation, in particular strengthening the system of "safeguards agreements", remained one of the priorities of the Czech Republic's work in this organisation. Universalisation of the Additional Protocol should ensure implementation of a very high verification standard in this area and enable the strengthening of the regime of nuclear non-proliferation while cutting the cost of the IAEA's safeguards activities.

The Czech Republic continues to provide voluntary contributions. In 2005, it was again the only net donor in the Eastern European Regional Group. In 2005, the Czech Republic continued to co-finance the work of the Nuclear Security Fund, which was set up by the IAEA after the 11 September 2001 terrorist attacks in the USA. The Czech Republic is one of 16 developed nuclear states that are members of the Safeguard Support Programme, under which Czech activities concentrated on the physical protection of nuclear materials. In collaboration with the IAEA and the USA, the Czech Republic organises annual regional courses on this subject. The Czech Republic is also one of three member countries that have supported the modernisation of the safeguards information system since 2005: modernisation is essential if the safeguards system is to be retained as a fully effective NPT verification tool.

Nuclear security and strengthening the IAEA's role, particularly in creating nuclear security standards, has been an enduring priority in the Czech Republic's work in the IAEA. With regard to the commitments stemming from the NPT and thanks to its national know-how in the nuclear field, the Czech Republic provided technical assistance to Macedonia, Ukraine, and Mexico in 2005.

One of the key events that took place under the aegis of the IAEA in 2005 was the convening of a diplomatic conference on changes to the Convention on Physical Protection of Nuclear Materials (CPPNM). The Czech Republic was one of 25 states that supported an Austrian initiative to convene a diplomatic conference on updating the text of the CPPNM in April 2005. The final document of the diplomatic conference is a major contribution to the fight against terrorism; it widens the scope of the CPPNM to include the national level and contains a list of criminalised acts, including acts harming the environment, threat attempts and organisation of and participation in acts banned by the CPPNM.

At the 3rd Review Meeting of the Contracting Parties to the Convention on Nuclear Security (April 2005, Vienna), the Czech Republic successfully defended its national report.

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. The Czech Republic actively participated in all its meetings and activities in 2005. Under the Norwegian presidency a Plenary Meeting (PLM) was held in Oslo in June 2005. An extraordinary PLM was convened in October 2005 as the NSG's reaction to the IAEA Board of Governors' resolution on Iran. Croatia was admitted to the NSG in 2005. The NSG Guidelines were tightened in 2005; but it was not possible to push through the additional protocol as a condition for supplies of nuclear items.

The principal political topic in the NSG in 2005 was the US-India Civil Nuclear Cooperation Initiative. This Initiative could pave the way for a fundamental transformation of relations with India in the civil nuclear area in exchange for Indian concessions regarding nuclear non-proliferation. It does not, however, entitle India to become a nuclear state in accordance with the NPT. For that reason, India does not intend to accede to the NPT, but it did make a commitment to separate its civil nuclear programme from its military programme. At NSG meetings, the Czech Republic 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 civil nuclear sector from the military.

Comprehensive Nuclear - Test Ban Treaty

The Comprehensive Nuclear – Test Ban Treaty (CTBT) is another crucial instrument in nuclear non-proliferation. Work to build up the CTBT’s verification mechanisms, i.e. the International Monitoring System (IMS) and the International Data Centre (IDC), continued in 2005. One fundamental problem with the comprehensive test ban is the fact that the CTBT has not yet entered into force – it still awaits ratification by several key countries.

At its 25th session in November 2005, the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (PC CTBTO) elected the Czech Republic to the post of PC CTBTO vice-chairman for the Eastern European Regional Group for 2006.

The Czech Republic attended the 3rd conference to support the CTBT’s entry into force (September 2005, New York). The outcome was the adoption of a declaration containing an assessment of the current state of progress in the ratification process and proposals for further action to accelerate the process.

In 2005, the Czech Republic was one of few PC CTBTO states to give a voluntary contribution to the preparation of seminars for staff of National Data Centres from certain Eastern European countries in Vienna and Brno. It also provided financial support for a new “e-training” programme, which has also become one of the EU’s Common Foreign Policy priorities for 2006.

Chemical and biological weapons

Chemical weapons

On 7-11 November 2005, the 10th session of the Conference of the States Parties to the Chemical Weapons Convention (CWC) was held in The Hague. The session discussed further steps for putting into effect the Action Plan for National Implementation of the CWC and the Action Plan for Universality of the CWC, as well as procedures for destroying declared

chemical weapons. In line with the Executive Council's recommendation, the Conference decided to extend R. Pfirter's mandate as Director General of the Organisation for the Prohibition of Chemical Weapons (OPCW).

The Czech Republic was elected as a member of the Credentials Committee. The address by the leader of the Czech delegation emphasised the Czech Republic's national contributions and organisation of training courses. The Czech Republic continued to play a role in improving of capabilities of the OPCW and member states in the area of chemical weapons protection and assistance.

Following on from the EU's cooperation with the Russian Federation and as a contribution to the G8 Global Partnership programme, in 2005 (as in 2003 and 2004) the Czech Republic provided CZK 2 million towards a project to destroy chemical weapons in the Russian Federation (Shchuchye), implemented jointly with the UK. In addition, the Czech Republic provided a voluntary contribution of CZK 1.5 million to the Voluntary Trust Fund for Assistance against Chemical Weapons under Article X of the CWC.

Biological weapons

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

On 5-9 December 2005, the 3rd session of the 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) was held in Geneva. The session mainly discussed the "Code of Conduct for Scientists".

Australia Group

The 20th plenary session of the Australia Group international control regime, attended by the Czech Republic, was held in Sydney on 18-22 April 2005. The session discussed measures to make this control system more effective in the field of chemical and biological non-proliferation, and focused on the strategic questions of increasing the efficiency of the system and stepping up information exchange. It adopted new measures to strengthen export controls designed to prevent the illegal acquisition of components, technologies and materials for the production of chemical and biological weapons. Ukraine was admitted as a new member of the AG. The Czech delegation addressed a working group on information exchange.

Ballistic missiles and WMD means of delivery

The Czech Republic is a member of the Missile Technology Control Regime (MTCR), whose 19th plenary session was held in Madrid on 12-16 September 2005. The session discussed information exchange, membership for other countries and technical aspects. It also adopted several decisions designed to strengthen the non-proliferation regime and supported the application of UN SC resolution 1540, which is regarded by all member countries as a new universal tool for reducing the risks of WMD proliferation. The Czech Republic was actively involved in the process of enlarging the MTCR member base, with the aim that all new EU member countries attain full membership. However, this goal was not achieved in 2005 (similarly as in 2004) because the regime failed to reach consensus on the assessment of individual candidate countries' preparedness criteria. The Czech delegation also gave a presentation in a working group on information exchange.

The Czech Republic and new international platforms 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)

The HCOC was formed under the MTCR in 2002 in order to prevent the spread of ballistic missiles. It takes the form of a voluntary political commitment not to proliferate ballistic missiles as WMD means of delivery, thus building confidence between states and strengthening international security. The Czech Republic is striving to make the HCOC universal. An important step down this road was the successful adoption of a resolution by the 1st Committee of the 60th UN General Assembly (2005) supporting the HCOC.

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 titled “Bohemian Guard 2005” took place in Ostrava on 31 May to 2 June 2005. The exercise’s main organisers were the Czech Republic, Poland and the USA. 10 countries actively participated in the exercise, with observers from other NATO and EU countries and countries that have joined the PSI.

G8 Global Partnership against the Proliferation of WMD

The Czech Republic joined this initiative (announced at the G8 Sea Island Summit) in 2004 and takes part in implementing projects in accordance with its national interests and financial capabilities. Since 2003, it has provided an annual donor contribution of CZK 2 million towards a British project for the destruction of chemical weapons in the Russian Federation.

Global Threat Reduction Initiative (GTRI)

The GTRI was announced in May 2004 as an initiative designed to reduce the risk of misuse of nuclear and radioactive materials. The Czech Republic joined it at the outset and, in cooperation with the IAEA, it has twice repatriated highly enriched nuclear fuel to the country of origin (2004, 2005). During this process, 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 human rights; and the existence of tension or armed conflict. Export applications are also 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.

In 2005, the Ministry of Foreign Affairs helped increase the effectiveness of the licensing process for exports of military material and small arms and ammunition for civilian use. In the interest of accelerating licensing procedures for exports to countries with developed control mechanisms (EU and NATO countries and some others), the Ministry introduced "fast-track procedures" at the start of 2005, significantly reducing the time required for assessing export applications to these territories. The Ministry of Foreign Affairs cooperated with the Ministry of Industry and Trade in preparing an amendment of Act

No. 38/1994 Coll., on foreign trade in military material, which was submitted to the Czech government in December 2005.

Within the EU, the Czech Republic supported initiatives and made suggestions designed to increase the transparency of the process as a whole and to adopt a methodology for applying the Code's criteria. In 2005, member states reached agreement on a revision of the EU Code of Conduct; in future, the Code is to be adopted as a legally binding document in the form of an EU Common Position. At working level, EU states paid attention to the issue of brokering in military material.

After discussion by the government, the Ministry of Foreign Affairs published the regular "Annual Report on Export Control of Military Material and Small Arms for Civilian Use in the Czech Republic in 2004". Besides data on volumes and the destinations of military material exports, the report gives an overview of the manufacture of small arms for "civilian use", i.e. for self-defence, sport, hobby and hunting activities, which is a specific feature of the Czech national reports. This is motivated by the effort of the Czech Republic, a traditional manufacturer of this type of weapons, to achieve maximum openness and transparency.

The report reveals that military material exports in 2004 were worth EUR 90 million, which is an 8.4% year-on-year increase. This marks a continuation of the growth trend in the value of exports that commenced in the year 2000, when the value of exports was the lowest in the history of the Czech Republic (EUR 60 million).

Anti-personnel mines

The Czech Republic continued successfully to implement the Ottawa Convention (the Convention on the Prohibition of the Use, Stockpiling, Production, and Transfer of Anti-personnel Mines and on their Destruction). The 6th Meeting of States Parties to the Ottawa Convention was held in Zagreb at the turn of November and December 2005. The meeting's principal topics were universal accession to the Convention and implementation of the commitments stemming from the Convention, with particular regard to mine clearance. 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 2005, 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 (Bosnia and Herzegovina, Albania, and certain African countries).

Restriction on the use of some conventional weapons

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

Small arms and light weapons

The international community's endeavours to prevent the proliferation of small arms and light weapons mainly consisted in the implementation of the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Forms, adopted in 2001. The Czech Republic consistently supports the UN's efforts to increase transparency in this area: in 2005, the Czech Republic's annual report on implementation of this programme informed about legislative measures and its role in regional and global cooperation. The Czech Republic was also actively involved in the preparation of a UN international instrument for the timely and reliable identification and tracing of illegal small arms and light weapons. This politically binding document was adopted by the 60th General Assembly on 8 December 2005. EU countries' standards in this field are higher than required by the document.

The second two-year session on implementation of the UN Action Plan on small arms and light weapons in July 2005 focused on assessing implementation of measures in the fields of national legislation and regional and global cooperation. National programmes and legislation, combined with effective international instruments, are an essential part of the mechanism for restricting the illegal trade in small arms and light weapons.

The Czech Republic's approach to the UN talks was based on an effort to find a balance between responsible implementation of foreign policy commitments in the area of the

control of trade in small arms and light weapons and protection of its own security and trade interests.

Wassenaar Arrangement

The Czech Republic is an active member of the Wassenaar Arrangement on Export Controls for Conventional Weapons and Dual-Use Goods and Technologies (WA), whose objective in 2005 continued to be prevention of the proliferation of conventional weapons and related technologies and dual-use goods. Participants at the WA plenary session in December 2005 again stressed their intention to broaden the Arrangement's outreach to non-participants, other export control regimes and international organisations. The plenary also approved a number of amendments to the control lists. The plenary also dealt with questions regarding the criteria for selecting items and placing them on the control lists, the information exchange system and the preparation of a document concerning end-user declarations. In 2005, the Czech Republic also concentrated on the WA's relations with non-members and on strengthening the WA's cooperation with other control regimes in order to prevent duplications and improve the coordination of global non-proliferation efforts.

7. The Czech Republic in the fight against international terrorism

The fight against international terrorism has been, and 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 a security threat that has an influence on international peace and stability and thus concerns the security situation in the Czech Republic. 2005 saw another increase in the number of terrorist attacks and incidents; the number of victims of terrorism also rose.

Iraq was severely affected by terrorism: there were more than 623 terrorist incidents that left at least 510 casualties. Other high-risk areas, such as Pakistan, India, northern Caucasus and Israel, were also affected by terrorist attacks. International public attention was most occupied by the series of four suicide bombings in London on 7 July 2005. 56 people died (including the four bombers) and almost 700 were injured. Other cases of "urban terrorism" were registered in Amman (9 November 2005), on the island of Bali (1 October 2005) and in the Egyptian resort Sharm Al-Sheikh (23 August 2005). Former

Lebanese Prime Minister R. Hariri was killed in a bomb attack in Beirut on 14 February 2005.

Investigations revealed that some of the perpetrators of the London attacks had spent time in training camps and religious schools in Pakistan and in the Afghan-Pakistan border region.

These and hundreds of other attacks confirmed that no civilised country is safe from international terrorism. It is becoming increasingly clear that there has been no decline in the capacity of terrorist groups to plan, prepare and carry out sophisticated attacks, and that reducing the threat of terrorism is a long-term task which requires more than just repressive measures and for which international cooperation is essential.

The Czech Republic's foreign policy therefore 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. This approach reflects developments in international terrorism, where a substantial part of the present-day threat stems from very loosely connected or entirely autonomous terrorist groups, often linked by nothing more than a shared ideology.

For Czech foreign policy in 2005, international terrorism was one of the key points in bilateral and multilateral relations and a regular subject of talks conducted at the highest political level during visits to various territories by representatives of the Czech Republic. The central purpose of this dialogue was to narrow the divide between different views on terrorism. In international organisations where the fight against terrorism is also a top priority, the Czech Republic promoted its comprehensive approach, and thus played an active role in the preparation and implementation of political, legal and operative documents adopted by these organisations.

On 27 December 2005, the Czech Republic ratified the UN Convention for the Suppression of the Financing of Terrorism, shortly afterward (after the ratification instruments had been deposited) becoming a state party to all 12 operative international treaties aimed at suppressing international terrorism. The most recent (13th) universal anti-terrorism treaty – the International Convention on the Suppression of Acts of Nuclear Terrorism – was signed by the Czech Republic on 15 September 2005; in November, the

government submitted it to Parliament for discussion. Discussions continued on the signing of an Additional Protocol to the European Convention on the Suppression of Terrorism and on ratification of the UN Convention against Transnational Organised Crime.

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 (Active Endeavour) 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).

In 2005, the EU continued to implement 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.

The Czech Republic was actively involved in shaping the EU CFSP, which is founded on mutual solidarity and support among member countries. The fight against terrorism, protection of human rights, support for democracy, and the strengthening of the transatlantic link are among the Czech Republic's CFSP priorities approved by the government in 2005.

The Czech Republic also supported important decisions in the area of the fight against terrorism (on the fight against transnational organised crime, on container security, on strengthening legal cooperation in terrorism-related criminal matters) adopted by the Organisation for Security and Cooperation in Europe in 2005.

National Plan of Action against Terrorism

In November 2005, the Czech government passed Resolution No. 1466, adopting the updated National Plan of Action against Terrorism for 2005-2007. This was the third updating of the key document adopted in 2002, substantially reflecting in both the text and tables sections the situation following the London terrorist attacks, key internal impulses and 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 therefore are not exclusively the province of foreign policy.

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

At the 60th UN GA, the Czech Republic fully supported the UN's role in coordinating action by the international community in the fight against international terrorism. This issue was also the one of the themes of speeches by Prime Minister of the Czech Republic J. Paroubek at the 2005 UN summit, and by Minister of Foreign Affairs C. Svoboda in the general debate that opened the 60th UN GA. In January 2005, the Czech Republic submitted to the UN Counter-terrorism Committee its 5th report on implementation of UN Security Council Resolution 1373 from 2001.

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

Substantial progress was made in the Czech Republic's accession to the thirteen fundamental UN international anti-terrorism conventions. On 27 December 2005, the Czech Republic ratified the International Convention on Suppression of the Financing of Terrorism (the Convention entered into force for the Czech Republic on 26 January 2006). Additionally, on 15 September 2005 the Czech Republic signed the International Convention for the Suppression of Acts of Nuclear Terrorism, following which internal debate commenced on the proposal to ratify this Convention.

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

European Union activities in the fight against terrorism remained a top priority for the Czech Republic in 2005. Although this year brought another major terrorist attack on the territory of an EU member state, the principal emphasis was placed on achieving the goals laid down by the European Council following the Madrid attacks in 2004. The declaration adopted in response to the London attacks called for implementation of these measures to be accelerated.

In 2005, there was considerable consolidation of anti-terrorism policy at both the institutional and substantive level in the European Union. First and foremost, analytical capabilities were fundamentally increased and the coordinating role of the Committee of Permanent Representatives was enhanced, which was imperative in view of the need for a multidisciplinary approach to combating terrorism.

In 2005, the Czech Republic was actively involved in discussing political, legal, technical and analytical materials that were created in the European Union in connection with the fight against terrorism during this period.

Particularly worth mentioning in this regard is the new Counter-terrorism Strategy, approved by the European Council at its December 2005 session. Part of this strategy is a re-structured Action Plan. During discussions on this draft, the Czech Republic fully supported the efforts of the British Presidency to create a document that would give a clear, comprehensible and concise presentation of the complicated and complex issue of European counter-terrorism policy. This intention was fully consistent with the Czech Republic's long-term positions, promoting a more pro-active approach to this issue at the information level.

Throughout the year, the Czech Republic was involved in forming the European Union's Strategy and Action Plan against Radicalisation and Recruiting. This conceptual material deals with both external and internal aspects of radicalisation; its inception was preceded by a difficult process of converging the positions of individual member states that derived from significantly differing historical traditions and different present-day conditions. The Czech Republic regards the attained compromise as a significant move forwards in this issue.

As part of the anti-terrorism dimension of external relations, the Czech Republic contributed information to thematic and territorial analyses of the security situation drawn up by the EU Joint Situation Centre (SitCen) at the General Secretariat of the Council of the EU. At the UN summit, the Czech Republic acted in line with the agreed positions and signed, along with all other EU states, the International Convention for the Suppression of Acts of Nuclear Terrorism. By taking this step, the European Union expressed its categorical support for the UN's key role in the fight against terrorism.

The Czech Republic took the first steps that should effectively enable its full involvement in the provision of technical assistance designed to strengthen the anti-terrorism capabilities of third countries. The Czech Republic was also relatively active in promoting its positions in the preparation of a Euro-Mediterranean Code of Conduct on Countering Terrorism, which was approved at the Euro-Mediterranean summit in Barcelona in November 2005.

At various levels, the Czech Republic paid intensive attention to the issue of the fight against the financing of terrorism, which is regarded as an enduring top priority in the EU. The draft Third Directive against Money Laundering, and legislation governing cash controls were approved in 2005. Steps to increase the effectiveness of the process of freezing the funds of persons suspected of terrorism also went ahead.

As part of its comprehensive approach to the fight against terrorism, in 2005 the Czech Republic supported efforts of EU states to develop capabilities for the protection of critical infrastructure, crisis management and civilian protection. The deepening of cooperation in these areas is valuable not only as a preventive preparation for coping with the consequences of terrorist attacks, but also in cases of a wide variety of natural or industrial disasters.

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. Already at the 2002 Prague Summit, NATO started to transform its military and civilian capabilities to deal with the threats of terrorism (Prague Capabilities Commitment /PCC/ and NATO Response Force /NRF/). The Istanbul summit followed this up with an initiative to improve the exchange and subsequent analysis of classified information on terrorism. NATO set up a Terrorist Threat Intelligence Unit (TTIU) for this purpose.

Part 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 the activities of terrorist organisations. That concerns the partnership with Russia (NRC) and countries included in Mediterranean Dialogue (MeD) and the Istanbul Cooperation Initiative (ICI). 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 seeks to counter organised crime (especially the drug trade) as a potential source of financing for terrorist activities.

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

In 2005, the Czech Republic continued to support the significant role that regional organisations like the OSCE play in the fight against terrorism and took part in anti-terrorism activities within this international organisation.

The key documents in this area are the Bucharest Plan of Action for Combating Terrorism, the OSCE Charter on Preventing and Combating Terrorism, the Porto and Maastricht Ministerial Declarations, and the OSCE Strategy to Address Threats to Security and Stability in the 21st century. These documents have a very broad political and technical scope.

An Action against Terrorism Unit (ATU) has operated in the OSCE Secretariat since 2004; it is charged with internal coordination within the OSCE, organising expert sessions on various themes and monitoring the implementation of international commitments in member states.

The OSCE ATU maintains a network of national contact points in OSCE states (in the Czech Republic this contact point is the Ministry of Foreign Affairs' CFSP department); regularly checks the status of ratification and implementation of the 12 UN counter-terrorism conventions in OSCE states; compiles overviews of state's capacities to provide technical assistance for the building of counter-terrorism capabilities in other states; and brokers contacts between states in this field. For the terrorism issue, the ATU operates as a contact point for the OSCE's relations with other international organisations.

The ATU organised several expert seminars in 2005: on container security (February); on the issue of strengthening legal cooperation in criminal matters related to terrorism (April and September); on suicide terrorism (May); and on the suppression of the use of the Internet for terrorism purposes (October). It also initiated programmes targeting various areas associated with the fight against terrorism.

Within the OSCE, there is also an informal working group dealing with the fight against terrorism.

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

In 2005, the Czech Republic continued to be actively involved in the work of the OECD in a number of areas related to the fight against terrorism and money laundering, such as the security of information systems and networks, travel security, biotechnology and other topics. In connection with the OECD Council's 2004 Decision on a Check-List of Criteria to Define Terrorism for the Purpose of Compensation, which concerns the area of insurance, it was decided that this Decision would be implemented in the Czech Republic through internal rules of insurance companies and the Office of State Supervision in Insurance and Pension Funds.

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 via the regional structure for the fight against money laundering in the Council of Europe and via cooperation within the EU.

In view of the global nature of money laundering, the FATF's standards for the financial and banking sector play a particularly crucial role. In 2004, Special Recommendation IX on terrorist financing was adopted, targeting cross-border cash couriers. There was significant progress in its implementation in 2005, both in the EU as a whole and in the Czech Republic. The implementation of this Special Recommendation is now covered

by Directive of the European Parliament and of the Council No. 1889/2005 of 26 October 2005, which will enter into force on 15 June 2007. Implementation in the Czech Republic is partially covered by the legislation already in place.

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

With the involvement of Czech specialists, the Committee of Experts on Terrorism (CODEXTER) continued its work in 2005, drafting a European Convention on the Prevention of Terrorism. After approval by the Committee of Ministers of the Council of Europe, the convention was opened for signing on 16 May 2005 at the 3rd CoE summit in Warsaw, along with the Convention on the Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.

As part of measures for the fight against terrorism, the Committee of Ministers also approved Recommendation (2005) 7, on identity and travel documents and the fight against terrorism; Recommendation (2005) 9, on the protection of witnesses and collaborators of justice; and Recommendation (2005) 10, on “special investigative techniques” in relation to serious crime, including acts of terrorism.

The Committee of Ministers also approved the Guidelines for Protection of Victims of Terrorist Acts, which contains a recommendation for member countries regarding the provision of assistance, adequate compensation and protection of victims’ private and family life, dignity and safety. In March 2005, the Committee of Ministers issued a Declaration on the Freedom of Expression and Information in the Media in the Context of the Fight against Terrorism, confirming that not even the fight against terrorism justifies the imposition of other restrictions on freedom of expression than those already contained in the European Convention on Human Rights.

8. Foreign Development and Humanitarian Aid and Transformation Cooperation

Foreign Development Cooperation

As part of the international community of democratic and economically developed countries and as a member of the European Union (EU), the Czech Republic advocates the

principles of universal human solidarity and shoulders its portion of the responsibility for resolving worldwide problems. One of the manifestations of this approach is foreign development cooperation (FDC), which is an integral part of the Czech foreign policy. In the broader sense, FDC is an integrated government policy towards developing and transforming partner countries. In the narrower sense, it represents the Czech state's financial, material, expert and technical assistance in the interest of long-term sustainable development in these countries.

The main objectives of Czech FDC are consistent with the Czech Republic's international commitments, and in particular the Millennium Development Goals adopted at the UN summit in the year 2000 and confirmed at the UN summit in 2005: reducing poverty; achieving sustainable socio-economic development; the gradual integration of partner countries into the world economy; developing and promoting democracy and human rights; good governance; introducing the rule of law; and post-conflict renewal. FDC also reflects the Czech Republic's interests and needs and helps intensify political and business ties between partner countries and the Czech Republic. FDC takes into account the Czech Republic's international commitments, in particular the EU's development legislation, OECD recommendations, and the principles of development cooperation as adopted by the international community within the United Nations.

The foundation stone of the Czech FDC system was laid in 1995 with the adoption of the Principles of the Provision of Foreign Development Aid by Resolution of the Czech Republic Government No. 153 of 15 March 1995. The significance of FDC was confirmed in the Concept of Foreign Development Aid of the Czech Republic for 2002-2007 ("Concept"), which the Czech government noted by resolution No. 91 of 23 January 2002. Government resolution No. 302 of 31 March 2004, titled "Institutional System and Principles of Foreign Development Cooperation After the Czech Republic's Accession to the EU", updated the previous documents and set new priorities in the provision of FDC in connection with EU accession.

Every year, the government approves the foreign development cooperation plan for the following year and assessments of projects for the previous year. In 2005, Resolution of the Czech Republic Government No. 664 of 1 June 2005 approved plan of projects for 2006 and an FDC budget outlook up to 2008. This government resolution also approved FDC programmes for the 2006-2010 period between the Czech Republic and 9 priority countries

(Angola, Bosnia and Herzegovina, Moldova, Mongolia, Serbia and Montenegro, Vietnam, Yemen, and Zambia).

In 2005, the Ministry of Foreign Affairs of the Czech Republic, in accordance with the Concept, continued to implement a number of measures to improve the effectiveness of the development cooperation system. The MFA Department of Development Cooperation and Humanitarian Aid, in coordination with other ministries, drew up the “Rules for Selecting and Financing Bilateral FDC Projects”, which was subsequently approved by government resolution no. 1311 of 12 October 2005. The Department also went ahead with work on a uniform methodology and rules to govern the project cycle; at the end of 2005 it drew up a “FDC Project Cycle Manual”. An important 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 MFA for coordinating foreign development cooperation.

In line with the Concept, increased emphasis was placed on the involvement of the non-government sector and the public in development cooperation. In order to raise public awareness of and support for the Czech Republic’s development cooperation, the MFA operates a website at www.mzv.cz/pomoc, with an English-language version at www.mfa.cz/aid. In collaboration with Palacký University in Olomouc, the 8th Development Aid Summer School took place in 2005; over 900 people have taken part in the summer school since its inception.

In 2005, the Czech Republic spent a total of CZK 2.9 billion on FDC, now reported under OECD methodology solely as “Official Development Aid”, which represents 0.11 % of GNI.

Foreign humanitarian aid

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

Bilateral humanitarian aid takes the form of financial donations or material aid (medicines, healthcare apparatus and material, chemicals to make water drinkable, tents, blankets, work to put healthcare and education facilities into operation, etc.). It is provided

through international organisations, Czech non-governmental organisations or rescue teams, Czech embassies, etc.

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

A sum of CZK 58 million was earmarked for the provision of foreign humanitarian aid in 2005 in the Universal Treasury Administration heading of the Czech Republic's state budget. In the course of the year, CZK 100 million was added to that sum from the Government Budget Reserve, making the total amount of foreign humanitarian aid in 2005 CZK 158 million.

The volume of the provided humanitarian aid was influenced by the destructive earthquake and ensuing tsunami in Southeast Asia at the end of December 2004. The resources were used via UNICEF, as in-kind humanitarian aid for Sri Lanka, Indonesia and Thailand, for non-governmental organisations' projects in India and Indonesia, for the sending of police experts to identify the bodies of victims in Thailand, as food aid to Indonesia under the World Food Programme (WFP), as a financial contribution to UN Volunteers, and as support for the involvement of Czech volunteers.

One significant humanitarian aid endeavour by the Czech Republic was aid to the United States of America in connection with dealing with the consequences of hurricane Katrina at the start of September 2005. In the first phase, material was supplied in the form of blankets, cots, and large tents. For the first time in history, a NATO air bridge was used to transport the material to the USA. The second phase of humanitarian aid is to include humanitarian renewal projects in the affected areas in 2006.

The largest-scale humanitarian aid provided by the Czech Republic in 2005 was that provided to South Asia in connection with dealing with the consequences of the earthquake on 8 October 2005. The Czech Republic was one of the first to provide aid to Pakistan immediately after the earthquake. The Czech government earmarked a total of CZK 110 million for Pakistan. A Czech rescue unit was sent to Pakistan (Rawal Kot) and operated there

from 13 October to 2 November 2005. In-kind humanitarian aid comprised water purification chemicals, surgical material, bandaging, medicines, sleeping bags, blankets, and tents with internal heating for difficult climactic conditions. A contribution of CZK 7.5 million was provided for the UN High Commissioner for Refugees (UNHCR) and CZK 5 million for the World Food Programme (WFP). Additionally, CZK 17 million was earmarked for humanitarian rehabilitation projects scheduled for implementation in 2006.

Additional humanitarian aid was provided for the following purposes in 2005: to the victims of the terrorist attack in Beslan (CZK 11.9 million); to the Kingdom of Sweden to deal with the consequences of a severe storm in January 2005 (CZK 800,000); to Tajikistan to deal with the consequences of flash floods (CZK 500,000); to Chile to deal with the consequences of a fire in the Torres del Paine national park (CZK 4.5 million); to Georgia following the extensive floods in April 2005 (CZK 2 million); to Romania following extensive floods and landslides (CZK 6.5 million); to Bulgaria following the summer floods (CZK 5.5 million); to Serbia and Montenegro in the aftermath of floods (CZK 200,000); to Niger to deal with the consequences of famine (CZK 5 million); to Guatemala and Salvador to deal with the consequences of hurricane Stan (CZK 4.6 million); to Libya for the EU's Action Plan against HIV/AIDS (CZK 1.5 million); and to Mexico to deal with the consequences of the October hurricane (CZK 5 million).

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

Transformation cooperation

Since 2005, transformation cooperation has complemented the Czech Republic's foreign development cooperation (FDC) system and is becoming a distinct and separately defined component of government policy towards developing and transforming countries², as well as countries with undemocratic regimes³ in which – contrary to international law and the international legal commitments of the countries concerned – human rights and fundamental

² Priority countries for transformation support are mainly the European Union's eastern neighbours: former Soviet Union countries (Belarus, Georgia, Moldova, Ukraine); Balkan countries (in particular Bosnia and Herzegovina, and Serbia and Montenegro); and Iraq, where the first pilot projects of Czech transformation cooperation were successfully implemented in 2004

³ According to the standards applied in, for example, UN bodies established either by the UN Charter (Commission on Human Rights *et al.*) or international conventions (Human Rights Committee and other specialised committees for rights of the child, women, minorities, etc.); the current priorities in this area for the Czech Republic's foreign policy are – as declared repeatedly and publicly – Belarus, Cuba, and Burma/Myanmar

freedoms are violated. The aim of this cooperation is to help ensure that ongoing or possible future changes in these countries 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, 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, along with other countries in Central and Eastern Europe, underwent in the 1980s and 1990s.

Transformation cooperation stresses flexibility, operability and linkage with foreign policy principles and priorities. It is particularly characterised, however, by systematic cooperation with civil society groups and non-governmental organisations – contact with state authorities in the beneficiary countries may be deliberately ruled out.

Transformation cooperation is designed to help the development of the beneficiary countries, based on an equitable and stable social establishment. Its focus on promoting political systems that uphold the same values as the Czech Republic is a response to new globalisation-related phenomena in international politics⁴. This approach is consistent with the Czech Republic's political and security interests as well as the trends evident in the EU's and international organisations' development policy. Cooperation with civil society is simultaneously a long-term investment in relations with the beneficiary country.

Transformation cooperation targets countries of priority interest for the Czech Republic's foreign policy (Belarus, Bosnia and Herzegovina, Cuba, Georgia, Iraq, Moldova, Myanmar/Burma, Serbia and Montenegro, and Ukraine) – it is therefore complementary to the Czech Republic's diplomatic and political foreign policy activities.

The decision that was the driving force behind the start of transformation cooperation was made by the Ministry of Foreign Affairs after the Czech government earmarked CZK 520 million for the economic renewal of Iraq for 2003-2005; the government identified Iraq's economic renewal as its current foreign policy priority in view of the acute situation following

⁴ E.g. globalisation of terrorism and other new security threats

the fall of Saddam Hussein's regime, and it became apparent that the transformation of Iraq, the reinstatement of democratic principles and development of society after decades of stagnation caused by the repressive regime necessitated more than just renewal of the physical infrastructure. Assistance in the development of human potential emerged as a necessary and in some regards crucial factor, and one in which Czech entities' "transformation know-how" may be useful (e.g. economic transformation; reform of the banking sector, judiciary and police; healthcare; oil industry engineering; restitution; political screening; building local self-government; and strengthening the principles of good governance).

Transformation cooperation funds are earmarked in the Universal Treasury Administration heading of the annual state budget. In 2005, the Ministry of Foreign Affairs provided financial support to a total of 28 transformation projects intended for Belarus, Iraq, Cuba, Burma/Myanmar, Moldova, Serbia and Montenegro, and Ukraine.

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 2003 to 2005. (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 2005 Aggregate Indicators (%)" column refers to the aggregate values of the Czech Republic's foreign trade in 2005. The foreign investment indicator is composed of three elements: registered capital, reinvested profit and other capital (primarily credit arrangements). Where a negative value is shown, this means:

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

Summary data on the Czech Republic's foreign trade with other countries and customs territories not given in Chapter II. The Czech Republic's Bilateral Relations are shown in the table called "The Czech Republic's Foreign Trade 2003 – 2005" in the Appendices to this publication.

Less common official names used in the following text:

Afghanistan – Islamic Republic of Afghanistan

Israel – State of Israel

Kuwait – State of Kuwait

Liechtenstein – Principality of Liechtenstein

Libya – Great Socialist People's Libyan Arab Jamahiriya

Macedonia (FYROM) – Former Yugoslav Republic of Macedonia

Mexico – United States of Mexico

Nigeria – Federal Republic of Nigeria

Germany – Federal Republic of Germany

Saudi Arabia – Kingdom of Saudi Arabia

Slovenia – Republic of Slovenia

Venezuela – Bolivarian Republic of Venezuela

ARAB REPUBLIC OF EGYPT

Egypt is an important partner of the Czech Republic in the Middle East and North Africa. The standard of relations in 2005 corresponded to both sides' primary interest in economic cooperation.

Economic relations

Egypt is one of the Czech Republic's traditional trading partners in North Africa. 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.

Cultural relations

Cooperation in science and culture has traditionally had a high standard. The Czech Embassy in Cairo organised an exhibition of Czech film posters in Alexandria and an exhibition of photographs by painter F. Stašek in Cairo and Luxor. Czech cinema was represented by two films (*Dirty Soul, Post Coitum*) at the Cairo International Film Festival, one film at the first year of the EU Film Festival (*Zelary*), and three films at Europe Film Week in Cairo (*Zelary, Cosy Dens, Pat and Mat*). Egyptian children took part in the "Lidice 2005" international art competition. Czech school pupils regularly take part in the Al Shona International Biennale of Children's Art. The Embassy also organised three concerts by the Bergerettes Duo (violin and piano) in Cairo and Alexandria. Thanks to a financial donation from the MFA and with the cooperation of the Czech Embassy, the Czech Women's Association in Cairo organised three concerts by the Jan and Jiří Klapka Duo in Cairo and Alexandria.

The work of the expedition of the Czech Institute of Egyptology of Charles University at the Abusir site is of fundamental significance. At the ambassador's proposal, the Czech team of Egyptologists received the Gratias Agit Award. The Embassy organised an excursion to the Czech Egyptologists' excavation site for Czech studies students from Ayn Shams University; this was followed up by a lecture by Egyptologist H. Vymazalová at the university. 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.

As part of development cooperation, the Czech Republic provided Egypt with eight university scholarships for the 2005/2006 academic year.

ARGENTINE REPUBLIC

Czech-Argentine relations have for a long time been friendly. Argentina has traditionally been one of the Czech Republic's leading partners in Latin America, both for its foreign policy significance and regional importance and in terms of trade and economic relations. At present, Argentina, which is a member of the South American common market Mercosur, is the Czech Republic's second biggest trading partner in Latin America; trade exchange is on the rise and offers new opportunities for Czech firms, particularly in the energy industry.

Visits by representatives of the Czech Republic:

- 21-24 April 2005 – visit by Deputy Minister for Regional Development I. Přikryl;
- 22-23 June 2005 – visit by Minister of Industry and Trade M. Urban and Chairman of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament V. Laštůvka;
- 29 November to 1 December 2005 – visit by Deputy Minister of Foreign Affairs for Legal, Consular and Economic Affairs P. Svoboda.

Visits by representatives of Argentina:

- 12-15 September 2005 – visit by First Vice-chairman of the Chamber of Deputies of National Congress E. Arnoldo.

Economic relations

The Czech Republic's principal export commodities: electric motors and generators, ball-bearings, carbon, handheld pneumatic or motorised tools, steam turbines, air-conditioning equipment, light bulbs, discharge tubes and arc lamps. The structure of Czech exports to Argentina has changed in recent years in favour of piece products with relatively low added value.

The Czech Republic's principal import commodities: primarily tractor and motor vehicle parts, followed by fish meat and citrus fruits. Other significant items are wine, peanuts, grapes, apples, pears, and raw or treated hide.

Bilateral agreements concluded in 2005

- Agreement between the Czech Republic and Argentina on Mutual Cooperation in the Field of Tourism, Buenos Aires, 21 April 2005.

Cultural relations

A programme for Czech language teaching in the expatriate community, under the guidance of two teachers sent from the Czech Republic under the government resolution on the support for Czech cultural heritage abroad, successfully continued in its second year. Czech expatriates play a major role in presenting and promoting Czech culture, particularly through their Czech House in Buenos Aires. One expatriate in Argentina deserving a mention in the field of art and culture is the eminent Argentine stage designer of Czech origin M. Hloušek, who received the Gratias Agit Award by the Czech Minister of Foreign Affairs in June 2005 for promoting the Czech Republic abroad. Cultural events included a dramatisation of F. Kafka's *The Castle* by the Teatro Abasto; a concert of works by B. Smetana and B. Martinů as part of the Buenos Aires "Prague Spring" festival; an exhibition of photographs by photographer Tereza z Davle titled "Portrait of a European Woman"; a representative exhibition of contemporary Czech graphic artists in Buenos Aires; a recital by pianist I. Klánský; and screenings of Czech contemporary films in Buenos Aires and Córdoba.

BOLIVARIAN REPUBLIC OF VENEZUELA

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

Venezuela is a traditional territory for Czech exports.

Visits by representatives of the Czech Republic:

- 2-6 April 2005 – visit by a delegation of the Senate of Parliament, led by its Vice-president J. Liška;

- 4-7 April 2005 – visit by a delegation of the Senate of Parliament, led by Vice-chairperson of the Committee on National Economy, Agriculture and Transport J. Vaculík.

Economic relations

The Czech Republic's principal export commodities: heat-resistant ceramic material and panels, ceramic bricks, clothing, cigarette paper, plastic products, centrifuges and filtration apparatus, iron and steel products (particularly pipes), profiles, set squares, optical fibre wires and cables, light fittings, table glassware, spark plugs, raw tobacco, metalworking machines, tyres, glass jewellery, motor vehicle spare parts.

The Czech Republic's principal import commodities: iron ores, concentrates and calcined pyrites, optical fibres, cables and lenses, microscopes, tobacco and tobacco products, fish products and preserves, caviar and caviar substitutes, precious and semi-precious stones.

Cultural relations

There were several visits by Czech artists to Venezuela in 2005 (Karomato puppet theatre from Prague, Jiří Srnec Black Light Theatre). The Secondhand Women theatre company won the jury's prize at the Caracas theatre festival for best female performance.

The Czech Republic has traditionally offered Venezuela government scholarships for university studies. Two master's degree scholarships were offered to Venezuelan students for the 2005/2006 academic year.

BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina has been identified as one of the Czech Republic's foreign policy priorities. Consequently, in 2005, the Czech contingent (guard units and, temporarily, helicopter units) continued to serve in the EUFOR units (the European Union's ALTHEA military operation); the Czech Republic continued to participate in the European Union Police Mission (EUPM); and bilateral development cooperation intensified (Bosnia and Herzegovina has been identified as one of the Czech Republic's eight international development

cooperation priority countries for the 2006-2010 period). The opening of Bosnia and Herzegovina's Embassy in Prague helped develop the relations between the two countries.

Visits by representatives of the Czech Republic:

- 14 July and 22 December 2005 – two one-day visits by Minister of Defence K. Kühnl to the Eagle Base near Tuzla, where the majority of the Czech EUFOR contingent is stationed;
- 22-25 October 2005 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament;
- 12-13 November 2005 – visit by a delegation led by Prime Minister J. Paroubek;
- 14-15 December 2005 – visit by Deputy Police President P. Boublerle.

Visits by representatives of Bosnia and Herzegovina:

- 19-21 October 2005 – visit by Minister of Foreign Affairs M. Ivanić.

Economic relations

Trade exchange between the Czech Republic and Bosnia and Herzegovina is constantly increasing. Imports to the Czech Republic are growing at a faster rate than exports from the Czech Republic. The balance of trade continued to grow in nominal terms in 2005 and shows a significant surplus.

The Czech Republic's principal export commodities: motor vehicle bodies and engines, organic detergents with surface active agents (laundry agents), iron and steel products at various degrees of technological processing, sugar beet.

Cultural relations

In 2005, there was a concert by the Praha Piano Duo (J. Petr and V. Binarová) and Melmuk vocal piano trio. There were two travelling photography exhibitions: "Beauties of Czech Baroque Architecture" (in Sarajevo and Prijedor) and "Czech Press Photo 2004" (in Sarajevo and Maglaj). "Nerezavý Inspirativ", a Czech-Slovak dance ensemble, performed in Sarajevo, which was also the venue of the Czech Film Week Festival, a presentation of predominantly the latest works by the youngest generation of Czech directors.

To mark the opening of the Bosnia and Herzegovina Embassy in Prague, a multimedia performance by Bosnian artists (chiefly youth choirs from Sarajevo and Pale), directed by Sarajevo National Theatre dramaturgist S. Kupusović, took place in front of the Embassy building in Prague.

Every year, the Czech Republic offers government scholarships to candidates from Bosnia and Herzegovina; one of two scholarships was used in 2005. For the 2006/2007 academic year, the Czech Embassy in Sarajevo recommended nine candidates for government scholarships to study bachelor's or master's courses and requested an increase in the number of scholarships available.

CANADA

Canada continued to be Czech Republic's transatlantic ally in 2005. Although part of the joint agenda was transferred to the European Union, both countries continued to cooperate at bilateral level as well. Expert talks commenced on an Agreement Concerning the Facilitation of Temporary Work Stays of Youth, and talks continued on renegotiation of the Agreement on the Promotion and Reciprocal Protection of Investments, which needs to be brought into line with European Community law.

Cooperation in the provision of development cooperation to third countries that are important from the point of view of Czech foreign development cooperation was successfully initiated with four joint development projects worth CZK 4 million. The Czech Republic's interest in deepening cooperation was reflected in a decision to open a Consulate General in Toronto, a city that is important in terms of trade and its large Czech community. The very good standard of mutual relations is only worsened by the non-reciprocal visa requirement. Canada did not revise its position in 2005 and did not abolish visa requirements for Czech citizens, even though Canadian citizens have travelled to the Czech Republic without a visa since April 2004.

Visits by representatives of the Czech Republic:

- 9-14 April 2005 – visit by a delegation of the Chamber of Deputies of Parliament;

- 31 May to 6 June 2005 – working visit by Vice-president of the Senate of Parliament E. Outrata;
- 2-8 June 2005 – working visit by Deputy Minister of the Environment T. Novotný;
- 22-27 June 2005 – working visit by Deputy Minister of Defence J. Příbylová;
- 11-15 September 2005 – working visit by Deputy Minister of Industry and Trade M. Tlapa;
- 8-10 November 2005 – working visit by Minister for Regional Development R. Martínek.

Visits by representatives of Canada:

- 15-17 June 2005 – working visit by Assistant Deputy Minister of Foreign Affairs D. Mulroney;
- 18-21 September 2005 – working visit by Speaker of the House of Commons P. Milliken.

Economic relations

Trade exchange between the Czech Republic and Canada accounts for a relatively small proportion of the Czech Republic's overall foreign trade and does not play a major role.

The Czech Republic's principal export commodities: machine engineering products, uranium, electrical engineering components, metallurgical products, electric motor components, office furniture, steam turbines, beer, cash registers, tools and implements, glass and glass jewelry, other market products.

The Czech Republic's principal import commodities: medicaments, metallurgical products, pet food, machine engineering products, paper, foodstuffs, sports equipment, telecommunications equipment, non-alcoholic beverages, automated data processing machines, various other industrial and market products.

Cultural relations

Czech culture was mainly presented in cinema, art, music and theatre in Canada in 2005. There were classical music concerts of works by A. Dvořák, B. Smetana, L. Janáček, B. Martinů and other Czech composers. True to tradition, conductor J. Bělohlávek was a guest of the Toronto Symphony Orchestra. At the beginning of the year, the Boni Pueri choir

performed in Toronto during its North American tour. Toronto also hosted an exhibition of Czech glass titled “A Touch of Glass”. There was a very successful exhibition of works by graphic artist O. Kulháněk in Toronto in March; and an exhibition of children’s drawings from Terežín titled “I Never Saw another Butterfly” was also very well received. In Montreal, works by J. Trnka were successfully presented in spring 2005; and in November the Czech Republic made its first presentation at Montreal’s prestigious book fair as part of the “Europe Stand”. Czech film *Little Otik* took part in the 6th year of the Central European Film Festival, which took place in Ottawa, Edmonton and Winnipeg.

Czech hockey players in Canadian hockey clubs have traditionally raised awareness of the Czech Republic. *Nový Záběr*, a weekly Czech television programme, has successfully established itself. Now in its third year, the half-hour Czech language programme is broadcast every Saturday; in 2005, its production team also created an Internet television project called *Sedna*. The Czech Republic continued to support the activities of Czech expatriate clubs, providing a sum of almost CZK 600,000 in 2005. Cooperation went ahead between universities based on existing bilateral university agreements. The university in Edmonton and local expatriates provided a yearly post-graduate study scholarship for a Czech candidate, the second so far.

COMMONWEALTH OF AUSTRALIA

Australia is an important political, economic and cultural partner for the Czech Republic in the Asian-Pacific region. Relations remained very good in 2005. The large Czech expatriate community contributes considerably to the development of relations.

The good standard of relations is partially worsened by the non-reciprocal visa requirement. Australia continued to apply much stricter visa requirements for the Czech Republic than for older EU countries, even though Australian citizens have been able to travel to the Czech Republic without visas since May 2004.

Visits by representatives of the Czech Republic:

- 17-20 October 2005 – visit by Deputy Minister of Industry and Trade R. Szurman;

- 18-22 October 2005 – visit by Deputy Minister of Foreign Affairs for Legal, Consular and Economic Affairs P. Svoboda.

Visits by representatives of Australia:

- 14-15 September 2005 – official visit by Minister for Foreign Affairs A. Downer.

Economic relations

Czech exports to Australia are increasing, having grown by almost 330 % over the last five years. The balance of trade has for long been determined by imports of the dominant item, Australian wool. Other key imports include raw hide and leather, medical and pharmaceutical products, medicaments, red grape wine, measuring instruments, butter, cheese and other foodstuffs, air-conditioning equipment.

The key export items in 2005 were steam turbines, timber, electrical audio and video reproduction devices, glass, paper products, rubber, machinery and plant equipment, and transport equipment.

Cultural relations

The Czech Embassy in Canberra and General Consulate in Sydney took part in organising a number of cultural events, e.g. performances by Czech singers, exhibitions of Czech artists, concerts by Czech ensembles, photography exhibitions, and more. The most significant event was the Czech national presentation in Australia “The Czech Republic – A Little Big Country”.

DEMOCRATIC PEOPLE’S REPUBLIC OF KOREA

Relations with the Democratic People’s Republic of Korea are developing further in many areas, motivated by an effort to help engage the country in broader dialogue with the international community.

Visits by representatives of the Czech Republic:

- 21-24 May 2005 – official visit by President of the Chamber of Deputies of Parliament L. Zaorálek.

Visits by representatives of DPRK:

- 17-22 October 2005 – official visit by Vice-chairman of the Supreme People's Assembly Kang Nung-su.

Economic relations

In line with the efforts to engage the Democratic People's Republic of Korea in broader international communication, Czech relations with this country are also intensifying. However, the Czech Republic continues to have a large balance of trade deficit with DPRK, even though Czech goods have a very long tradition in this country.

Cultural relations

Cultural cooperation between the Czech Republic and the DPRK is focused on education. Every year, the Czech Republic provides the DPRK with university scholarships. The Czech public had the opportunity to learn about life and culture in the Democratic People's Republic of Korea from the reports of numerous Czech journalists visiting the country.

DEMOCRATIC REPUBLIC OF THE CONGO

As the Democratic Republic of the Congo moves towards democracy and political and economic stability, new room has been created for economic cooperation. In 2005, the Czech Republic sent three observers to the UN MONUC mission and two observers to the EU's observation mission at the time of the referendum on a new constitution for the Democratic Republic of the Congo.

Economic relations

The Czech Republic's principal export commodities: power industry equipment (parts for water turbines), tyre cord, used clothing.

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

Cultural relations

The Czech Republic was represented by the film *Smart Filip* at the successful European Film Festival in Kinshasa from 23 May to 17 June 2005.

As part of development cooperation, the Czech Republic provided the Democratic Republic of the Congo with five university scholarships for the 2005/2006 academic year.

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 Mercosur has great significance for the development of mutual relations.

Visits by representatives of the Czech Republic:

- 20-22 April 2005 – working visit by a delegation of the Committees for Economy and Agriculture of the Chamber of Deputies of Parliament;
- 2-6 May 2005 – working visit by Deputy Minister of the Environment T. Novotný;
- 19-21 May 2005 – working visit by a delegation of the Standing Senate Commission on Expatriates;
- 29 November to 1 December 2005 – visit by Deputy Minister of Foreign Affairs for Legal, Consular and Economic Affairs P. Svoboda.

Economic relations

The Czech Republic's principal export commodities: freight wagons, natural alkaloids and juices, tyres, medicaments and pharmaceutical products, ball-bearings, mirrors, household glass, steel profiles, paper, pumps, dyes, electromechanical tools, sewing machines.

The Czech Republic's principal import commodities: beef and lamb, hide, cheese, wine, rice, wool, yarn, sunflower seeds.

Cultural relations

In May 2005, a cycle titled “Encounters with Czech Film” was launched in Montevideo and there was an exhibition of “Czech UNESCO Sites” in Colonia del Sacramento. A commemorative act took place in Montevideo in June to mark the 63rd anniversary of the annihilation of Lidice. The Slezská Ostrava Choir performed in six Uruguayan cities in September 2005. In November, the Czech Embassy organised a concert of works by B. Smetana.

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

Ethiopia is the Czech Republic’s oldest partner in sub-Saharan Africa. Bilateral relations have traditionally been very friendly, enhanced by the fact that the Secretariat of the African Union is based in Addis Ababa.

Visits by representatives of the Czech Republic:

- 16-20 April 2005 – working visit by Minister of the Environment L. Ambrozek.

Economic relations

The Czech Republic’s principal export commodities: processing industry machinery and equipment, spare parts for machinery and equipment, valves and fittings, consumer goods, raw materials and fuels, minerals, chemical products.

The Czech Republic’s principal import commodities: agricultural produce and processed foodstuffs, hide and skins.

Cultural relations

In keeping with tradition, the Czech Republic participated in an EU Film Festival as part of “Europe Day” in Addis Ababa, with two films screened – *Zelary* and *Three Veterans*. The festival’s programme included the creation of a “European Village” on the Addis Ababa university campus, where the Czech Embassy staged a presentation mapping the long history of relations between the Czech Republic and Ethiopia.

In cooperation with the People In Need foundation, the Embassy presented an exhibition of photographs by Czech-Canadian I. Zímová at a reception in October to mark the Czech Republic's National Day.

As a part of development cooperation, the Czech Republic provided Ethiopia with four university scholarships for the 2005/2006 academic year.

FEDERAL REPUBLIC OF GERMANY

Relations with Germany have traditionally ranked among the priorities of the Czech foreign policy. Germany's significance derives both from its geographical location, i.e. as a neighbouring country, and from the countries' common membership of the European Union and NATO. In 2005 (when early parliamentary elections brought a new coalition government to power), bilateral contacts in the political sphere, as well as economic exchange, remained at a very high level. Further development of cooperation between regions, municipalities, schools and non-governmental organisations was also testament to the opportunities that Czech-German relations currently offer.

In 2005, more than ever before, Czech-German political dialogue was closely linked to efforts to resolve European political questions and primarily reflected current European Union issues. EU affairs were the main topic of discussion at a number of meetings of the two countries' prime ministers and foreign ministers. These talks fully confirmed the categorically forward-looking nature of Czech-German relations. Much mention was made of the transformation that bilateral relations have undergone since the 1990s – during the European integration process Czech-German ties have become one of the most dynamic neighbourly relations in the whole of Europe.

Economic relations continued in the positive trend from previous years, with the foreign trade turnover growing further in 2005.

Visits by representatives of the Czech Republic:

- 18-22 April 2005 – working visit by a delegation of the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament;
- 30 May to 3 June 2005 – working visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament;
- 2-3 June 2005 – official visit by President of the Chamber of Deputies of Parliament L. Zaorálek;
- 9-11 June 2005 – working visit to Berlin by Mayor of Prague P. Bém;
- 1-2 September 2005 – President of the Senate of Parliament P. Sobotka attended a meeting of speakers of upper houses of European parliaments in Berlin;
- 26 November 2005 – working visit by Minister of Foreign Affairs C. Svoboda;
- 6 December 2005 – working visit by Prime Minister J. Paroubek.

Visits by representatives of Germany:

- 17 May 2005 – working visit by Federal Chancellor G. Schröder;
- 30 September 2005 – working visit by Federal Chancellor G. Schröder;
- 1-2 November 2005 – working visit by Minister-President of the Free State of Saxony G. Milbradt.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	976 735 725	1 177 435 165	1 175 316 529	31.7
	year-on-year index	110.1	120.5	99.8	
exports	CZK thousands	507 085 727	623 098 938	626 064 096	33.4
	year-on-year index	111	122.9	100.5	
imports	CZK thousands	469 649 998	554 336 227	549 254 433	29.9
	year-on-year index	109.1	118.0	99.1	
balance	CZK thousands	37 435 725	68 762 711	76 811 663	
foreign investments incoming	direct (CZK thousands)	23 338 400	22 325 600	26 692 100	
	portfolio (CZK thousands)	no record	41 200 000	no record	
foreign investments outgoing	direct (CZK thousands)	60 000	- 282 500	148 200	
	portfolio (CZK thousands)	no record	45 784 400	49 146 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

The Federal Republic of Germany is the Czech Republic's biggest and most important trading partner. Almost one third of the Czech Republic's foreign trade takes place with Germany. Moreover, the Czech Republic is, with Poland, Germany's biggest trading partner in Central and Eastern Europe, ahead of both Hungary and Russia.

Germany's large share of the Czech Republic's exports is also an indication of the degree to which the Czech and German economies are interlinked and of the Czech economy's partial dependence on the economic situation in Germany. It is a highly positive fact that the Czech Republic has had a balance of trade surplus with Germany since 1998, despite its neighbour's persisting weak economic upturn.

Of the German states, Bavaria, North Rhine-Westphalia, Baden-Württemberg, Lower Saxony, Hesse and Saxony have the greatest economic exchange with the Czech Republic. These six states account for 86 % 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 is improving positively compared to overall Czech exports.

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

plastics industry products. The share of traditional Czech goods in total exports is falling and is low in absolute terms.

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

Cultural relations

The most significant cultural event in Czech-German relations in 2005 was the celebration of ten years since the signing of the partnership between Prague and Berlin, which commenced on 10 June. Over 30 cultural events took place as part of these celebrations. "Cultural Year of the Ten" (a joint initiative of the ten new EU member states presenting these countries' cultures in Germany) culminated in the first half of the year with several projects. The annual Festival of Czech Art and Culture ("Prague-Berlin Festival") also took place.

The key independent event was the "Heydrich Assassination" exhibition, which was opened at the German Technical Museum in Berlin on 7 December by the Czech Republic's deputy defence minister.

A large number of Czech-German cultural projects, youth exchanges, and sociological or historical research projects were implemented, with the continuing financial support of the Czech-German Fund for the Future. Approximately 450 Czech-German partnership cooperation projects were financed out of the Czech-German Fund for the Future alone. The three Czech Centres are particularly important mediators of Czech culture in Germany – they are situated in Berlin, Dresden and Munich. The image of the Czech Republic is also shaped considerably by the activities of several dozen cultural associations of all kinds, which operate throughout Germany and intensively cooperate with partners from the Czech Republic.

FEDERAL REPUBLIC OF NIGERIA

Multilateral contacts between the Czech Republic and Nigeria improved considerably after democratically elected president O. Obasanjo took office in 1999. Both sides displayed an interest in continuing this trend in 2005.

Visits by representatives of the Czech Republic:

- 8-9 November 2005 – working visit by a delegation of the Chamber of Deputies of Parliament, led by chairman of the Committee for Foreign Affairs V. Laštůvka.

Visits by representatives of Nigeria:

- 11-15 April 2005 – working visit by Minister of Defence R. Kwankwaso.

Economic relations

Nigeria is the Czech Republic's second biggest trading partner in sub-Saharan Africa.

The Czech Republic's principal export commodities: razorblades, digital data processing systems, machine and machine set spare parts, leatherworking machinery, transformers, iron and steel, caps and fezzes, dried milk.

The Czech Republic's principal import commodities: natural rubber, cotton, coffee, cocoa, plant products for medicaments manufacture, petroleum products.

Cultural relations

An exhibition titled "Ex Libris: Prague – Heart of Europe" was held in the capital Abuja in October and November 2005, meeting with interest from representatives of cultural, social and political life and diplomatic staff in Nigeria.

As a part of development cooperation, the Czech Republic provided Nigeria with three university scholarships for the 2005/2006 academic year.

FEDERATION OF MALAYSIA

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

Visits by representatives of the Czech Republic:

- 28-31 July 2005 – working visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	19 559 919	15 868 687	11 608 431	0.3
	year-on-year index	115.6	79.9	73.1	
exports	CZK thousands	861 832	1 065 541	1 394 020	0.1
	year-on-year index	50.9	119.2	130.8	
imports	CZK thousands	18 698 087	14 803 146	10 214 411	0.8
	year-on-year index	122.8	78.1	69.0	
balance	CZK thousands	-17 836 255	-13 737 605	-8 820 391	
foreign investments - incoming	direct (CZK thousands)	9 000	1 700	0	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	0	no record	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, February 2006 (foreign trade data)

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

There was a further fall in the total turnover of trade (down approx. CZK 3.7 billion) in 2005. Trade exchange continued to be marked by a strong balance of trade deficit for the Czech Republic, even though the ratio between Czech exports and imports from Malaysia fell to approx. 1:8 (from 1:14 in 2004). That can largely be attributed to the fall in Malaysian exports to the Czech Republic (down more than CZK 4 billion); nonetheless, Czech exports also displayed a slight improvement, growing by more than CZK 300 million from 2004. In terms of the Czech Republic's overall foreign trade, trade with Malaysia ranked in 30th in terms of turnover, 25th in imports and 55th in exports.

The Czech Republic's principal export commodities: electrical devices, instruments and appliances, telecommunications equipment, furniture and furniture parts, paper and cardboard and their products, textile products.

The Czech Republic's principal import commodities: electrical engineering products, telecommunications and office equipment, natural rubber.

The existing treaty base is limited to an Agreement for the Avoidance of Double Taxation (signed in Kuala Lumpur on 8 March 1996, entered into force on 9 March 1998) and an Agreement for the Promotion and Reciprocal Protection of Investments, signed during former Czech Prime Minister V. Klaus's visit to Malaysia on 9 September 1996 (entered into force on 3 December 1998).

Cultural relations

A presentation of films by director J. Svěrák took place in Kuala Lumpur in October 2005. *The Elementary School*, *Kolya* and *Dark Blue World* were screened. O. Trojan's film *Zelary* represented Czech cinema at the European Union Film Festival.

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 Agreement between the Government of the Czech Republic and the Government of the Federative Republic of Brazil on Partial Abolition of Visa Requirements entered into force on 3 October 2005.

Visits by representatives of the Czech Republic:

- 23-30 April 2005 – working visit by a delegation of the Committee for Economy of the Chamber of Deputies of Parliament;
- 21-25 May 2005 – working visit by a delegation of the Standing Senate Commission on Expatriates;

- 4-8 December 2005 – visit by Deputy Minister of Foreign Affairs for Legal, Consular and Economic Affairs P. Svoboda.

Economic relations

Brazil has for long been the Czech Republic's most important economic partner in Latin America.

The Czech Republic's principal export commodities: motor vehicle combustion engines, rail track, parts for motor vehicles and their engines, pumps and other liquid transport machinery, air-conditioning equipment, transmission shafts, telecommunication equipment parts. Pearls and imitation pearls, imitation precious stones, glass products and figurines, tyres, hoses and accessories, and plastic and steel pipes remain traditional items.

The Czech Republic's principal import commodities: poultry meat and offal, aircraft, soya forage cakes, tobacco and its extracts, essences, coffee concentrate, tea, coffee substitutes.

Cultural relations

In April 2005, for example, Czech culture was presented in Rio de Janeiro and São Paulo at exhibitions of works by a group of Czech artists headed by director of Galerie La Femme M. Lipina; the exhibition was accompanied by concerts by singer R. Fišarová. A series of 43 theatre performances of plays by V. Havel ran from August to December in São Paulo. There was an exhibition about the life of J. A. Baťa in Mato Grosso do Sul state in October.

FORMER YUGOSLAV REPUBLIC OF MACEDONIA

The Czech Republic supported the Stabilisation and Association Process and the integration of the Former Yugoslav Republic of Macedonia (FYROM) into Euro-Atlantic security structures. Substantial progress in the European integration process created significant space for intensification of bilateral political ties and development of economic relations. Contacts and cooperation between enterprises in the two countries deepened. Czech

firms confirmed their interest in participating in the privatisation process and investments, primarily in the energy sector.

Visits by representatives of the Czech Republic:

- 26-27 October 2005 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament, led by its chairman P. Svoboda;

Economic relations

The bilateral trade exchange has grown dynamically in the last two years, with the total volume of trade exchange doubling in that period.

The Czech Republic's principal export commodities: motor vehicles, tractors, reactors, boilers, electrical devices, detergents and laundry agents, glass and glass products, sugar and confectionery, foodstuffs of animal origin, paper, cardboard, paperboard.

The Czech Republic's principal import commodities: iron and steel and their products, beverages, spirits, 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 works at Cyril and Method University in Skopje; there are Macedonian language teachers at Charles University in Prague and Masaryk University in Brno. Direct cooperation takes place between the Faculty of Arts of Masaryk University and the Philology Faculty of Skopje University.

On a reciprocal basis, the Czech Republic provides four places at Czech language summer schools in Brno and Plzeň every year. FYROM provides four places at a Macedonian language summer school in Ohrid. Every year, the Czech Republic provides a limited number of scholarships for university studies. There is considerable interest in studying in the Czech Republic and the number of candidates often exceeds the number of places offered. Four students from FYROM were admitted for studies at Czech universities in the 2005/2006 academic year.

FRENCH REPUBLIC

Relations between France and the Czech Republic have been successfully developing at bilateral and multilateral level in the context of European integration and the Euro-Atlantic partnership. 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. France has for long been one of the Czech Republic's most important trading partners.

Visits by representatives of the Czech Republic:

- 1-2 February 2005 – working visit by Deputy Prime Minister M. Jahn;
- 15-16 February 2005 – official visit by Prime Minister S. Gross;
- 7-10 March 2005 – working visit by a delegation of the Committee for Science, Education, Culture, Youth and Sports of the Chamber of Deputies of Parliament
- 4 April 2005 – working visit by Minister of Agriculture J. Palas on the occasion of “Czech National Day” at the International Agriculture Show;
- 10-14 April 2005 – visit by a delegation of the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament;
- 14 April 2005 – working visit by Minister of Foreign Affairs C. Svoboda on the occasion of his collection of the “European Political Personality” award;
- 18 May 2005 – working visit by Prime Minister J. Paroubek and participation at an event organised by French and European socialists;
- 19 May 2005 – visit by Deputy Minister of Foreign Affairs V. Müller;

- 30 June to 1 July 2005 – working visit by Deputy Prime Minister M. Jahn to the 3rd World Investment Forum in La Baule
- 8-10 June 2005 – working visit to an international meeting of economic and social councils by Deputy Prime Minister and Minister of Labour and Social Affairs Z. Škromach;
- 3-5 October 2005 – visit by President of the Senate of Parliament P. Sobotka;
- 10 October 2005 – official visit by President of the Chamber of Deputies of Parliament L. Zaorálek;
- 17-18 October 2005 – working visit by Prime Minister J. Paroubek.

Visits by representatives of France:

- 24 January 2005 – working visit by Minister Delegate for European Affairs C. Haigneré;
- 5-6 May 2005 – consultation of the parliamentary group for the space aeronautical industry of the National Assembly and Senate;
- 9 September 2005 – visit by Vice-president of the Foreign Affairs Committee of the National Assembly R. Blum;
- 6 October 2005 – working visit by Minister of Foreign Affairs P. Douste-Blazy and Minister Delegate for European Affairs C. Colonna;
- 14-15 November 2005 – visit by the Delegation for the EU of the National Assembly;
- 3 December 2005 – working visit by Minister of Defence M. Alliot-Marie.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	135 838 000	162 539 107	183 026 393	4.9
	year-on-year index	111.4	119.6	112.6	
exports	CZK thousands	64 870 000	79 493 303	100 155 116	5.4
	year-on-year index	111.0	122.5	126.0	
imports	CZK thousands	70 968 000	83 045 805	82 871 277	4.5
	year-on-year index	111.7	117.0	99.8	
balance	CZK thousands	- 6 098 000	- 3 552 502	17 283 839	
foreign investments incoming	direct (CZK thousands)	14 723 700	4 426 900	5 265 400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	no record	- 2 000	- 2 900	
	portfolio (CZK thousands)	33 391 200	23 972 300	38 806 000	

Sources: Czech Statistical Office, March 2006 (foreign trade data)
2. Czech National Bank, April 2006 (investment data)

France has for long been one of the Czech Republic's most important trading partners and relations between the countries have been developing positively in the context of European integration. In terms of total foreign trade turnover, France was the Czech Republic's 4th biggest trading partner in 2005; it is also one of the biggest investors in the Czech Republic.

The Czech Republic's principal export commodities: automatic data processing equipment, pumps, road motor vehicles (passenger cars and buses), electric motors and generators, metallurgical products, and tyres.

The Czech Republic's principal import commodities: machinery and transport equipment, road motor vehicles, equipment for telecommunications and audio recording and reproduction, medicaments and pharmaceutical products, building machinery and equipment, and plastic products.

Cultural relations

2005 was a year rich in musical events in particular: among examples, here were performances of several Janáček operas in Paris and Lyon, including a renewed premiere of *Rusalka* in Paris. Besides music, the French public also had their first major opportunity to experience Czech theatre during Czech Culture Week in Rouen. The two-hundredth anniversary of the Battle of Austerlitz was a key event of 2005. In January, the Czech Centre in Paris held an evening in honour of Pavel Tigrid, combined with a private view of an exhibition about Czech and Slovak exile in the 20th century and an extensive festival of 1960s Czech culture, including an exhibition of works by Czech photographers, screenings of

26 feature films, lectures and evenings with the Czech music from the period. At an auction in Paris in March, the Czech Republic managed to acquire a Latin translation of a fragment of the Dalimil Chronicle. An international colloquium titled “Poetry and Politics in the Work of Václav Havel” was held in Bordeaux in June.

GEORGIA

The Czech Republic and Georgia have for long shared friendly relations. The intensity of political contacts increased in 2005 in connection with Georgia’s Euro-Atlantic integration efforts. The Czech Republic regards Georgia as an important partner in the South Caucasus region and supports Georgia’s efforts to consolidate its territorial integrity. Improving the legal basis with Georgia is important – in 2005, talks on a treaty for avoidance of double taxation were completed, and the treaty is scheduled for signing in the first half of 2006. Cooperation in the development and humanitarian areas also continued – in 2005, the Czech Republic contributed CZK 2 million to Georgia, via the World Food Programme, to help tackle the consequences of floods. Georgia will open an Embassy in Prague in March 2006.

Visits by representatives of the Czech Republic:

- 6 February 2005 – an official Czech delegation led by Minister of Foreign Affairs C. Svoboda attended the state funeral of Georgian Prime Minister Z. Zhvania;
- 13-16 March 2005 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament.

Visits by representatives of Georgia:

- 7-8 June 2005 – working visit by Minister of Foreign Affairs S. Zourabichvili;
- 23-24 August 2005 – consultation by State Minister of European and Euro-Atlantic Integration G. Baramidze.

Economic relations

Trade exchange between the Czech Republic and Georgia is growing; nevertheless, there is considerable room for improvement in economic relations. Although reforms to improve the market environment in Georgia are continuing and the overall trend can be described as positive, Czech enterprises still take a somewhat cautious approach – one reason might be the country's fragile political stability as a result of its two unresolved separatist conflicts.

The Czech Republic's principal export commodities: aircraft, electrical devices, foodstuffs processing machines, digital data processing systems, arms and ammunition, glass products.

The Czech Republic's principal import commodities: nuts.

Cultural relations

In Tbilisi, there was an exhibition of cartoons by M. Barták, "Czech Press Photo 2004", an exhibition titled "Czech Comics and Art" and a jazz concert. These events were well received in Georgia.

The core of educational cooperation consists in offers of government scholarships – four scholarships are offered every year. For the 2005/2006 academic year, one candidate was admitted for doctoral studies, and three for bachelor's and master's degree studies.

Georgia's interest in Czech language teaching also creates room for cooperation – the Czech Republic provides study aids and is considering sending a language teacher to the Russian, Slavonic and Intercultural Communication Study Institute of Tbilisi State University or to the J. A. Comenius elementary and secondary school.

GRAND DUCHY OF LUXEMBOURG

Relations between the Czech Republic and Luxembourg are good, stemming from common cultural and historical ties. The cooperation at both bilateral and multilateral levels

in 2005 was considerably influenced by Luxembourg's Presidency of the EU in the first half of the year.

Visits by representatives of the Czech Republic:

- 14-15 March 2005 – visit by the chairman of the Committee on Foreign Affairs, Defence and Security of the Senate of Parliament J. Jařab;
- 29 June to 1 July 2005 – working visit by P. řteřka, Chief of General Staff of the Army of the Czech Republic.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	5 292 899	64 372 671	7 210 618	0.1
	year-on-year index	114.3	121.6	112.0	
exports	CZK thousands	2 694 903	2 740 952	2 667 661	0.1
	year-on-year index	131.2	101.7	97.3	
imports	CZK thousands	2 597 996	3 696 320	4 542 957	0.2
	year-on-year index	100.8	142.2	122.9	
balance	CZK thousands	96 907	- 955 368	- 1 875 296	
foreign investments incoming	direct (CZK thousands)	3 379 100	1 395 600	3 706 600	
	portfolio (CZK thousands)	20 400 000	45 300	no record	
foreign investments outgoing	direct (CZK thousands)	0	- 78600	- 48 100	
	portfolio (CZK thousands)	26 907 300	38 090 000	43 700 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

Luxembourg is not one of the Czech Republic's major trading partners but it is a key direct investor. Luxembourg was the 9th biggest investor in the Czech Republic in 2005.

The Czech Republic's principal export commodities: market goods classified by material, machinery and transport equipment, industrial consumer goods.

The Czech Republic's principal import commodities: market goods classified by material, machinery and transport equipment, industrial consumer goods, chemicals.

Cultural relations

The Exchange Programme in the Field of Science, Education, Sports, Youth and Culture between the Government of the Czech Republic and the Government of the Grand Duchy of Luxembourg ended in 2005; talks on its extending have started.

At the celebration of the ten new EU members' first year of membership at the Centre Cultural de Rencontre de l'Abbaye de Neumünster in May 2005, the Czech Republic was

represented by the Roma music group Terne Čhave, illusionist R. Fox and the Čadík Brothers Cinematograph. Women's Gregorian chant choir Schola Benedicta represented the Czech Republic at the annual October Gregorian Chant Festival in the north Luxembourg town of Clervaux. To mark the Czech Republic's National Day on 28 October, an exhibition of works by the leading Czech photographer J. Všetecský titled "Prague, City of Music" took place at Luxembourg's Grand Théâtre; due to its great success, the exhibition was then lent to the European Court of Justice. The Czech Republic was represented by the Czech Clarinet Quartet at the "Autumn Festival" in Heiderscheid. Relations between the twinned municipalities Hrušky and Waldbredimus continued to deepen, with 4000 people attending the partnership celebrations in July.

GREAT SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHIRIYA

In 2005, the Czech Republic pushed ahead with the process of developing bilateral relations, in both the political and the economic spheres. One fundamental impulse for the development of mutual relations was the repeal of previously suspended economic sanctions against Libya by the EU Council for General Affairs and External Relations. The issue of Libya's debt to the Czech Republic remains unresolved.

Visits by representatives of the Czech Republic:

- 10-14 April 2005 – working visit by Deputy Minister of Industry and Trade M. Tlapa;
- 20-23 April 2005 – working visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament;
- 21-23 July 2005 – working visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic.

Economic relations

The Czech Republic's principal export commodities: metal products (instruments for machine-tools, steel constructions), non-metal mineral products (table glassware), iron and steel (pipes for oil wells), road vehicles (passenger cars), lighting equipment, power-generation machinery and equipment (motor drives), machinery and equipment for certain industrial sectors (building machinery).

The Czech Republic's principal import commodities: crude oil.

Cultural relations

The fourth "Francophone Countries Film Week" took place in Tripoli in March 2005, where the Czech Republic was represented by *The Elementary School*. Visitors to the 3rd annual "Encounter with European Film" festival in December 2005 in Tripoli and Benghazi had the opportunity to see *Dark Blue World*.

HASHEMITE KINGDOM OF JORDAN

Czech-Jordanian relations have traditionally been friendly, with the emphasis on trade and economic exchange. The interest in developing relations was confirmed by President V. Klaus's visit to Jordan in February.

Visits by representatives of the Czech Republic:

- 16-19 February 2005 – official visit by President V. Klaus;
- 14-21 November 2005 – working visit by a delegation of the Committee on Education, Science, Culture, Human Rights and Petitions of the Senate of Parliament.

Economic relations

Although Czech-Jordanian trade relations are not key for Czech foreign trade, in recent years they have displayed unprecedented growth in financial terms.

The Czech Republic's principal export commodities: motor vehicles, kraft paper, steel rods, powdered milk and cream. The principal export item in 2005 was wheat, though, which accounted for 77 % of total exports.

The Czech Republic's principal import commodities: cosmetics, refined building stone; imports of fruit and vegetables have also been increasing gradually since the Czech Republic joined the EU.

Development cooperation

In 2005, cooperation continued between the Institute of Tropical and Subtropical Agriculture of the Czech University of Agriculture in Prague and the Jordan University of Science and Technology in Irbid on a project for a research and training centre focusing on sheep breeding.

Cultural relations

On 27 November 2005, the Czech Embassy and the Jordanian Royal Film Commission in Amman co-organised a “Czech Animated Shorts Screening”. The Czech Republic was represented by the film *Želary* at the 17th annual EU Film Festival in Amman on 4-19 December 2005.

As part of development cooperation, the Czech Republic provided Jordan with one university scholarship for the 2005/2006 academic year.

HELLENIC REPUBLIC

Relations between the Czech Republic and Greece continued to develop successfully in the context of European integration and Euro-Atlantic partnership. Bilateral cooperation at the political level developed particularly intensively. Economic cooperation remained at the heart of the relations between the two countries, but there is room for closer cooperation in the use of EU funds on projects involving local self-government authorities. In the political area, the two countries are linked by an interest in developments in the Western Balkans region.

Visits by representatives of the Czech Republic:

- 3-4 March 2005 – working visit by Minister for Regional Development J. Paroubek;
- 11 April 2005 – working visit by Minister of Defence K. Kühnl;
- 31 October to 4 April 2005 – visit by a delegation of the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament.

Visits by representatives of Greece:

- 28-29 August 2005 – working visit by Prime Minister K. Karamanlis.

Economic relations

Although trade exchange grew in previous years as a result of Czech firms' involvement in projects linked to the 2004 Olympic Games, in 2005 there was a statistically reported fall in the Czech exports. This decline, however, is caused by a change in the methodology for reporting flows of goods within the EU following 1 May 2005, with a considerable part of Czech exports to Greece now reported as exports to EU third countries (automobiles). The significance of trade in agriculture produce is growing sharply on both sides.

The Czech Republic's principal export commodities: motor vehicles, electronic audio and video reproduction equipment, timber and wood products, iron and steel products, mechanical instruments, rubber products.

The Czech Republic's principal import commodities: fruit, cotton, vegetables and vegetable products, clothing and accessories, tobacco and tobacco substitutes.

Cultural relations

There are relatively extensive exchanges of staff and interns in education and science. There is also regular exchange of participants at summer language courses. In Greece, there is considerable interest in university studies in the Czech Republic. Text of the Protocol on Cultural and Educational Cooperation for 2006-2008 was approved in 2005; it is due to be signed in spring 2006.

A number of cultural events were organised in 2005; an exhibition of photographs titled "The Nude in Czech Photography" and an exhibition of photographs by J. Šibík, "The Devil Within Us", were particularly successful. The "Czech UNESCO Sites" travelling exhibition was successfully presented in Athens, Rhodes and Poros.

In general, there is interest in Czech culture in Greece, even though the language barrier and, most notably, financial limitations prevent broader engagement by state institutions. Contacts on a commercial basis are developing relatively well.

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 principles of international politics.

Visits by representatives of the Czech Republic:

- 8 April 2005 – President V. Klaus, President of the Chamber of Deputies of Parliament L. Zaorálek and Minister of Foreign Affairs C. Svoboda attended the funeral of Pope John Paul II;
- 24 April 2005 – President V. Klaus and spouse, and Minister of Foreign Affairs C. Svoboda attended the inauguration of Pope Benedict XVI;
- 5 October 2005 – working visit by Minister of Foreign Affairs C. Svoboda.

Cultural relations

In November 2005, a colloquium was held in the Nepomucenum papal college on the subject of “The Relationship between State and Church” on the occasion of an *ad limina apostolorum* visit of Czech bishops to the Vatican.

IRELAND

Relations between the Czech Republic and Ireland have been successfully developing at both bilateral and multilateral levels. Regular contacts at parliamentary and working levels continued; compared to the previous year (when Ireland held the EU Presidency), there was a fall in the frequency of high-level bilateral meetings. Ireland’s labour market has been open to Czech citizens since 1 May 2004.

Visits by representatives of the Czech Republic:

- 4 February 2005 – visit by Deputy Minister of Foreign Affairs for EU Affairs V. Müller;

- 24-25 March 2005 – working visit by Minister of Education, Youth and Sports P. Buzková;
- 10-11 April 2005 – working visit by Deputy Minister of Informatics D. Bérová (ICT Euromed meeting in Dundalk);
- 17-20 October 2005 – visit by a delegation of the Standing Senate Commission on Expatriates.

Visits by representatives of Ireland:

- 14-15 March 2005 – working visit by Minister of State at the Department of Community, Heritage and Local Government N. Ahern;
- 20-23 June 2005 – visit by a delegation of the Joint Committee on European Affairs of Parliament;
- 13-14 November 2005 – working visit by Minister for Labour Affairs at the Department of Enterprise, Trade and Employment T. Killeen (conference on the free movement of persons within the EU).

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	13 946 000	15 862 116	19 157 969	0.5
	year-on-year index	86.0	113.7	120.8	
exports	CZK thousands	6 042 000	6 448 435	8 469 691	0.5
	year-on-year index	75.7	106.7	131.3	
imports	CZK thousands	7 904 000	9 413 682	10 688 278	0.6
	year-on-year index	95.9	119.1	113.52	
balance	CZK thousands	- 1 862 000	- 2 965 247	- 2 218 587	
foreign investments incoming	direct (CZK thousands)	621 800	14 495 600	- 72 400	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	210	- 26 400	-57 400	
	portfolio (CZK thousands)	5 0934 000	20 651 100	17 190 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

The Czech Republic's principal export commodities: office machinery and data processing equipment, road vehicles, machinery and plant equipment, electrical devices, instruments and appliances.

The Czech Republic's principal import commodities: office machinery and data processing equipment, medicaments and pharmaceutical products, electrical devices, instruments and appliances, foodstuffs and food supplements.

Cultural relations

The interest among the Irish cultural organisations and institutions in Czech artists and Czech culture in general has grown in connection with the EU enlargement. The influx of a new generation of Czechs going to Ireland for work is boosting the Czech community's cultural life; concerts by Czech popular music groups are key events. The cultural event of 2005 was "Cork – European City of Culture 2005". This was an extensive programme of events taking place in Cork, designed to present various cultures of the world. In connection with the first anniversary of EU enlargement, one of the projects, titled "Enlargement", was devoted to the 10 new member states. September was devoted to the Czech Republic and included the presentations by painter R. Franta, the Prague folklore ensemble Gaudeamus, and featured Czech films. Other events in 2005 included an exhibition of jewellery by M. Mináriková, a concert by violinist I. Ženatý, a concert by pianist A. Vlachová, and concerts by Čechomor and J. Nohavica.

ISLAMIC REPUBLIC OF AFGHANISTAN

The Czech Republic supports cooperation with Afghanistan as part of the international community's deepening engagement, as Afghanistan's stabilisation and development is in the Czech Republic's interest. It therefore actively engages in Afghanistan at governmental and non-governmental level.

In the interest of consolidating Afghan society, the Czech Republic participates in important humanitarian, social and cultural projects as part of development cooperation and through Czech non-governmental organisations.

In 2005, the Army of the Czech Republic was involved in work of the Provincial Reconstruction Team in Faizabad in the northeast of the country and in ensuring the operation of Kabul International Airport.

Mutual contacts at working level developed in 2005, with the emphasis on development of trade relations.

Visits by representatives of the Czech Republic:

- 17-18 June 2005 – working visit by Minister of Defence K. Kühnl.

Visits by representatives of Afghanistan:

- 18-22 June 2005 – working visit by Minister of Trade A. Aarsal;
- 19-21 October 2005 – working visit by Deputy Minister of Foreign Affairs Z. Aziz.

Economic relations

The Czech Republic's active role in rebuilding and renewing Afghanistan continued in 2005, but mutual economic relations are still at a very low level compared to the earlier, peacetime period. That is caused by the continuing unstable situation in the country. However, once the situation calms down, Afghanistan will be a great challenge for Czech businesses: both for supplies of new equipment and the modernisation of plant equipment supplied earlier.

Cultural relations

The Czech Republic provided Afghanistan with three bachelor's and master's degree university scholarships and two doctoral studies scholarships; only one master's degree scholarship was used.

ISLAMIC REPUBLIC OF IRAN

Relations continued to be influenced by trade restrictions imposed by Iran on bilateral relations in retaliation to the expansion of Farsi language broadcasting by Radio Free Europe/Radio Liberty, based in Prague. After several years of stagnation, political contacts were revived after the Czech Republic's accession to the European Union, with the aim of achieving a normalisation of relations. This tendency continued in 2005, but without tangible results.

Visits by representatives of the Czech Republic:

- 31 January to 3 February 2005 – working visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament.

Visits by representatives of Iran:

- 28 November to 2 December 2005 – working visit by a delegation of Iranian parliamentarians.

Economic relations

The Czech Republic's principal export commodities: rail track, iron and steel in various forms (strips, sheets, rods, etc.), machine-tools and textile machinery and their spares, transport equipment and parts, measuring instruments, dentistry equipment and apparatus, pharmaceutical products and semi-finished products, kaolin, glass and glass products.

The Czech Republic's principal import commodities: dried agricultural products (raisins, pistachios, dates), parts for electrical appliances, carpets and floor coverings, rubber.

Cultural relations

A cultural event titled “Celebrations of Spring” took place in the residence of the Czech Embassy in March 2005. An exhibition “The Beauty of Folk Costumes in My Country” was presented customs associated with celebrations of the Iranian New Year (21 March) and Czech Easter. “Czech Art Nouveau”, an exhibition featuring posters by A. Mucha, took place in the residence of the Czech Embassy as a cultural accompaniment to the celebrations of the Czech Republic’s National Day on 28 October.

At the beginning of December 2005, the House of Artists cultural centre in Tehran staged an exhibition of graphic art by V. Boudník. The exhibition aroused substantial interest among Iranian artists and art students and received positive coverage in the media.

As part of development cooperation, the Czech Republic provided one university scholarship for the academic year 2005/2006 to Iran.

ISLAMIC REPUBLIC OF PAKISTAN

Bilateral relations between the Czech Republic and Pakistan have recently displayed a positive trend and are developing successfully. 2005 was a year of intensifying relations at working level and continuing regular inter-ministerial contacts.

Visits by representatives of the Czech Republic:

- 8-11 March 2005 – working visit by Minister of the Environment L. Ambrozek;
- 16-18 November 2005 – working visit by Minister of Foreign Affairs C. Svoboda.

Visits by representatives of Pakistan:

- 8-10 June 2005 – working visit by Deputy Minister of Foreign Affairs A. Mahmood.

Economic relations

2005 brought a radical turnaround in the long-dormant relations between the Czech Republic and Pakistan. The ascendant trend in the revival of bilateral relations with Pakistan that started in 2004 continued. There were two ministerial visits to Pakistan and inter-ministerial consultations also took place in Prague (deputy foreign affairs minister).

The Czech Republic was one of the first countries to provide humanitarian aid to the earthquake-affected areas of Pakistani Kashmir. The total volume of Czech humanitarian aid to Pakistan amounted to CZK 110 million.

Cultural relations

From 17 to 24 February 2005, the Czech Embassy in Islamabad and Lok Virsa museum co-organised an exhibition titled “The Magic World of Czech Illustrators for Children”. Children’s films *Little Mole* and *Slip and Slap* were screened throughout the exhibition’s duration. The exhibition’s original theme and aesthetic standard far exceeded the local offer of similar cultural events that are staged from time to time.

A multi-genre “World Performing and Visual Arts Festival”, featuring Czech band Čankišou and the Krepesko international theatre company, took place from 19 to 28 November 2005 in Lahore, the capital city of Punjab province.

JAPAN

Japan is one of the Czech Republic’s most important partners in Asia. Strong cultural ties have traditionally played a significant role in Czech-Japanese relations. The substantial influx of Japanese investments in the Czech Republic continued in 2005. There was a substantial increase in contacts owing to the “EXPO 2005 World Exposition” held in Aichi from 25 March to 25 September 2005.

Visits by representatives of the Czech Republic:

- 7-13 March 2005 – working visit by Deputy Minister of Foreign Affairs for Security Policy J. Winkler;
- 20-26 May 2005 – working visit by Vice-president of the Senate of Parliament P. Pithart;
- 21-29 May 2005 – official visit by Deputy Prime Minister for Economic Affairs M. Jahn;
- 22-26 May 2005 – working visit by Minister of Education, Youth and Sports P. Buzková;

- 22-26 June 2005 – working visit by Prime Minister J. Paroubek;
- 23-25 September 2005 – working visit by Deputy Prime Minister and Minister of Transport M. Šimonovský;
- 14-18 November 2005 – working visit by Minister for Regional Development R. Martínek.

Visits by representatives of Japan:

- 13-16 January 2005 – working visit by Minister of Economy, Trade and Industry S. Nakagawa;
- 8-9 November 2005 – working visit by Deputy Minister of Foreign Affairs K. Kaneda;
- 11-13 December 2005 – working visit by a delegation of the Upper House of Parliament.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	37 323 645	65 003 441	65 270 592	1.8
	year-on-year index	116.2	174.2	100.4	
exports	CZK thousands	4 543 945	5 791 695	7 876 075	0.4
	year-on-year index	98.3	127.5	134.8	
imports	CZK thousands	32 779 700	54 952 644	57 394 517	3.1
	year-on-year index	119.2	167.6	97.0	
balance	CZK thousands	-28 235 755	-49 160 949	-49 518 442	
foreign investments - incoming	direct (CZK thousands)	7 139 700	6 767 000	3 307 100	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	20 400	0	0	
	portfolio (CZK thousands)	no record	126 700	145 000	

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

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

The standard of economic and trade relations between the Czech Republic and Japan has for long been very good: Japan is one of the Czech Republic's most important partners.

Japanese direct investments maintained the previous years' pace in 2005: Japan was the second biggest overall investor in the Czech Republic. Investments are channelled primarily into the automobile industry (start of operation of TPCA in Kolín in 2005) and

consumer electronics (Matsushita in Plzeň). Trade exchange registered a very positive increase in Czech exports to Japan in 2005 (up 34 %). Imports to the Czech Republic fell (by just under 3 %). Although the balance of trade ended with a deficit of almost CZK 50 billion in 2005, the deficit was down by more than CZK 3.5 billion from the previous year.

The Czech Republic's principal export commodities: industrial machinery and plant equipment, road vehicles, power-generation machinery and equipment.

The Czech Republic's principal import commodities: telecommunications and audio recording and reproduction equipment, electrical devices, instruments and appliances, road vehicles.

Economic relations are still regulated by the Convention between the Czechoslovak Socialist Republic and Japan for the Avoidance of Double Taxation with respect to Taxes on Income, concluded in Prague on 11 October 1977.

Cultural relations

Czech classical music has always had an excellent reputation in Japan; traditional Japanese art forms are popular in the Czech Republic. The Czech Republic's pavilion at "EXPO 2005" in Aichi and its diverse accompanying cultural programme met with outstanding interest and registered over a million visitors. There were 21 performances by the State Opera and 12 concerts by the Czech Philharmonic Orchestra in Japan in autumn.

There was an exchange of four university students on two-year scholarships between the Czech Republic and Japan. Japanese scholarship beneficiaries attended the Slavonic Studies Summer School. Czech students were awarded other scholarships from Japanese foundations and universities.

KINGDOM OF BELGIUM

Relations between Belgium and the Czech Republic have been successfully developing at both bilateral and multilateral levels in the context of European integration and the Euro-Atlantic partnership. There were numerous contacts, both at Belgian federal level and with the Belgian regions and communities – with the Francophone Community and

Walloon region and with the Flemish government. A Programme of Cooperation with the Walloon Region for the Years 2005-2006 was signed in Brussels in June 2005. Meetings also took place as part of V4-Benelux cooperation.

Visits by representatives of the Czech Republic:

- 11-12 April 2005 – visit by a delegation of the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament;
- 2 May 2005 – working visit by Minister of Foreign Affairs C. Svoboda;
- 20-22 June 2005 – visit by a delegation of the Committee on EU Affairs of the Senate of Parliament;
- 14-16 November 2005 – visit by a delegation of the Intelligence Services Subcommittee of the Chamber of Deputies of Parliament.

Visits by representatives of Belgium:

- 3 March 2005 – working visit by State Secretary for European Affairs D. Donfut;
- 31 May to 3 June 2005 - visit by a delegation of the Committee for Industry, Science, National Education and Cultural Institutions, the Middle Class and Agriculture of the Chamber of Representatives of Parliament.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	60 247 611	78 769 030	86 824 513	2.3
	year-on-year index	101.1	130.7	110.2	
exports	CZK thousands	30 781 500	44 428 238	50 441 952	2.7
	year-on-year index	103.5	144.3	113.5	
imports	CZK thousands	29 466 111	34 340 792	36 382 561	2.0
	year-on-year index	98.7	116.5	105.9	
balance	CZK thousands	1 315 389	10 087 446	14 059 391	
foreign investments incoming	direct (CZK thousands)	4 312 300	941 000	4 418 400	
	portfolio (CZK thousands)	no record	9 700	no record	
foreign investments outgoing	direct (CZK thousands)	100	- 1000	500 000	
	portfolio (CZK thousands)	400 500	1 124 800	1 356 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)
2. Czech National Bank, April 2006 (investment data)

Belgium is one of the Czech Republic's very important economic partners; trade exchange has been increasing for a number of years now and this positive trend continued in 2005. Belgium is the Czech Republic's 10th biggest trading partner in terms of total turnover.

The Czech Republic's principal export commodities: road vehicles and automobiles, 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, tractors, trailers, sheet glass, chemicals.

Cultural relations

The traditional Christmas Concert in the Church of Our Lady of Sablon in Brussels and a performance by the Kocián Quartet at a string quartets festival in Tournai were among the most important presentations of Czech culture in 2005.

In connection with the 60th anniversary of the end of the Second World War, an exhibition titled "Vedem, The Secret Magazine for Boys in the Terezín Ghetto" was staged in Brussels in February 2005 by the Czech Centre and Terezín Memorial. Czech art was presented at an exhibition titled "Czech and European War Posters" in April; from June to August, the Belgian public could visit "Czech Press Photo 2003".

In September 2005, the Czech Centre in Brussels and the cultural institutions of Central European countries co-organised a festival titled "The Jewish Identity in Europe – Stories of Love and Darkness", which included an exhibition of collages, "Chava Pressburger", and a screening of the Czech film *Shop on Main Street*. Commune Ixelles in Brussels hosted an exhibition titled "Blanka Šperková – Knit-wire Sculptures, Jewellery and Objects" in October 2005.

Every month, Czech films were screened at the "Friends of Czech Film Club" (including *Dark Blue World*, *All My Loved Ones*, *Cosy Dens* and *Divided We Fall*).

KINGDOM OF DENMARK

The Czech Republic's relations with Denmark, which are founded on both countries' membership in the EU and NATO, have been developing successfully; talks centred on EU, security and economic issues. The two sides compared their positions at the governmental and parliamentary levels; expert consultations also took place.

Visits by representatives of the Czech Republic:

- 11-13 October 2005 – visit by a delegation of the Committee on EU Affairs of the Senate of Parliament;
- 31 October to 1 November 2005 – working visit by Deputy Prime Minister and Minister of Labour and Social Affairs Z. Škromach;
- 11-15 November 2005 – a parliamentary delegation of the Chamber of Deputies and the Senate attended a session of the NATO Parliamentary Assembly.

Visits by representatives of Denmark:

- 3-4 May 2005 – working visit by Minister of Agriculture H. C. Schmidt.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	17 538 000	21 086 000	25 624 000	0.7
	year-on-year index	111.5	120.2	121.5	
exports	CZK thousands	8 125 000	9 871 000	14 022 000	0.7
	year-on-year index	109.9	121.5	142.1	
imports	CZK thousands	9 413 000	11 215 000	11 602 000	0.6
	year-on-year index	112.9	119.1	103.5	
balance	CZK thousands	-1 288 000	-1 344 000	2 420 000	
foreign investments - incoming	direct (CZK thousands)	238 300	284 800	- 309 200	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	170	1 900	2 400	
	portfolio (CZK thousands)	506 600	424 700	450 000	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)
2) Czech National Bank, April 2006 (investment data)

The Czech Republic's principal export commodities: Exports to Denmark are diverse; besides passenger cars, exports have traditionally been based on machine-engineering products, rubber products, textiles, metallurgical products, wood products, and coloured

metals products. Exports of refined semi-finished products, prefabricated building materials, children's building blocks, and products with high added value such as telecommunications and recording equipment and specialist and scientific apparatus are gaining in significance.

The Czech Republic's principal import commodities: machinery and transport equipment, chemicals and related products, industrial and consumer goods, market goods classified by material, foodstuffs, live animals.

Cultural relations

Key presentations of Czech culture in 2005 included a March concert in Copenhagen by the Martinů Ensemble, a Czech piano quartet, who performed works by Czech composers. The Shambala gallery in Copenhagen staged an exhibition titled "Vladimír Boudník's Graphic Art" in April 2005. A concert of works by A. Dvořák performed by J. Dvořák took place in Copenhagen in September 2005. The Shambala gallery put on an exhibition titled "Jewellery by Karel Votipka" at the end of September and the beginning of October 2005.

KINGDOM OF MOROCCO

Both sides have displayed increased interest in the development of cooperation since the Czech Republic's accession to the European Union. Emphasis continued to be placed on broadening economic, trade and cultural cooperation. As of 1 January 2005, Morocco unilaterally abolished visa requirements for Czech citizens, which helped strengthen mutual contacts.

Visits by representatives of the Czech Republic:

- 22-27 May 2005 – working visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament.

Economic relations

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 2005, the Czech Republic was presented in Morocco at several small-scale events and participation in undertakings organised by the Delegation of the European Commission in Rabat. The Czech Embassy organised a classical music concert performed by Mr and Mrs Jiříkovský (piano and violin) and a performance by leading opera singer A. Briscein. Double-bass player R. Balzar successfully took part in "Jazz aux Oudayas", a jazz festival organised under the auspices of the European Union. For the second year, a charity sale and exhibition of Czech children's drawings took place in Morocco; the event is regularly staged in the Czech Republic and abroad under the name "The Trip of a Little Cloud Dragon". A Moroccan film was screened at "Arabic Culture Week in the Czech Republic" in 2005 and Moroccan musicians performed at various music festivals.

KINGDOM OF NORWAY

The Czech Republic and Norway are primarily linked by their partnership in NATO and membership in the European Economic Area. The countries' good relations have been strengthened by cooperation on the Czech development projects financed out of funds that Norway provides to new EU/EEA member states as a part of a financial mechanism to eliminate economic disparities within the internal market.

Visits by representatives of the Czech Republic:

- 9-13 April 2005 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament;

- 13-15 May 2005 – a delegation of the OSCE parliamentary group of the Chamber of Deputies of Parliament attended the 4th Sub-regional Conference “The High North: Environment, Security and Cooperation”;
- December 2005 – visit by a delegation of the Committee on Legal and Constitutional Affairs of the Senate of Parliament.

Visits by representatives of Norway:

- 2 March 2005 – working visit by MFA State Secretary K. Traavik;
- 11 March 2005 – working visit by Minister of Labour and Government Administration M. A. Meyer;
- 24 May 2005 – visit by a delegation of the Parliamentary Intelligence Services Oversight Committee.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	18 106 000	16 936 000	20 845 000	0.6
	year-on-year index	100.9	93.5	123.1	
exports	CZK thousands	4 749 000	5 940 000	6 734 000	0.4
	year-on-year index	84.1	125.1	113.4	
imports	CZK thousands	13 357 000	10 996 000	14 111 000	0.8
	year-on-year index	108.6	82.3	128.3	
balance	CZK thousands	-8 608 000	-5 056 000	-7 377 000	
foreign investments - incoming	direct (CZK thousands)	-435 800	246 300	- 17 800	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	-97 700	-3 200	300	
	portfolio (CZK thousands)	1 667 700	2 048 500	2 709 000	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)
2) Czech National Bank, April 2006 (investment data)

Trade exchange grew in 2005 and the sharp rise in the price of the principal import item – natural gas – caused the balance of trade deficit to increase. When this core item of the 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 2005.

The Czech Republic's principal export commodities: machine engineering products, mostly machinery and transport equipment (Škoda cars), followed by other industrial products.

The Czech Republic's principal import commodities: natural gas (accounting for 4/5 of total imports from Norway), market products classified by type of material, fish, chemicals.

Cultural relations

A wide variety of Czech culture was presented in Norway. An exhibition of works by the pupils and staff of the V. Hollar Secondary Art School in Prague was held in Lillehammer; works by seven leading Czech artists (painting, graphic art, sculpture, and glass art) were exhibited in Oslo; and the Trondheim concert season was opened by an exhibition about the life and work of A. Dvořák. A literary seminar in November gave the expert public the opportunity to find out about the latest Czech literature. The cultural season closed with a traditional puppet show featuring Czech Baroque Advent songs, performed by the Tineola theatre and Ritornello company.

KINGDOM OF SAUDI ARABIA

Saudi Arabia is an important partner for the Czech Republic in the Middle East. In 2005, mutual relations, focused on economic ties, were supported by a visit of Minister of Industry and Trade M. Urban to Saudi Arabia. Cooperation in other areas also developed, however. After a temporary fall last year, number of Saudi citizens coming to the Czech Republic for medical treatment, recreation and business again rose in 2005.

Visits by representatives of the Czech Republic:

- 19-21 February 2005 – President V. Klaus attended the Jeddah Economic Forum;
- 9-10 March 2005 – official visit by Minister of Industry and Trade M. Urban;
- 1-3 April 2005 – official visit by President of the Chamber of Deputies of Parliament L. Zaorálek;
- 2 August 2005 – President V. Klaus officially attended the funeral of King Fahd.

Visits by representatives of Saudi Arabia:

- 9-12 September 2005 - working visit by Saleh Ali al-Mahya, Chief of Staff of the Saudi Arabian Army.

Economic relations

The Czech Republic's principal export commodities: iron and steel profiles, road vehicles and spares and accessories, boiler parts, digital systems for data processing, hospital furniture, dried milk, fresh cheeses and other dairy products, tyres, naphthalene and mineral tars and oils, glass jewellery.

The Czech Republic's principal import commodities: polyethylene and various ethylene polymers, synthetic fibres, skins, textiles, laminated PVC, wires and cables, fruit, a wide range of petrochemical products.

Cultural relations

An exhibition of photographs of "Czech UNESCO Sites" in Riyadh on the occasion of a reception marking the Czech Republic's National Day was well received by the invited guests and aroused more interest in visiting the Czech Republic.

KINGDOM OF SPAIN

Relations between Spain and the Czech Republic have been successfully developing at bilateral and multilateral levels in the context of European integration and the Euro-Atlantic partnership. Dialogue at the governmental and parliamentary levels continued to develop successfully.

Visits by representatives of the Czech Republic:

- 10-11 March 2005 – Vice-president of the Chamber of Deputies of Parliament M. Němcová attended the International Summit on Democracy, Terrorism, and Security in Madrid;

- 24 May 2005 – working visit by Minister of Foreign Affairs C. Svoboda;
- 11-13 July 2005 – visit by President of the Constitutional Court P. Rychetský on the occasion of the celebrations of the 25th anniversary of the Spanish Constitutional Court;
- 14-18 November 2005 – visit to Madrid, Zaragoza and Barcelona by a delegation of the Committee on National Economy, Agriculture and Transport of the Senate of Parliament;
- 27-28 November 2005 – Prime Minister J. Paroubek attended the Euro-Mediterranean Partnership Summit in Barcelona.

Visits by representatives of Spain:

- 30 August 2005 – working visit by Minister of Foreign Affairs and Cooperation M. Á. Moratinos Cuyaubé, including participation at a meeting of Czech ambassadors;
- 12 September 2005 – visit by heirs to the throne, their Royal Highnesses Felipe and Letizia, Prince and Princess of the Asturias, on the occasion of opening the Cervantes Institute in Prague.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	55 040 000	73 283 725	83 238 280	2.2
	year-on-year index	109.5	133.1	113.6	
exports	CZK thousands	28 857 000	38 014 342	47 778 161	2.6
	year-on-year index	115.4	131.7	125.7	
imports	CZK thousands	26 183 000	35 269 383	35 460 119	1.9
	year-on-year index	103.7	134.7	100.5	
balance	CZK thousands	2 674 000	2 744 959	12 318 042	
foreign investments incoming	direct (CZK thousands)	1 416 500	770 700	117 630 000	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	400	32 400	23 600	
	portfolio (CZK thousands)	782 600	2 279 400	2 548 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)
2. Czech National Bank, April 2006 (investment data)

Spain is the Czech Republic's 10th biggest trading partner in terms of total turnover. Trade exchange has been increasing since the Czech Republic joined the European Union.

The Czech Republic's principal export commodities: telecommunications, radio and electrical devices, automobiles and accessories, digital data processing equipment, motors and motor parts, air-conditioning technology, tyres, plastic products, iron and steel, glass and glass products, furniture.

The Czech Republic's principal import commodities: passenger cars and lorries and their accessories, radio and television sets, electric motors, air-conditioning equipment, citrus fruits, plastic pipes, vegetables (primarily tomatoes), tyres, iron and steel, aeronautical equipment, pharmaceutical products.

Cultural relations

An important event was the ceremonial opening of the Cervantes Institute's Prague branch by the heirs to the throne, Felipe and Letizia, Prince and Princess of the Asturias. Czech culture was presented at a series of six Prague Black Light Theatre performances in Círculo de Bellas Artes in Madrid as part of the project titled "Building Europe, Building Culture" presenting the new EU member countries. Tandem Plus gave a series of jazz concerts. An exhibition of black-and-white photographs by J. Folck titled "Prague – All the Beauty of the World" was opened in the Catalan city of Reus; the photographs were accompanied by literary texts by J. Seifert, V. Holan, F. Halas, J. Orten, J. Neruda and M. Zgustová. V. Ondrašíková's performance of her *Aigues Mortes* at Teatro Pradillo in Madrid gave a demonstration of contemporary Czech choreography. An exhibition showcasing the Železný Brod glassmaking school interested visitors to Spain's principal glass museums in Alcorcon and La Granja. The Prague State Opera Ballet performed in Madrid dances to musical themes by B. Martinů and A. Dvořák. Czech music was presented at the "Santa Florentina Festival" in Canet de Mar, Catalonia, by the Prague Chamber Orchestra, a recital by S. Bassová and cellist J. Bárta. The Mediterranean Film Festival in Valencia featured Czech films *City of the Sun*, *Snowboarders*, *Champions*, *Wrong Side Up*, *Bored in Brno*, *Up and Down*, and *Czech Dream*, among others. Spain's most prestigious theatre, Teatro Real, staged Janáček's opera *From the House of the Dead*, performed by guest artists from the Czech National Theatre. A Spanish translation of *The Quiet Woman* was released,

whose author, M. Zgustová, is a holder of the Gratias Agit 2004 award. P. Vangeli gave a performance of his own puppet theatre work “Prague, the Enchanted City” in Madrid.

KINGDOM OF SWEDEN

Relations between the Czech Republic and Sweden continued developing especially in the context of the European integration; the mutual dialogue developed intensively both at the governmental and parliamentary levels, and at the level of municipalities and regions. The delivery of 14 JAS 39 Gripen fighter aircraft under the agreement on their lease as well as the subsequent industrial cooperation was an impulse for a more intensive economic and military cooperation. Good relations between the two countries were stamped by the fact that Sweden was one of three countries to open its labour market to new EU member countries.

Visits by representatives of the Czech Republic:

- 11-12 March 2005 – working visit by Minister of Defence K. Kühnl;
- 13-16 April 2005 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament;
- 4 October 2005 – official visit by Prime Minister J. Paroubek;
- 16-18 October 2005 – working visit by President V. Klaus;
- 13-15 November 2005 – Minister of Informatics D. Běrová attended the “Towards a Knowledge Society” Conference in Gothenburg;
- 5-6 December 2005 – President of the Supreme Audit Office F. Dohnal attended a meeting of presidents of EU countries’ audit offices.

Visits by representatives of Sweden:

- 26 April 2005 – working visit by Minister of Defence L. Björklund (ceremonial delivery of the first Gripen supersonic aircraft);
- 14 November 2005 – working visit by Minister for Migration and Asylum Policy B. Holmberg, including the participation at the “Free Movement of Labour within the EU” conference of the Chamber of Deputies of Parliament;
- 13-15 November 2005 – a delegation of the Parliamentary Committee for EU Affairs attended the “Free Movement of Labour within the EU” Conference of the Chamber of Deputies of Parliament.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	42 808 213	39 515 000	58 398 000	1.6
	year-on-year index	105.8	89.3	89.3	
exports	CZK thousands	19 680 880	20 079 000	28 334 000	1.5
	year-on-year index	100	102.0	141.1	
imports	CZK thousands	23 127 333	19 436 000	30 064 000	1.6
	year-on-year index	110.9	84.0	154.7	
balance	CZK thousands	-3 446 453	643 000	-1 730 000	
foreign investments - incoming	direct (CZK thousands)	7 425 300	3 872 600	6 964 400	
	portfolio (CZK thousands)	5 400 000	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	89 600	3 200	10 700	
	portfolio (CZK thousands)	430 000	2 687 500	3 049 000	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)
2) Czech National Bank, April 2006 (investment data)

Sweden is the Czech Republic’s most important Nordic partner in terms of its share of Czech foreign trade; in 2005, it was the Czech Republic’s 16th biggest trading partner overall. The reason for the sharp increase in imports and overall foreign trade turnover in 2005 was the lease of 14 JAS 39 Gripen aircraft, including related services. The positive trend of increasing trade exchange continues, however.

The Czech Republic's principal export commodities: the biggest export item is machinery and transport equipment (passenger motor vehicles, fuel pumps, alternate current motors), market products classified by material and industrial products.

The Czech Republic's principal import commodities: market products classified by material, machinery and transport equipment (road tractors and trailers) and chemicals (medicaments in dosage).

Cultural relations

New Czech films were screened at film festivals in Gothenburg and Kiruna at the start of 2005. The Czech Centre in Stockholm staged exhibitions of Czech art and design. The exhibitions featured works by designer A. Záruba, photographer S. Tůma, a joint project titled "Soul of Moravia" by the graphic artist M. Říčná and the Plocek-Šuranská dramatic actors' duo, an exhibition on the history of Czech participation at world Expos "From Brussels 1958 to Aichi 2005", and, at the end of the year, "100 Czech Design Icons".

At the European Jazz Festival in Stockholm, the Czech Republic was represented by the František Kop Quartet; and the Martinů Ensemble and Ritornello performed classical music concerts.

"Prague Days in Stockholm" took place in November, attended by the Mayor of Prague P. Bém; the event featured a jazz concert by the Robert Balzar Trio, and an exhibition of photographs by J. Všetěčka. In May, "Czech Days" was staged in Östersund, and Katrineholm hosted "Karlovy Vary Cultural Week", featuring several concerts and exhibitions.

Stockholm University organised the third yearly cycle of lectures about the Czech Republic, which ran from September to November, this time devoted to the Czech film, including screenings of selected films.

KINGDOM OF THAILAND

Thailand has traditionally been one of the Czech Republic's important political and trading partners in Southeast Asia. Among other things, Thailand is a very popular destination for Czech tourists; after the consequences of the disastrous tsunami from the end of 2004 were overcome, interest in the country's seaside resorts revived in 2005.

Visits by representatives of the Czech Republic:

- 11-12 March 2005 – working visit by Minister of Foreign Affairs C. Svoboda;
- 24-30 October 2005 – visit by a delegation of the Committee on Regional Development, Public Administration and Environment of the Senate of Parliament;
- 2-5 November 2005 – working visit by Deputy Minister of Defence P. Mašek.

Visits by representatives of Thailand:

- 25 July 2005 – visit by a delegation of the Committee for Independent Institutions of the National Assembly.

Economic relations

Thailand is one of the Czech Republic's most important trading partners in Southeast Asia.

The Czech Republic's principal export commodities: dried milk, arms and ammunition, plastic products, textile machinery, personal computer parts, laboratory instruments, glass products.

The Czech Republic's principal import commodities: rubber, industrial products such as electronic components, personal computer parts, spectacle lenses, rubber, automobiles and their parts, compressors, air-conditioning equipment, textiles.

Cultural relations

Important cultural events in 2005 included a presentation of a recently released book on the history of Czech-Thai relations: *Siam undiscovered – Czech–Thai encounters between the 16th and 21st centuries*, an exhibition titled “Siam through the Eyes of Czech Travellers

E. S. Vráz and J. Kořenský”, and an exhibition titled “King Rama VII’s Visit to Czechoslovakia in 1934”.

Every year, the Czech Republic offers Thailand three government scholarships. There continues to be interest among Thai students in self-funded university studies in the Czech Republic.

KINGDOM OF THE NETHERLANDS

Relations between the Czech Republic and the Netherlands have been successfully developing at bilateral and multilateral levels in the context of European integration and the Euro-Atlantic partnership. A cooperation deepened substantially between a number of Dutch and Czech towns and at regional level.

Visits by representatives of the Czech Republic:

- 7-9 March 2005 – working visit by President of the Supreme Public Prosecutor’s Office M. Benešová;
- 20-22 July 2005 – working visit by Ombudsman O. Motejl;
- 19-22 April 2005 – working visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament;
- 16-18 November 2005 – visit by a delegation of Intelligence Services Subcommittee of the Chamber of Deputies of Parliament.

Visits by representatives of The Netherlands:

- 3-5 March 2005 – working visit by President of the House of Representatives of Parliament F. Weisglas;
- 3 November 2005 – working visit by Minister of Foreign Affairs B. R. Bot;

- 13-14 March 2005 – working visit by Minister of Spatial Planning, Housing and the Environment S. Dekker.
- Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	88 292 000	122 521 092	149 251 444	4.0
	year-on-year index	110.0	138.7	121.8	
exports	CZK thousands	56 708 000	73 986 672	75 436 970	4.0
	year-on-year index	115.8	130.4	102.0	
imports	CZK thousands	31 584 000	48 534 420	73 814 474	4.0
	year-on-year index	101.0	153.6	152.1	
balance	CZK thousands	25 124 000	25 452 251	1 622 496	
foreign investments incoming	direct (CZK thousands)	-44 039 600	27 104 800	47 532 800	
	portfolio (CZK thousands)	44 400 000	8 300	no record	
foreign investments outgoing	direct (CZK thousands)	54 500	179 400	2 331 200	
	portfolio (CZK thousands)	36 909 000	44 545 600	43 004 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)
2. Czech National Bank, April 2006 (investment data)

Trade exchange between the Czech Republic and the Netherlands has been developing very dynamically. The Netherlands was the Czech Republic's 7th biggest trading partner in terms of total turnover in 2005.

The Czech Republic's principal export commodities: machinery and transport equipment, computers, automobiles, audiovisual technology, tractors, boats, metallurgical products, plastics and chemicals, glass, wood products incl. furniture, textile products, paper, and dairy products.

The Czech Republic's principal import commodities: machinery and transport equipment, office equipment, integrated circuits, lorries, tractors, plastics, pharmaceutical products, flowers, iron and steel products, and paper.

Cultural relations

In 2005, the Czech Republic was a priority country for the Netherlands in the area of education and culture, which was reflected in an offer of scholarships going beyond the framework of the bilateral agreement on support for the Czech-Dutch cultural exchange. There was an increased interest in the Netherlands in the Czech language courses at summer language schools in the Czech Republic. In February 2005, the Royal Academy of Arts in The Hague ran an exhibition titled "e-a-t" presenting the Czech and Slovak experiment and

typography art from 1985 to 2004. In November 2005, the Drent Museum in Assen opened an exhibition titled “Prague Art 1890-1939 – from symbolism to abstraction”, featuring works by F. Bílek, E. Filla, O. Gutfreund, A. Mucha, F. Kupka, J. Preisler, V. Preissig, J. Schikaneder, A. Slavíček, M. Švabinský, J. Váchal and others.

Poet and translator J. Beranová was awarded the commemorative silver medal of the Ministry of Foreign Affairs of the Czech Republic for her promotion of Czech culture, especially during the totalitarian period.

MONGOLIA

Relations between the Czech Republic and Mongolia have traditionally been friendly, with both sides looking 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”.

Visits by representatives of the Czech Republic:

- 23-25 January 2005 – working visit by Minister of Industry and Trade M. Urban;
- 26-28 May 2005 - official visit by President of the Chamber of Deputies of Parliament L. Zaorálek.

Visits by representatives of Mongolia:

- 25-27 January 2005 – working visit by Minister of Industry and Trade S. Batbold;
- 16-22 October 2005 – working visit by a delegation of the Constitutional and Legal Committee of the State Great Khural;
- 31 October to 3 November 2005 – working visit by Minister for Construction and Urban Development M. Batbayar;
- 7-15 December 2005 – working visit by Deputy Minister for Foreign Affairs A. Battur.

Economic relations

Favourable conditions are in place for the development of economic and trade cooperation between the Czech Republic and Mongolia. These conditions include primarily a relatively good legal basis, Mongolia's ranking as a development cooperation priority country, regular meetings of the Mixed Committee, a large community of people who were educated in Czech or Czechoslovak universities, and Czechoslovakia's significant presence in the past. In January 2005, the countries' trade ministries signed an intergovernmental agreement on economic cooperation.

Mongolia is one of the few Asian countries with which the Czech Republic does not have a balance of trade deficit. The Czech Republic is among Mongolia's top twenty trading partners and is 4th among European countries.

Bilateral agreements concluded in 2005:

- Agreement on Economic Cooperation between the Government of the Czech Republic and the Government of Mongolia, Ulaanbaatar, 24 January 2005.

Development cooperation

Mongolia is one of the Czech Republic's eight foreign development cooperation priority countries. From 29 June to 20 July 2005, an evaluation mission visited Mongolia to assess three of the eight bilateral development projects implemented in Mongolia in 2005.

Cultural relations

Czech culture was presented in Mongolia by, among other things, an exhibition titled "The Magic World of Czech Illustrators for Children" and an exhibition of drawings by L. Jurečková. The long-term cooperation in university education means that a relatively large number of foreign graduates of Czech universities come from Mongolia. For the 2005/2006 academic year, the Czech Republic provided Mongolia with five scholarships for undergraduate studies and four for doctoral studies.

PALESTINE (PALESTINIAN AUTONOMOUS TERRITORIES)

Developments in Israeli-Palestinian relations continued to hinder the full development of relations between the Czech Republic and the Palestinian leadership, despite the optimism aroused by the change in the Palestinian political representation following the demise of J. Arafat. The Czech Republic's long-standing foreign policy in respect of the Middle East conflict stresses an impartial approach to both sides of the conflict and emphasises the need to end the violence and resume political dialogue in order to pave the way for the establishment of an independent, democratic and viable Palestinian state that will be able to exist in peace side by side with the State of Israel.

Visits by representatives of the Czech Republic:

- 17 May 2005 – working visit by Deputy Minister of Foreign Affairs for Security Policy J. Winkler;
- 18-20 November 2005 – official visit by Minister of Foreign Affairs C. Svoboda.

Visits by representatives of the Palestinian National Authority:

- 1-2 December 2005 – working visit by Minister of Local Governance K. Al-Kawasmi and Minister of Justice M. Al-Masri.

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, plastics, motor vehicles, instruments and mechanical devices.

Cultural relations

As part of development cooperation, the Czech Republic provided Palestine with four university scholarships for the 2005/2006 academic year.

PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

Algeria is one of the Czech Republic's important partners in the Maghreb. The continuing consolidation of the political and economic situation enabled further development of bilateral relations, which are based mainly on economic and trade cooperation.

Visits by representatives of the Czech Republic:

- 16-20 April 2005 – working visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament;
- 13-17 November 2005 – working visit by Minister of Industry and Trade M. Urban;
- 23-25 July 2005 – working visit by P. Štefka, Chief of General Staff of the Army of the Czech Republic.

Economic relations

The Czech Republic's principal export commodities: steel pipes, wheat, profiles and sheets, spares for helicopters and aeroplanes, passenger cars, tyres, powdered milk and cream, aluminium packaging, paper, electrical engineering equipment, consumer and construction glass, pharmaceutical products, machine tools.

The Czech Republic's principal import commodities: crude oil.

Cultural relations

Organist T. Thon performed a work by Czech composer P. Eben, *Labyrinth of the World and Paradise of the Heart*, inspired by the book of the same name by J. A. Comenius, in the Basilica of Our Lady of Africa in Algiers. In Algiers and the Kabyle town of Boumerdès, which was severely affected by a destructive earthquake in 2003, jazz singer J. Koubková performed to the accompaniment of pianist O. Kabrna. Violinist R. Zieglerová was a soloist at a concert for violin, cello, piano and orchestra by L. van Beethoven that concluded the European Cultural Festival, a joint project between Algeria, the Czech Republic, Austria, and Hungary. Arabic Culture Days gave the Czech public the opportunity to view works by Algerian painter S. Khelifi; and a theatre company sent by the Algerian Federation of the Deaf performed at the 18th annual International Pantomime Festival of the Deaf.

As part of development cooperation, the Czech Republic provided Algeria with two university scholarships for the 2005/2006 academic year.

PEOPLE'S REPUBLIC OF CHINA

Relations between the Czech Republic and China have traditionally been friendly; China is one of the Czech Republic's important partners in Asia. Relations are developing in the context of differences in political systems and the significant difference in the size and international position of the two countries. The core of Czech-Chinese relations is economic cooperation, where the balance of trade has for long been unfavourable for the Czech Republic. Up to 2005, political contacts were unbalanced from the Chinese side. Visits by Prime Minister J. Paroubek to China in June 2005 and Prime Minister Wen Jiabao to the Czech Republic in December 2005 were events of key significance for the development of bilateral relations. The attained political standard of Czech-Chinese relations was reflected in a number of visits by Czech ministers and their deputies and created an environment for cooperation in other areas of relations.

Visits by representatives of the Czech Republic:

- 15-23 January 2005 – working visit by Minister of Industry and Trade M. Urban;
- 18-24 April 2005 – working visit by Deputy Minister of Foreign Affairs T. Prouza;
- 12-13 May 2005 – working visit by Deputy Minister of Education, Youth and Sports P. Kolář;
- 21-23 June 2005 – visit by Deputy Minister for Regional Development I. Přikryl;
- 25-28 June 2005 – working visit by Prime Minister J. Paroubek;
- 25-29 June 2005 – First Deputy Prime Minister and Minister of Finance B. Sobotka attended a session of ASEM;
- 24-28 July 2005 – working visit by Minister without Portfolio P. Zářecký;
- 11-18 September 2005 – working visit by Minister of Labour and Social Affairs Z. Škromach;
- 18-23 September 2005 – working visit by Minister of the Environment L. Ambrozek;

- 25-29 September 2005 – working visit by Minister of Transport M. Šimonovský;
- 5-11 November 2005 – working visit by Deputy Minister of Industry and Trade J. Bis;
- 12-15 November 2005 – working visit by Minister for Regional Development R. Martínek.

Visits by representatives of China:

- 10 March 2005 – working visit by Deputy Minister of Foreign Affairs Zhang Yesui;
- 20-21 June 2005 – working visit by Deputy Minister of Finance Jin Lianshu;
- 1 July 2005 – working visit by Deputy Minister of Informatics Qu Weizhi;
- 9-12 July 2005 – working visit by Deputy Minister of Culture Zhao Weisui;
- 8-9 December 2005 – official visit by Premier of the State Council Wen Jiabao.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (5)
turnover	CZK thousands	82 127 558	97 978 258	101 408 004	2.7
	year-on-year index	124.1	119.3	102.6	
exports	CZK thousands	6 831 919	6 988 006	7 154 695	0.4
	year-on-year index	141.4	102.3	102.4	
imports	CZK thousands	75 295 639	90 990 252	94 253 310	5.1
	year-on-year index	122.7	120.8	102.6	
balance	CZK thousands	-68 463 720	-84 002 246	-87 098 615	
foreign investments - - incoming	direct (CZK thousands)	233 100	4 000	195 600	
	portfolio (CZK thousands)	1 000	no record	no record	
foreign investments - - outgoing	direct (CZK thousands)	11 000	-39 000	1 500	
	portfolio (CZK thousands)	no record	71 300	207 000	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)

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

China is the Czech Republic's 10th biggest trading partner in terms of total turnover. However, it is also the country with which the Czech Republic has its biggest balance of trade deficit.

In 2005, the balance of trade deficit continued to grow, exceeding CZK 87 billion (up 2.6 %).

The Czech Republic's principal export commodities: steam turbines, passenger cars and spares, motors and generators and their parts, electrical devices, textile machinery, steel pipes and profiles, transmission shafts, machine tools, pumps, rubber and plastics processing

machinery, glass, organic chemicals, dyes and pigments, plastics, pulp, ferrous and non-ferrous scrap metal.

The Czech Republic's principal import commodities: automated data processing machinery and components of such, telecommunications equipment, television and radio accessories, integrated circuits, electrical appliances, electronic devices, transformers, organic and inorganic chemicals, clothing, footwear, luggage, toys and sports equipment, bicycles, fruit and vegetable preserves.

During Wen Jiabao's visit in December 2005, a new agreement on reciprocal promotion and protection of investments was signed; among other things, the agreement establishes better conditions for investors from both countries at a time when economic relations are developing with unprecedented dynamism.

2005 also brought the first genuinely significant steps by Chinese investors in the Czech Republic, focusing on boat manufacture, electrical engineering (TV set manufacture), and telecommunications.

Bilateral agreements concluded in 2005

- Agreement between the Czech Republic and the People's Republic of China on the Promotion and Protection of Investments, Prague, 8 December 2005;
- Cooperation Agreement on Agriculture and Food Processing Industry between the Ministry of Agriculture of the Czech Republic and the Ministry of Agriculture of the People's Republic of China, Prague, 8 December 2005;
- Agreement on Cooperation in the Field of Forestry between the Ministry of Agriculture of the Czech Republic and the State Forestry Administration of the People's Republic of China, Prague, 8 December 2005;
- Memorandum of Understanding between the Ministry of Labour and Social Affairs of the Czech Republic and the Ministry of Social Security of the People's Republic of China, Prague, 8 December 2005;
- Declaration of Understanding and Mutual Cooperation in the Field of Tourism between the Ministry for Regional Development of the Czech Republic and the National Tourism Administration of the People's Republic of China, Prague, 8 December 2005.

Cultural relations

In 2005, Beijing hosted an exhibition of cartoons by M. Barták, a touchable exhibition of historic glass, an exhibition of works by F. Kupka titled “Man and Earth”, a concert by opera singer G. Beňačková, and a concert by the Ensemble Martinů piano quartet. A statue of J. A. Comenius was also unveiled at a ceremony in Beijing.

Educational cooperation went ahead with student exchanges done on the basis of the Agreement on Educational Exchanges between the two countries’ education ministries. For the second year, a Czech language teacher worked at the Beijing Foreign Studies University.

HONG KONG SPECIAL ADMINISTRATIVE REGION

The Czech Republic develops its relations with Hong Kong in accordance with the “One Country, Two Systems” principle and with the emphasis on trade and economic cooperation.

Visits by representatives of the Czech Republic:

- 23 September 2005 – working visit by Minister of the Environment L. Ambrozek.

Economic relations

Hong Kong is one of the few Asian countries where the Czech Republic has a balance of trade surplus; trade turnover displays a distinct growth trend. Exports and imports mainly comprise re-exports to or from the People’s Republic of China.

Hong Kong’s biggest investment project in the Czech Republic is the luxury Mandarin Oriental Hotel in Prague’s Little Quarter.

MACAU SPECIAL ADMINISTRATIVE REGION

The Czech Republic develops its relations with Macau in accordance with the “One Country, Two Systems” principle and with the emphasis on trade and economic cooperation.

Visits by representatives of the Czech Republic:

- 24 September 2005 – working visit by Minister of the Environment L. Ambrozek.

Economic relations

The volume of trade exchange with the region is insignificant and involves a rather limited range of goods. Even so, a certain part of the Czech Republic's trade with southern parts of China regularly transits via Macau, including in the form re-exports, where the range of goods may be practically unlimited. Statistics covering Czech exports and imports may therefore register considerable fluctuations from year to year.

TAIWAN

In accordance with the "One China" policy, the Czech Republic has diplomatic relations with the People's Republic of China; in respect of Taiwan, the Czech Republic's activities focus entirely on economy and trade, culture, science, education, tourism, and consular issues.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	17 550 285	17 998 619	18 420 471	0.5
	year-on-year index	97.9	97.8	102.3	
exports	CZK thousands	1 047 418	960 702	1 227 441	0.1
	year-on-year index	103.9	87.9	127.7	
imports	CZK thousands	16 502 867	17 037 917	17 193 030	0.9
	year-on-year index	97.5	98.4	100.9	
balance	CZK thousands	-15 455 449	-16 077 216	-15 965 589	
foreign investments - incoming	direct (CZK thousands)	-39 400	12 500	77 900	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	400	6 000	

Sources: 1) Czech Statistical Office, January 2006 (foreign trade data)

2) Czech National Bank, March 2006 (investment data)

In view of Taiwan's substantial interest in direct foreign investments in the Czech Republic (principally in information technologies), this favourable trend is continuing and will most likely continue in the future, as made clear by the projects gradually being elaborated. Partly thanks to Taiwanese investments, the Czech Republic today produces 40 % of all computers made in Europe. Taiwanese firms operating in the Czech Republic are

successful and expanding; they reinvest profits in the country, create jobs, including in areas with high unemployment, and are starting to cooperate with Czech universities. They display a tendency of switching from mere assembly work to higher forms of cooperation, including service centres, provision of more demanding configurations, etc.

The Czech Republic's principal export commodities: automated data processing machines, scientific instruments, power-system equipment, organic chemicals products, audiovisual technologies, machine engineering products, transport equipment, iron and steel products.

The Czech Republic's principal import commodities: automated data processing machines, metalworking machines, integrated circuits, plastics and plastic products, iron and steel products, machine engineering products, audiovisual technologies, textiles, footwear.

One new idea is to establish a joint "Silicon Valley-style" technology park in the Czech Republic.

PORTUGUESE REPUBLIC

Relations between Portugal and the Czech Republic have been successfully developing at bilateral and multilateral levels in the context of European integration and the Euro-Atlantic partnership; governmental and parliamentary dialogue developed intensively. The two countries are connected by the historical experience of totalitarianism, similar attitudes to the transatlantic link, and opinions on the future arrangement of the EU. In May 2005, the Czech Republic opened its new honorary consulate in Funchal, the capital of the Madeira autonomous region.

Visits by representatives of the Czech Republic:

- 1-2 June 2005 – working visit by Deputy Minister of Foreign Affairs P. Svoboda;
- 7-9 September 2005 – official visit by Lieutenant-General P. Štefka, Chief of General Staff of the Army of the Czech Republic.

Economic relations

Economic relations with Portugal have been characterised by considerable dynamism in recent years. A particularly marked revival followed the Czech Republic's accession to the European Union.

The Czech Republic's principal export commodities: machinery and transport equipment, market products classified by material, 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 classified by material, electrical instruments, furniture and furniture parts, yarns, clothing parts, tyres, special motor vehicles and their accessories.

Cultural relations

One of the largest-scale cultural events was an exhibition of items from the collection of the Museum of Decorative Arts in Prague. Central European masterpieces from the 16th to the 20th century were displayed during a four-month exhibition in the Lisbon Museum of Decorative Arts. In February 2005, there was an exhibition by Czech photographer R. Kubášek titled "Prague and Lisbon through the Eyes of Tram Drivers" in Lisbon. In May 2005, the Disman Radio Children's Choir performed at the young people's theatre festival "Interescolas de Teatro de Almada". In September and October 2005, Porto/Matosinhos was the venue of a cross-cutting exhibition of three "International Jewellery Symposia", where the Czech Republic was represented by the jewellery from the Museum of the Bohemian Paradise in Turnov.

PRINCIPALITY OF LIECHTENSTEIN

Diplomatic relations are not established between the Czech Republic and the Principality of Liechtenstein. Liechtenstein makes its recognition of the Czech Republic as an independent state since 1993 conditional on the commencement of talks on property issues.

However, the Czech Republic and Liechtenstein do cooperate, and accept each other's presence in European and other international organisations both countries are members of, most notably the UN, the Council of Europe, the OSCE, and the EEA.

REPUBLIC OF ALBANIA

The standard of relations between the Czech Republic and Albania remains good; mutual contacts are gradually widening into other areas. Albania remains strongly interested in Czech experience of social, political and economic reforms and the process of successful integration into European and Euro-Atlantic structures.

Visits by representatives of the Czech Republic:

- 30 September to 1 October 2005 – working visit by Deputy Prime Minister M. Jahn;
- 17-18 November 2005 – working visit by Minister of Defence K. Kühnl.

Visits by representatives of Albania:

- 15 February 2005 – visit by Minister of State M. Bello.

Economic relations

Trade exchange between the Czech Republic and Albania has been on the increase for several years now; the Czech Republic has a high balance of trade surplus with Albania. In 2005, economic and trade relations continued to focus on deepening the cooperation between small and medium-sized enterprises and institutions of the two countries.

The Czech Republic's principal export commodities: chemicals industry products (detergents, lubricating and cleaning waxes, polyethylene), cigarettes, brewery 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: seeds, plants for manufacture of scents and medicaments, textile industry products, footwear, ferrochrome, dried fruits, spices.

Cultural relations

Education, in particular the provision of government scholarships for studies in the Czech Republic, continues to be at the core of cultural cooperation at government level. In 2005, Albania was offered four university scholarships for the 2006/2007 academic year, two for bachelor's/master's degree studies and two for doctoral studies. Dozens of Albanians study in the Czech Republic at their own expense.

Key cultural events in Czech-Albanian relations in 2005 included an exhibition of oil paintings by S. Agolli in the "Stables" of the Tuscan Palace in Prague; a travelling exhibition titled "Ex Libris: Prague – Heart of Europe" in Durres and Tirana; and an exhibition of artworks by Albanian graduates from Czech art schools in the Durres resort. The development of cultural cooperation was confirmed by the shooting of the first Czech-Albanian co-production film *Smutek paní Šnajdrové (The Sadness of Mrs. Šnajdrová)* by a leading Albanian director and graduate of the Film and TV School of the Academy of Performing Arts in Prague, P. Milkani.

REPUBLIC OF ANGOLA

Czech-Angolan relations continued to grow in intensity in 2005. Czech government resolution no. 302 of 31 March 2004 included Angola among the Czech Republic's eight foreign development cooperation priority countries for 2006-2010, which was fundamentally reflected in 2005 in the continuing three-year project for "Establishment of a Centre of Agricultural Education in Bié Province". The project is highly appreciated by Angola.

Economic relations

The Czech Republic's principal export commodities: iron and steel pipes and profiles, reservoirs, storage tanks, pressurised containers, motor vehicles, dried milk, used clothing and textiles.

The Czech Republic's principal import commodities: tropical fruit and vegetables, coffee.

Cultural relations

Year of the Devil was screened during European Film Week. The screening was accompanied by a presentation of gastronomic specialities of Czech national cuisine.

As part of development cooperation, the Czech Republic provided Angola with six university scholarships for the 2005/2006 academic year.

REPUBLIC OF ARMENIA

No major progress was made in relations between the Czech Republic and Armenia in 2005: the two countries' full potential was not fully exploited in either the political or economic spheres. Both countries' priority is to develop the so far inadequate bilateral legal basis, in order to strengthen economic relations in particular (four treaties are in various stages of elaboration; talks on an air services agreement have already been completed).

As in previous years, the Czech Republic hosted a session of the OSCE Minsk Group, which seeks a solution to the regional conflict in Nagorno Karabakh (held on 2-3 March 2005).

Visits by representatives of the Czech Republic:

- 16-20 November 2005 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament.

Economic relations

After the decline of the trade turnover in 2003, strong growth was registered in 2004 and 2005. That is principally in consequence of imports to the Czech Republic growing almost fivefold, while Czech exports stagnated, resulting in a balance of trade deficit for the first time since 1994. Expansion of mutual trade is hindered by the low effective demand on Armenia's market, the limited possibilities for transporting goods to the country (the only route leads through Georgia and Iran), and insufficient activity by Czech enterprises in the territory. The Armenian diaspora in the Czech Republic plays a major role in the development of mutual trade.

The Czech Republic's principal export commodities: telecommunications equipment, office machinery, glass and ceramics.

The Czech Republic's principal import commodities: raw sponge iron, spiegel iron, ferrous alloys, raw timber.

Cultural relations

The level of cultural contacts is determined by the absence of legal instruments and the non-existence of contacts between the culture and education ministries and between specialised institutions. In education, Armenia is offered two government scholarships every year – in 2005 one student made use of this offer (for bachelor's studies).

REPUBLIC OF AUSTRIA

Relations with neighbouring Austria are one of the constant priorities of Czech foreign policy. The Czech Republic's neighbourhood with Austria works well, as borne out by a whole series of shared political interests and intensive economic ties and rich cultural contacts. The ascendant nature of these relations is also confirmed by the high intensity of contacts between the two countries' political representatives. In keeping with tradition, Austria was the Czech Republic's 3rd most important trading partner.

Besides the aforementioned deepening bilateral cooperation, the closer relations between the two countries were also aided by partnership in the European Union. In this area, the frequency of mutual contacts increased in connection with Austria's preparations to assume the EU presidency.

Progress was also made in improving the bilateral legal basis of cooperation. One important factor was the completion of the ratification process on agreements on commuters and trainees, which should have a positive impact on the development of border regions. An agreement on police cooperation and treaties governing the regime at the common border were also signed.

Even in sensitive areas, such as the uses of nuclear energy or interpretation of the shared past, the two countries managed to conduct a constructive dialogue and build mutual

confidence, contributing to the overall favourable atmosphere in the development of neighbourly relations. The result of the increased efforts on both sides to achieve better understanding is that sensitive bilateral issues are gradually returning from the political level to the standard cooperation sphere at the level of the competent ministries.

Visits by representatives of the Czech Republic:

- 10-11 May 2005 – official visit to Vienna by President of the Senate of Parliament P. Sobotka;
- 15 May 2005 – meeting between Prime Minister J. Paroubek and Federal Chancellor W. Schüssel in connection with the final of the Ice Hockey World Championship in Vienna;
- 8 June 2005 – working visit to Lower Austria by President V. Klaus;
- 14 July 2005 – official visit to Vienna by Prime Minister J. Paroubek;
- 30 August 2005 – President V. Klaus attended the Alpbach European Forum;
- 25 October 2005 – President of the Senate of Parliament attended a meeting of parliamentary speakers from Regional Partnership countries in Vienna;
- 24 November 2005 – meeting between President V. Klaus and Federal President H. Fischer in Vienna;
- 28 November 2005 – official visit to Vienna by Minister of Foreign Affairs C. Svoboda;
- 14 December 2005 – working visit to Vienna by Prime Minister J. Paroubek.

Visits by representatives of Austria:

- 20 January 2005 – official visit to Prague by Federal Chancellor W. Schüssel;

- 20 April 2005 – meeting between the President of the Senate of Parliament P. Sobotka and President of the Federal Council G. Pehm in Znojmo and Valtice;
- 29 April 2005 – meeting between President V. Klaus and Federal President H. Fischer in Dolní Dunajovice;
- 5-6 December 2005 – official visit to Prague by Chairman of the Federal Council P. Mitterer.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	147 374 428	173 539 778	175 487 895	4.7
	year-on-year index	116	117.8	100.1	
exports	CZK thousands	85 617 087	90 426 390	102 848 132	5.5
	year-on-year index	123.3	105.6	113.7	
imports	CZK thousands	61 754 341	83 113 388	72 639 763	4.0
	year-on-year index	107.3	134.6	87.4	
balance	CZK thousands	23 841 019	7 313 002	30 208 369	
foreign investments incoming	direct (CZK thousands)	17 246 500	11 503 300	11 002 900	
	portfolio (CZK thousands)	14 700 000	25 200 000	no record	
foreign investments outgoing	direct (CZK thousands)	800	- 26 500	-10 900	
	portfolio (CZK thousands)	26 075 800	30 324 100	31 242 000	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)
2) Czech National Bank, April 2006 (investment data)

Austria has traditionally been a key trading partner for the Czech Republic. It was the Czech Republic's 5th biggest trading partner in 2005 and the 3rd most important destination for Czech exports. The increased interest among a broad spectrum of Czech firms in exporting to Austria continued, and it was a good year for major exporters like Škoda Auto. The rate of growth of Czech exports exceeded the rate of growth of imports from Austria, so the Czech Republic's balance of trade surplus also grew. Austrian economic growth was stronger than in other EU countries; and the fact that growth is above-average in Lower and Upper Austria, the destinations for the majority of Czech exports to Austria, is also positive for Czech exporters.

There was significant growth in exports of certain commodities. Austria's relatively good economic upturn, marked by dynamic growth in industrial output, led to increased demand for energy industry raw materials (coal and coke) and electricity. Exports of transport equipment were also up; exports of digital processing units registered dynamic growth. Exports of printed advertising and promotional materials soared, with their value increasing

almost eighteenfold to account for more than 3% of total Czech exports. Foodstuffs and agricultural exports also did well.

Austria is also a key investor in the Czech Republic. Besides large firms like Vöest Alpine, Baumax, Billa, ÖMV, and others, investments by countless “small” Austrian investors (production cooperation, etc.) that help maintain employment in the Czech Republic’s regions (principally border regions) can also be appreciated.

The Czech Republic’s principal export commodities: machinery and transport equipment, industrial semi-finished products, consumer products, mineral products, foodstuffs *et al.*

The Czech Republic’s principal import commodities: machinery and transport equipment, industrial semi-finished products, consumer products, mineral products.

Bilateral agreements concluded in 2005

- Treaty between the Czech Republic and the Republic of Austria on Police Cooperation and on the Second Annex to the European Convention on Mutual Assistance in Criminal Matters of 20 April 1959, Vienna, 14 July 2005;
- Agreement between the Government of the Czech Republic and the Austrian Federal Government on Border Crossings at Common State Borders, Raabs an der Thaya, 17 September 2005;
- Treaty between the Czech Republic and the Republic of Austria on the Crossing of State Borders on Tourist Footpaths and on the Crossing of State Borders in Special Cases, Raabs an der Thaya, 17 September 2005;
- Arrangement between the Government of the Czech Republic and the Austrian Federal Government on the Establishment of Advance Border Control Posts at Brno-Central Station, Břeclav, Hohenau and Wien-Südbahnhof/Vienna South Station, as well as on Customs Clearance When Travelling on the Line between Brno-Central Station and Wien-Südbahnhof/Vienna South Station, Mikulov, 9 December 2005;

- Administrative Arrangement between the Ministry of the Interior of the Czech Republic and the Federal Ministry of the Interior of the Republic of Austria on the Practical Means of Implementing Regulation of the Council (EC) No. 343/2003 of 19 February 2003, Establishing the Criteria and Mechanisms for Determining the Member State Responsible for Examining an Asylum Application Lodged in One of the Member States by a Third-country National, Mikulov, 9 December 2005;
- Arrangement between the Government of the Czech Republic and the Austrian Federal Government on the Establishment of Advance Border Control Posts at the Slavonice/Fratres Border Crossing, Mikulov, 9 December 2005;
- Arrangement between the Government of the Czech Republic and the Austrian Federal Government on the Establishment of Designated Places on Tourist Footpaths, Mikulov, 9 December 2005;
- Arrangement between the Government of the Czech Republic and the Austrian Federal Government on the Establishment of Advance Border Control Posts at the Nová Bystřice/Grametten Border Crossing, Mikulov, 9 December 2005.

Cultural relations

A cultural agreement that would lay a new foundation for cultural relations, which take place most frequently at non-governmental level, is being negotiated.

University cooperation, which takes place between more than 17 Czech and 27 Austrian entities, took place primarily on the basis of bilateral inter-university agreements. Regional school cooperation, under which a number of Czech students from border regions attend schools in Austria, also continued successfully. Moreover, there are Austrian secondary and elementary schools where Czech is one of the teaching languages or is at least offered as an optional subject.

True to tradition, the Czech Centre helped present Czech culture in Vienna, organising almost 200 events in 2005. Key events were focused on overcoming outdated views on the Czech Republic and Czech culture in general. The 60th anniversary of the end of the Second World War was a key theme that informed a number of events. The Austrian public enjoyed

the first year of the “Theatersucht” theatre festival, at which leading Czech theatres gave performances.

A number of expatriate clubs and organisations, the Slavonic Studies Institute at Vienna University and, last but not least, the Czech Embassy in Vienna, were also engaged in promoting Czech culture. The Austrian Cultural Forum promotes Austrian culture in Prague.

REPUBLIC OF AZERBAIJAN

Relations between the Czech Republic and Azerbaijan focus on the economic area, while political relations lag far behind. As in previous years, the Czech Republic hosted a session of the OSCE Minsk Group (2-3 March 2005), which seeks a solution to the regional conflict in Nagorno Karabakh.

Visits by representatives of the Czech Republic:

- 16-19 March 2005 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	7 333 355	7 831 242	14 906 446	0.4
	year-on-year index	118.7	106.8	190.3	
exports	CZK thousands	698 920	654 300	892 645	0.04
	year-on-year index	123.9	93.6	136.4	
imports	CZK thousands	6 634 435	7 176 942	14 013 801	0.8
	year-on-year index	118.1	108.2	195.3	
balance	CZK thousands	-5 935 515	-6 522 642	-13 121 156	
foreign investments incoming	direct (CZK thousands)	4 400	-700	200	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments outgoing	direct (CZK thousands)	0	0	0	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)
2. Czech National Bank, April 2006 (investment data)

Azerbaijan has become a significant trading partner for the Czech Republic but the import structure (dominated by mineral fuels) results in a balance of trade deficit. Before the year 2000, trade between the two countries was negligible. Since then, however, imports to the Czech Republic rose from USD 5.4 million to USD 275 million in 2004, i.e. fifty fold. And imports to the Czech Republic in 2005 were double the figure for 2004. In November 2005, a Convention between the Government of the Czech Republic and the Government of the Republic of Azerbaijan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital was signed.

The Czech Republic's principal export commodities: glass and porcelain products, locksmiths' products.

The Czech Republic's principal import commodities: mineral fuels, lubricants and related materials, cotton, nuts.

Cultural relations

There is essentially no cooperation in culture, science and expatriate contacts between the Czech Republic and Azerbaijan. In education, the Czech Republic offers Azerbaijan two government scholarships a year; Azerbaijan did not make use of this offer in 2005, however.

REPUBLIC OF BELARUS

The Czech Republic has for long been actively involved in the EU's policy on Belarus. It seeks to help include Belarus in integration processes and establish constructive and mutually beneficial cooperation in areas of common interest. For that to happen, however, the Belarusian political leadership has to adopt democratic principles.

That is why the Czech Republic supported the preservation of the EU's consistent position on and approach to Belarus and developed projects to support civil society and 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, visits at bilateral level do not take place.

Economic relations

Trade and economic relations between the Czech Republic and Belarus in 2005 registered an improvement in trade exchange on both sides. They are held back politically by the Belarus' state-run economic model.

Trade turnover between the Czech Republic and Belarus therefore falls short of the potential of the Czech economy and the undeveloped Belarusian economy. Trade exchange between the Czech Republic and Belarus accounts for 0.1 % of the Czech Republic's total foreign trade turnover. Nevertheless, trade turnover rose from USD 146.7 million in 2004 to USD 168.9 million in 2005 (up 15.1 %), with exports amounting to USD 97.3 million (up 11.5 %) Imports to the Czech Republic rose by 20.5% from USD 59.4 million in 2004 to USD 71.6 million in 2005.

The Czech Republic's principal export commodities: boilers, mechanical devices and instruments, plastics and plastic products, electronic recording instruments, textiles, fibres, fabrics, paper, food products, motor vehicles, glass and glass products, iron and steel products, chemicals, pharmaceutical products, optical instruments.

The Czech Republic's principal import commodities: iron and steel products, tractors, fibres, artificial silk, fabrics, clothing, fertilisers, timber and wood products, glass and glass products, plastics and plastic products, rubber and rubber products, mechanical devices.

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 nine scholarships to Belarusian students who cannot study in their home country for political reasons.

The Czech Embassy in Minsk organised several small-scale cultural events for the Belarusian public and played a major role in Europe Day celebrations.

REPUBLIC OF BULGARIA

Bulgaria is a close and traditional partner of the Czech Republic in the South East Europe region. The significance of mutual cooperation is growing as Bulgaria's accession to the EU draws closer. That is confirmed by the growth in trade turnover and Czech investments in Bulgaria. The assistance after the floods in 2005, provided by individuals and firms as well as the Czech government, was proof of the high standard of relations. In 2005, Parliament of the Czech Republic ratified Bulgaria's EU Accession Treaty.

Visits by representatives of the Czech Republic:

- 6-8 March 2005 – visit by Minister of Transport M. Šimonovský;
- 10-12 April 2005 – visit by Minister of Labour and Social Affairs Z. Škromach;
- 2-5 October 2005 – visit by a delegation of the Agriculture Committee of the Chamber of Deputies of Parliament, led by its chairman L. Skopal;
- 31 October to 3 November 2005 – visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament, led by its vice-chairman J. Václavek;
- 16-18 November 2005 – visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament, led by its chairman V. Laštůvka.

Visits by representatives of Bulgaria:

- 21-22 February 2005 – visit by Minister of Education and Science I. Damjanov;
- 25-27 September 2005 – State visit by President G. Parvanov.

Economic relations

Bulgaria's stable economic growth and approaching EU membership make it a favourable country for economic cooperation and foreign investment. In Bulgaria, the Czech Republic is viewed as an example of successful transition to a market economy, which has a positive impact of mutual economic relations.

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; Škoda Octavia is among the best-selling cars in its class), computer technology, consumer electronics, telecommunications equipment, tyres, combed wool, synthetic fibres, plastic pipes and accessories, detergents and laundry agents, sheet and ground glass, paper, spares and parts of passenger vehicles, lorries and track vehicles, sporting and hunting arms.

The Czech Republic's principal import commodities: bakery products, electric cables, synthetic rubber and natural rubber mixes, men's and women's clothing, flat rolled products, red and white wine, sanitary products and ceramics, metal and copper pipes, plywood, medical instruments and apparatus, cucumbers, tobacco products.

Cultural relations

The work of several societies of friends, the expatriate association, Bohemia Club, and the Czech Centre in Sofia provide broad possibilities for developing and promoting mutual relations in the field of culture. Exhibitions of works by photographer J. Všetěčka took place in several Bulgarian cities in 2005. There was a gala concert by the Sofia Philharmonic Orchestra featuring works by A. Dvořák, L. Janáček and B. Smetana, and a performance by the Czech Clarinet Quartet. Czech cinema was again represented at the "Sofia Film Fest 2005" and Czech musicians again performed at international festivals in Bulgaria: for example, the Adamus Trio took part in "Sofia Music Weeks" and the Muzikanti folk ensemble from Mrákov in the Chod region of southern Bohemia ensemble performed at the International Folklore Festival in Burgas. Sculptor and photographer J. Plieštík took part in "International Photography Days" in Plovdiv.

As part of governmental development cooperation programme, the Czech Republic offered Bulgaria two university scholarships; under the recently signed 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.

The Czech Embassy in Sofia organised a traditional meeting of Bulgarian graduates of Czech universities. For the third year, the Ministry of Foreign Affairs of the Czech Republic contributed financially to the partial renovation of T. G. Masaryk House.

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 America in the last decade. Chile was the second Latin American country to sign an Agreement on Political and Economic Association with the EU – the Czech Republic's EU membership thus gave a new dimension to the partnership with Chile, which goes beyond the purely bilateral framework.

Visits by representatives of the Czech Republic:

- 2-6 March 2005 – working visit by First Deputy Minister of Finance E. Janota;
- 15-19 June 2005 – working visit by Minister of Industry and Trade M. Urban and Chairman of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament V. Laštůvka;
- 3-6 November 2005 – working visit by First Deputy Prime Minister and Minister of Finance B. Sobotka and his deputy T. Prouza.

Economic relations

The Czech Republic's principal export commodities: electricity generators, welded and seamless pipes, iron and carbon steel hollow profiles, steam boilers, pipes, hosepipes and plastic accessories.

The Czech Republic's principal import commodities: ferrous alloys, wine, dried and fresh grapes, apples and pears, pulp.

Development cooperation

In 2005, a long-term development project was launched under which the Czech Republic assists with the rehabilitation of the natural environment of Torres del Paine national park that was damaged by a fire started by a Czech visitor's carelessness. Under this project, the Czech Republic gave a one-off donation to Chile of CZK 4.5 million to build up a cultivation facility for assisted forestation; in subsequent years it will support the facility with expertise and financially (CZK 10.5 million).

Cultural relations

The Czech Republic took part in the Festival of European Cinema in Santiago de Chile and other major cities, jointly organised by EU member countries. Czech theatre company Krepesko successfully participated in the Theatre Institute's "Czech Theatre Season in Latin America" as the guest of honour of the International Puppetry Festival in Santiago de Chile and Viña del Mar. There was a concert of selected works by V. Ulmann, a former prisoner at the Terezín concentration camp, staged by Czech-Chilean musicologist H. Stein to mark the 60th anniversary of the end of the Second World War; the concert was held under the auspices of the Czech expatriates' organisation.

As a part of foreign development cooperation, the Czech Republic provided Chile with one master's degree scholarship for the 2005/2006 academic year. In response, the Diplomatic Academy attached to the Ministry of Foreign Affairs of Chile traditionally offers a place on its diplomacy and foreign affairs course for a junior Czech diplomat.

REPUBLIC OF COLOMBIA

Colombia is a traditional partner of the Czech Republic in Latin America; mutual relations focus on economic cooperation and trade. Colombia is by far the Czech Republic's most important economic and trade partner among the countries of the Andean Community of Nations.

Visits by representatives of the Czech Republic:

- 30-31 January 2005 – working visit by Minister of Agriculture J. Palas;
- 3-4 February 2005 – working visit by Deputy Minister of Foreign Affairs for Bilateral Relations P. Kolář;
- 6-9 April 2005 – working visit by a delegation of the Senate of Parliament, led by Vice-president of the Senate J. Liška and chairman of the Senate Economic Committee M. Balabán;
- 7-8 July 2005 – official visit by Minister of Foreign Affairs C. Svoboda.

Economic relations

There was a major revival in mutual economic relations in 2005 and a change in the commodity structure of bilateral trade exchange.

The Czech Republic's principal export commodities: automobiles, powdered milk derivatives, cosmetics, plastic pipes, iron and steel profiles and set squares, jet engines, tractor parts, safety glass, seats, fibres, ball-bearings, paper, bicycle parts, distributors, glass products, textiles and textile machinery, pressurised containers, metalworking machinery, tools and implements.

The Czech Republic's principal export commodities: bananas, coffee concentrates, cut flowers, coffee, confectionery, reinforced safety glass, chemicals, aquarium fish.

Development cooperation

Following up an earlier and highly successful forestation project in Andes mountain regions, a forestry foundation and joint venture was established in Colombia in 2005. The formation of this organisation is an example of the effective transformation of initial

development aid into a commercial form that is beneficial for both the donor and beneficiary country.

Cultural relations

The Czech Republic took part in the 11th “Eurocine”, an annual EU cinema festival, with the screening of D. Ondříček’s film *One Hand Can’t Clap*. An exhibition of graphic art in Bogotá presented contemporary Czech art. There was a successful gastronomic and cultural presentation of the Czech Republic in several cities during the year, organised in cooperation with the Dann Carlton hotel chain. An exposition titled “The Life and Work of Franz Kafka” was staged in Bogotá and other cities.

As part of foreign development cooperation, the Czech Republic provided Colombia with six scholarships for the 2005/2006 academic year; three are for undergraduate university studies and three for postgraduate studies at Czech universities.

REPUBLIC OF COSTA RICA

Costa Rica is a traditional partner of the Czech Republic in Latin America. Mutual relations centre on trade and economic cooperation and the constantly improving standard of political cooperation, aided by the opening of the Costa Rican Embassy in the Czech Republic in October 2005. In 2005, the two countries celebrated the 70th anniversary of the establishment of diplomatic relations.

Visits by representatives of the Czech Republic:

- 22-30 October 2005 – working visit by Minister of the Environment L. Ambrozek.

Visits by representatives of Costa Rica:

- 5-9 October 2005 – working visit by Minister of Foreign Affairs R. Tovar.

Economic relations

The Czech Republic’s principal export commodities: iron and steel profiles, optical instruments, microsets, generators, arms, passenger cars and spares, plastics processing

machinery, bottling machinery, razorblades, razors and blades, matches, glass, textiles, pencils and crayons, starch, underwear.

The Czech Republic's principal export commodities: integrated electronic circuits, glass, automatic data processing equipment, bananas and tropical fruit, flowers and plants.

Cultural relations

On 22-27 February 2005, a delegation from the Czech Technical University, led by university chancellor J. Witzany, undertook a working visit to Costa Rica. During the visit, the delegation visited Universidad de Costa Rica in San José and Instituto Tecnológico (ITEC) in Cartago. Cooperation agreements were signed with both universities, covering student exchanges, cooperation between academics and joint research projects. Under these agreements, 3 ITEC students came to the Czech Republic in August 2005 for half-year studies placements at the Czech Technical University.

On 30 October 2005, music group Tara Fuki performed at the celebrations of the Czech Republic's National Day in Costa Rica. On 7-11 November 2005, an exhibition on the life and works of B. Hrabal was staged in the exhibition hall of Universidad de Costa Rica in San José.

Under the Czech government's approved foreign development cooperation plan, three scholarships for bachelor's and master's degree studies were allocated to Costa Rica for the 2005/2006 academic year.

REPUBLIC OF CROATIA

Croatia and the Czech Republic share long-term friendly relations. In 2005, political cooperation intensified and relations in other areas also continued to deepen. The Czech Republic actively supported Croatia on its path to EU membership and shared with Croatia its experience of the integration process. Croatia is a long-term and important partner for the Czech Republic in the economic area and also in the areas of culture and tourism.

Visits by representatives of the Czech Republic:

- 6-8 September 2005 – official state visit by President V. Klaus;
- 13-15 October 2005 – President V. Klaus attended a meeting of Central European presidents in Zagreb;
- 15-11 November 2005 – working visit by Prime Minister J. Paroubek, including participation at the inauguration of Loderecker's Dictionary in Zagreb.

Visits by representatives of Croatia:

- 1 February 2005 – working visit to Prague by Prime Minister I. Sanader (participation at a Microsoft conference and meeting with Prime Minister S. Gross);
- 19 April 2005 – official visit to Prague by Speaker of Parliament V. Šeks;
- 30 May to 1 June 2005 – working visit to Prague by Minister of Foreign Affairs and European Integration K. Grabar-Kitarović;
- 10-11 October 2005 – official visit to Prague by Prime Minister I. Sanader.

Economic relations

Dynamic growth in trade exchange continued in 2005 (up approx. 14 %). Even though Croatian exports are growing faster than Czech exports, the Czech Republic has maintained its balance of trade surplus with Croatia. The volume of mutual foreign investments is very low, so data for the Czech Republic and Croatia are not included in official statistics.

The Czech Republic's principal export commodities: passenger cars, metallurgical material, tyres, machinery and plant equipment, detergents, milk and dairy products, paper, cardboard and paper products, glass products, aluminium.

The Czech Republic's principal import commodities: electrical machinery (transformers), foodstuffs products, medicaments and pharmaceutical products, light heating oils, paper, chemicals and salts, fish, preserved fish.

Cultural relations

The most successful form of cultural cooperation in recent years has been presentations of the Czech cinema: in 2005, the 11th year of Czech Film Week showcased the latest films (*Up and Down*, *Snowboarders*, *King of Thieves* and others). There was also a diverse range of exhibitions (photographs by K. Cudlín, glass art by J. Frydrych and J. Tišljár, graphic art by K. Demel, “Ten Personalities of Czech Graphic Art”, “Czech Press Photo 2004”, “Beauties of Czech Baroque Architecture”). J. Dědeček and I. Bittová gave concerts in Zagreb. The Czech Embassy took part in “Francophone Days in Croatia”, with screenings of two films by K. Zeman based on motifs of J. Verne’s novels. One important event was the presentation of a reprint of Loderecker’s Dictionary, which took place twice, once in Prague and once in Zagreb; both presentations were attended by both Prime Ministers.

REPUBLIC OF CUBA

The level of Czech-Cuban relations is currently low; bilateral relations remain focused on economic cooperation. Czech Republic has traditionally called for Cuba to embark on the process of transformation into a pluralist society with an open market economy. Particular attention is paid to human rights violations. The Czech Republic expresses its position both in international forums and in bilateral talks. In April, the Czech Republic co-sponsored a resolution in the United Nations Human Rights Commission in Geneva criticising Cuba for failure to respect human rights. Even though, in a change of attitude towards the EU, Cuba announced in January 2005 that it is normalising contacts with the Czech Republic, there were several cases during the year of visa denials and expulsions of Czech political representatives. In addition, the preparations for a reception to mark the Czech National Day on 28 October, to which representatives of state and civil society were invited, was complicated by steps taken on the Cuban side.

Economic relations

The Czech Republic’s principal export commodities: steam turbines, food products and semi-finished goods, brewing industry raw materials, steel pipes and profiles, motorcycles.

The Czech Republic's principal import commodities: nickel ore, cigars, tobacco.

Cultural relations

Cuba makes cultural relations conditional on politics, which limits the opportunities for presenting Czech culture. A concert by organist P. Černý was held in October in the cathedral in Havana. Other planned cultural events did not take place, as the Cuban authorities did not give permission. The Czech Embassy in Havana publishes an information bulletin in Spanish.

REPUBLIC OF CYPRUS

Relations between the Czech Republic and Cyprus successfully developed at bilateral and multilateral level, especially in the context of European integration. In addition to a top-level visit from the Republic of Cyprus, there were working visits at the level of Czech Deputy Foreign Minister and Deputy Justice Minister.

Visits by representatives of Cyprus:

- 17-20 April 2005 - official visit by President T. Papadopoulos.

Economic relations

The Czech Republic's foreign trade turnover with Cyprus registered further decline despite the fact that joint accession to the EU has brought the two countries closer together. The Czech Republic's balance of trade surplus also displays a downward trend. There was, however, the desired change in export structure in favour of industrial goods with higher added value.

The Czech Republic's principal export commodities: computer products, passenger cars, televisions, mobile telephones, laundry agents, furniture, glass and glass products, iron and steel.

The Czech Republic's principal import commodities: pharmaceutical products, fruit (primarily citrus fruit).

Cultural relations

In April 2005, Czech conductor H. Farkač performed as guest conductor of the Nicosia Philharmonic Orchestra at three concerts consisting largely of works by Czech composers. The Škampa Quartet gave concert performances at the 5th annual “Pharos Chamber Music Festival”. The Moravian Philharmonic Orchestra gave a concert in Cyprus in September 2005.

In education, there are isolated cases of cooperation based on direct agreements and contacts between universities, primarily the economics universities. The Pan-Cypriot Union of Expatriates and Friends of the Czech Republic carried on several cultural and social activities in 2005.

REPUBLIC OF ESTONIA

Estonia is an important partner of the Czech Republic. Bilateral relations developed intensively in the political, economic, security and cultural areas in 2005. Both countries’ membership of the European Union and NATO contributed to the development of mutually beneficial bilateral cooperation.

Visits by representatives of the Czech Republic:

- 5-9 June 2005– working visit by a delegation of the Standing Commission for the Work of the Office of the Chamber of Deputies of Parliament;
- 6. 6-9 June 2005 – visit by a delegation of the Committee on Health and Social Policy of the Senate of Parliament.

Visits by representatives of Estonia:

- 27-29 June 2005 – official visit by Minister of Foreign Affairs U. Paet;
- 31 October to 3 November 2005 – visit by a delegation of the Committee for Social Affairs of Parliament (Riigikog).

Economic relations

The Czech Republic's principal export commodities: machinery and transport equipment, market products classified by material, chemicals and related products, passenger motor vehicles, electric condensers, organic detergents with active surface agent.

The Czech Republic's principal import commodities: market products classified by material, industrial consumer goods, foodstuffs and live animals, prefabricated buildings, timber from coniferous trees, veneer sheets, foil.

Cultural relations

Cultural relations between the Czech Republic and Estonia have for long been intensive. A number of cultural events took place in 2005 with considerable support from both countries' embassies. In June 2005, a travelling exhibition of cartoons by M. Barták was opened in the National Library in Tallinn, which was extremely well received. At the end of September 2005, the Czech Philharmonic Orchestra performed to great acclaim in full concert halls in Tallinn, Pärnu and Tartu. A private view of "Expressionism in Estonian Art", the biggest-ever exhibition of Estonian art abroad, took place on 30 April 2005 under the auspices of the Estonian Embassy.

REPUBLIC OF FINLAND

The Czech Republic's relations with Finland, which are based on both countries' membership in the EU, have been developing successfully; the dialogue centred on EU, security and economic issues. There were frequent contacts at the governmental and parliamentary levels, including expert consultations.

Visits by representatives of the Czech Republic:

- 16-18 March 2005 – working visit by Minister of the Environment L. Ambrozek;
- 26-29 April 2005 – working visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament, led by its chairman V. Laštůvka;

- 1-3 June 2005 - state visit by President V. Klaus.

- Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	13 672 348	15 686 000	18 861 000	0.5
	year-on-year index	108.5	114.7	120.2	
exports	CZK thousands	5 757 028	6 968 000	10 343 000	0.6
	year-on-year index	121.5	121.0	148.4	
imports	CZK thousands	7 915 320	8 718 000	8 518 000	0.5
	year-on-year index	100.8	110.1	97.7	
balance	CZK thousands	-2 158 292	-1 750 000	1 825 000	
foreign investments – incoming	direct (CZK thousands)	279 200	153 800	617 700	
	portfolio (CZK thousands)	no record	17 000	no record	
foreign investments - outgoing	direct (CZK thousands)	350	-4 400	200	
	portfolio (CZK thousands)	56 300	162 500	575 000	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)
2) Czech National Bank, April 2006 (investment data)

The Czech Republic's principal export commodities: machinery and transport equipment (passenger cars, automatic data processing equipment, electric machine-tools), market products and various industrial products, chemicals and rubber industry products (in particular rubber tyres and synthetic rubber), machine engineering products, metallurgical and steel products, railway vehicles and parts, coke, clothing and footwear, glass and ceramic products, electrical devices, transformers, condensers, telecommunications equipment, television screens and sets.

The Czech Republic's principal import commodities: telecommunications equipment, paper and pulp industry products, metallurgical and steel products, plastics and plastic products, mechanical machinery, optical instruments, medicines and pharmaceutical products, chemicals, furniture, and alcoholic beverages.

Cultural relations

An significant presentation of Czech culture in 2005 was the February exhibition of contemporary and historical Czech puppets from the collections of the Museum of Puppets in Chrudim, which took place in cooperation with the Hevosenkenkä puppet theatre in Espoo. A large part of the 35th annual "Kuhmo Chamber Music Festival", held in July 2005, was devoted to Czech music. An exhibition of works by Finland-based Czech artist P. Řehoř titled

“Like

A Glass of Pure Water” was opened in the Amos Anderson Museum in August. In September, an exhibition titled “Czech Glass from the Renaissance to the Present Day”, featuring exhibits from the Museum of Decorate Arts in Prague, was opened in the Glass Museum in Riihimäki. An exhibition of children’s drawings from the Terezín concentration camp was installed in the Helsingin Normaalityseo grammar school in November 2005. “So Near, So Far”, an exhibition of photographs by J. Štreit, was opened in Tampere in November, at an event attended by the photographer and the management of the Moravian Gallery. Another extensive cultural event was the Czech Film Week, with an exhibition of 20th century Czech film posters, which opened in December 2005.

REPUBLIC OF GHANA

The standard of relations between the Czech Republic and Ghana has for long been very good. The Czech Republic was actively involved in the EU’s political dialogue with Ghanaian representatives and in meetings with representatives of the Economic Community of West African States.

Visits by representatives of Ghana:

- 26-29 May 2005 – working visit by Minister of Private Sector Development K. Bartels;
- 14-19 August 2005 – working visit by Minister of Ports and Railways A. Akumfa.

Economic relations

The Czech Republic’s principal export commodities: passenger cars, tractors, plant equipment (including used), data processing equipment, tyres, iron and steel, glass, glass jewellery, foodstuffs, dried milk, paper products, chemicals.

The Czech Republic’s principal import commodities: tropical fruit and nuts, coffee, cocoa, rubber, timber.

Cultural relations

An exhibition of works by J. Šibík titled “The Devil Within Us” was held in Accra in March. Czech films *Divided We Fall* and *I Enjoy the World With You* were screened during European Culture Days in May.

As a part of development cooperation, the Czech Republic provided Ghana with four university scholarships for the 2005/2006 academic year.

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. The substantial intensification of cooperation was aided in 2005 by Hungary’s Presidency of the Visegrad Group, as part of which there were a number of talks on topics of common interest, in particular matters concerning the European Union. Regional-format meetings were complemented by bilateral visits at the highest level.

Visits by representatives of the Czech Republic:

- 10 August 2005 – visit by Minister for Regional Development R. Martínek;
- 13-14 December 2005 – working visit by a delegation of the Committee for Petitions of the Chamber of Deputies of Parliament.

Visits by representatives of Hungary:

- 14-15 February 2005 – official visit by Minister of Foreign Affairs F. Somogyi;
- 22 August 2005 – working visit by Prime Minister F. Gyurcsány.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	60 553 615	83 428 460	90 439 814	2.4
	year-on-year index	105.90	137.8		
exports	CZK thousands	31 256 022	46 763 484	50 250 413	2.6
	year-on-year index	100.34	149.6		
imports	CZK thousands	29 297 593	36 664 976	40 189 401	2.2
	year-on-year index	112.56	125.1		
balance	CZK thousands	1 958 429	10 098 508	10 061 012	
foreign investments incoming	direct (CZK thousands)	-452 800	193 800	173 600	
	portfolio (CZK thousands)	no record	no record	8 328 000	
foreign investments outgoing	direct (CZK thousands)	55 600	121 300	7 900	
	portfolio (CZK thousands)	6 938 500	5 694 200	no record	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)

2) Czech National Bank, April 2006 (investment data)

Hungary is the Czech Republic's 12th biggest trading partner in terms of trade turnover; 10th in terms of the volume of exports from the Czech Republic and 13th in terms of imports. The Czech Republic had its 11th largest bilateral balance of trade surplus with Hungary. Czech exports to Hungary continued to grow in 2005 (up 6.7 % in Czech koruna terms), albeit less dynamically than in 2004. The Czech Republic is also an important trading partner for Hungary (10th biggest), accounting for 2.6 % of the country's foreign trade.

The Czech Republic's principal export commodities: passenger cars and spares, coal and liquid fuels, iron and steel products, foodstuffs, colour television and radio sets and parts for such, chemicals, automatic data processing equipment parts and accessories, colour television screens, laundry agents, plastics, chipboard.

The Czech Republic's principal import commodities: compression ignition and spark ignition engines for passenger cars, automobile parts, foodstuffs, iron and steel products, chemicals, medicaments, paper and cardboard, consumer electronics and components, domestic refrigerators, electric motors and parts, light bulbs, aluminium semi-finished products.

Bilateral agreements concluded in 2005

- Agreement between the Government of the Czech Republic and the Government of the Republic of Hungary on Cooperation in the Fields of Culture, Education, Science, Sports and Youth, Budapest, 21 June 2005.

Cultural relations

Czech-Hungarian cultural relations are viewed very positively by both sides. The signing of an Agreement between the Government of the Czech Republic and the Government of the Republic of Hungary on Cooperation in the Fields of Culture, Education, Science, Sports and Youth in 2005 was an impulse for the further development of cooperation.

Key Czech cultural events in Hungary 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. Two outstanding translators, Zs. Detré and K. Körtvélyesi, received awards for the promotion of Czech literature from the Czech Republic’s culture minister. Under the auspices of the Czech Embassy, there were performances by singer V. Bílá, the Plastic People of the Universe, a discussion with V. Havel and an exhibition of works by V. Černý on the A 38 boat on the Danube. The regional “Czech Days” event, held each year in Hungarian towns and regions, was also successful. A presentation combining the tourism, trade and cultural aspects of the Czech Republic in Budapest’s Grand Market Hall met with considerable interest.

The Czech Centre in Budapest organised regular events for people interested in Czech literature, music and art. It also organised Czech language courses and ran a library stocked with key literature, newspapers and magazines.

REPUBLIC OF ICELAND

The Czech Republic and Iceland are linked primarily by their partnership in NATO and by membership in the European Economic Area. Mutual cooperation has been focusing on economic relations and tourism.

Visits by representatives of the Czech Republic:

- 21-24 August 2005 – state visit by President V. Klaus;
- 1-5 April 2005 – a delegation of the Chamber of Deputies of Parliament attended a session of the NATO Parliamentary Assembly Standing Committee.

Visits by representatives of Iceland:

- 13 June 2005 – working visit by the Chairperson of the Foreign Affairs Committee of Parliament S. Pétursdóttir.

Economic relations

The Czech Republic's principal export commodities: machinery and transport equipment (accounting for almost 4/5 of total exports to Iceland – passenger cars represent the biggest share), various industrial products and market products classified by material.

The Czech Republic's principal import commodities: market products classified by material, accounting for almost 2/3 of total imports from Iceland.

Cultural relations

Cultural relations between the Czech Republic and Iceland are based on the cultural agreement signed in 1979. On the occasion of the state visit by President V. Klaus, in August 2005, a meeting with Czech expatriates was organised.

REPUBLIC OF INDIA

Czech-Indian relations display an ascendant tendency and a high level of mutual contacts. Mutual relations centre on trade and economic cooperation.

Visits by representatives of the Czech Republic:

- 5-6 September 2005 – visit by Deputy Minister of Foreign Affairs for Legal, Consular and Economic Affairs P. Svoboda;
- 6-13 November 2005 – state visit by President V. Klaus.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	6 793 875	9 785 785	12 053 759	0.3
	year-on-year index	81.2	144.0	123.2	
exports	CZK thousands	3 394 137	5 132 719	6 295 020	0.4
	year-on-year index	66.7	151.2	122.6	
imports	CZK thousands	3 399 738	4 653 066	5 758 739	0.3
	year-on-year index	103.5	136.9	123.8	
balance	CZK thousands	-5 601	479 653	536 281	
foreign investments – incoming	direct (CZK thousands)	7 200	23 600	19 700	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	-11 600	79 500	- 163 800	
	portfolio (CZK thousands)	0	18 600.	17 000	

Sources: 1) Czech Statistical Office, February 2006 (foreign trade data)

2) Czech National Bank (investment data)

In 2005, the favourable trend of increasing trade turnover with India continued, while the Czech Republic retained a slight balance of trade surplus. One of the principal objectives of the Strategy for Promoting the Czech Republic's Trade and Economic Interests in India, which was drawn up, discussed and approved by the government at the end of 2005, is thus being achieved. These results are confirmed by India's ranking in the Czech Republic's foreign trade. India is 30th in terms of exports and 32nd in imports; it is the 31st biggest trading partner in terms of turnover.

The Czech Republic's principal export commodities: passenger cars and lorries, textile machinery and parts, turbines and power-system equipment parts, motors, pumps, ball-bearings, machine tools, printing machinery.

The Czech Republic's principal import commodities: textile products, cotton, chemicals, pharmaceutical products, blank media for audio recording, parts of motors and

electricity generators, footwear and leather products, electrical components, sewing machine components.

Cultural relations

The 7th annual MAMI (Mumbai Academy of Moving Images) Film Festival took place in Mumbai in January. Czech cinema was represented by a retrospective section of films by director K. Kachyňa, who is a well-known and popular director in India. The Czech Embassy was the main sponsor of the fourth year of the “Little Europe” film festival, organised by the University of Delhi in March; the festival was devoted to female directors and their perception of the world. Czech films *Kolya*, *Shop on Main Street*, *Closely Observed Trains*, *My Sweet Little Village*, and *Those Wonderful Men with a Crank* were screened at the Czech Film Festival held in Chennai in June.

“European Union Cultural Weeks 2005” took place in September in Delhi, Chennai and Mumbai. Along with Austria, Hungary, Poland, Slovakia and Slovenia, the Czech Republic contributed to a modern architecture exhibition titled “Form and Non-form”, prepared as part of the “Central European Culture Platform”. The Czech Republic also contributed to the “European Animation Festival” with a film called *The Great Show*. In December, the “International Forum of New Cinema” section of the “11th Calcutta Film Festival” staged a retrospective of seven films by V. Chytilová. The director was given the Satyajit Ray award for lifelong achievement.

At the end of 2005, the gallery at the Czech Republic’s General Consulate in Mumbai staged an exhibition of photographs and books by J. Hanzelka and M. Zikmund from their travels through India in 1961-2, titled “H+Z Expedition”.

REPUBLIC OF INDONESIA

Czech-Indonesian relations have a long tradition. Nevertheless, in consequence of the internal political and security situation in the country, the full potential of relations, particularly in the economic area, was not exploited in 2005.

Visits by representatives of the Czech Republic:

- 16-19 January 2005 – working visit by Minister of the Environment L. Ambrozek;
- 8-14 March 2005 – official visit by Minister of Foreign Affairs C. Svoboda;
- 29 September to 3 October 2005 – working visit by Deputy Prime Minister and Minister of Transport M. Šimonovský;
- 27 October to 1 November 2005 – visit by a delegation of the Committee on National Economy, Agriculture and Transport of the Senate of Parliament.

Economic relations

Czech trade with Indonesia has a very long tradition. Czech exports increased by more than 50 % year-on-year in 2005. Besides a number of industrial products, the Czech Republic also exported aircraft to Indonesia. Czech imports centred on natural rubber, palm-heart and palm oil, timber and footwear, but also included automatic data processing equipment and other industrial products.

Cultural relations

In May 2005, there was a presentation of the Czech Republic during “EU Month in Indonesia”, followed by an exhibition titled “Czech Week in Indonesia”.

As part of development cooperation, Indonesia was allocated a quota of 3 government scholarships for bachelor’s/master’s degree studies in the 2005/2006 academic year.

REPUBLIC OF IRAQ

The Czech Republic was actively involved in the stabilisation and reconstruction of Iraq – for 2003-2005 the Czech government earmarked a total of CZK 1.73 billion to support the country’s renewal. The mandate of the Czech contingent operating in the south of the country was extended. A Czech army military police unit (100 personnel) ensured the security of the deployed forces and helped train Iraqi policemen. A Czech army surgical team operated at the British hospital in Iraq. The Czech Republic was also involved in training Iraqi policemen in Jordan. A Czech advisor worked at the Iraqi interior ministry; 5 Czech servicemen were engaged in the NATO training mission in Iraq. From the middle of the year,

the Czech Republic had a representative in the EU mission's liaison office, where he served as coordinator of the integrated 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:

- 11-12 December 2005 – working visit by Minister of Defence K. Kühnl.

Visits by representatives of Iraq:

- 3-5 October 2005 – state visit by President J. Talabani;
- 11-14 December 2005 – working visit by Deputy Minister for Foreign Affairs H. al-Bayyati.

Economic relations

The development of mutual trade and economic relations, as well as Czech trading and industrial companies' involvement in preparing and implementing economic renewal and rebuilding projects in Iraq in 2005 was considerably restricted by the unstable political, security and economic situation in Iraq.

In order to help Czech businesses, the Ministry of Foreign Affairs was actively involved in the preparation of training for Iraqi trade and industry specialists in the Czech Republic as part of the Transformation Aid Programme.

The Czech Republic had an official stall at the "Erbil 2005" international exhibition.

The Czech Republic's principal export commodities: machinery and equipment, rubber and plastic products, power-system equipment, environmental and water management equipment, motor vehicles, textiles and clothing accessories.

The Czech Republic's principal import commodities: motor vehicles and spares.

Cultural relations

The Czech Republic continued to provide Iraq with transformation aid in the form of educational projects and was actively involved in safeguarding Iraq's cultural heritage.

Restored historical documents and material for protecting archaeological monuments were handed over to the Iraqi Ministry of Culture.

As part of development cooperation, the Czech Republic provided Iraq with two university scholarships for the academic year 2005/2006.

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 been developing, and operative consultations between senior-level ministry staff have continued. Bilateral cooperation has also been developing at the regional level. There are more than 50 partnerships between towns and municipalities; relations between the Italian and Czech regions have also been evolving. The Czech Centre in Rome opened in April 2005. In September 2005, a Czech honorary consulate opened in Venice.

Visits by representatives of the Czech Republic:

- 3-4 March 2005 – visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament;
- 14 April 2005 – Vice-president of the Chamber of Deputies of Parliament M. Němcová, Chairman of the Committee for Foreign Affairs of the Chamber of Deputies V. Laštůvka and Deputy Minister of Foreign Affairs P. Svoboda attended the ceremonial opening of the Czech Centre in Rome;
- 22-26 May 2005 – working visit by a delegation of the Agriculture Committee of the Chamber of Deputies of Parliament;
- 22 May 2005 – visit to Trieste by Vice-president of the Chamber of Deputies of Parliament M. Němcová;
- 6-10 June 2005 – visit by a delegation of the Committee on Regional Development, Public Administration, and the Environment of the Senate of Parliament;
- 21-22 July 2005 – visit to Verona by Mayor of Prague P. Bém;

- 2-4 September 2005 – President V. Klaus attended an economics seminar in Cernobbio;
- 16 September 2005 – Vice-president of the Chamber of Deputies of Parliament M. Němcová, Chairman of the Committee for Foreign Affairs of the Chamber of Deputies V. Laštůvka and Deputy Minister of Foreign Affairs P. Svoboda attended the ceremonial opening of the Honorary Consulate in Venice;
- 5 October 2005 – working visit by Minister of Foreign Affairs C. Svoboda.

Visits by representatives of Italy:

- 31 January to 2 February 2005 – Minister of Education L. Moratti and Minister for Innovations and Technologies L. Stanca attended the “International Forum Leaders” conference organised by Microsoft under the auspices of Prime Minister S. Gross;
- 16-18 May 2005 – working visit by Deputy Minister of Defence F. Berselli;
- 19 May 2005 – working visit by Minister of Defence A. Martino at the invitation of the Liberal Institute, where he received the institute’s Annual Award.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	137 368 000	167 642 303	165 981 894	4.5
	year-on-year index	112.2	122.0	99.0	
exports	CZK thousands	60 826 000	74 692 514	79 153 764	4.2
	year-on-year index	119.8	122.8	106.0	
imports	CZK thousands	76 542 000	92 949 789	86 828 130	4.7
	year-on-year index	106.9	121.4	93.4	
balance	CZK thousands	-15 716 000	-18 257 274	- 7 674 366	
foreign investments – incoming	direct (CZK thousands)	1 979 700	2 229 100	696 200	
	portfolio (CZK thousands)	no record	8100	no record	
foreign investments - outgoing	direct (CZK thousands)	870	1 000	- 3 900	
	portfolio (CZK thousands)	14 828 300	16 295 400	19 250 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)
2. Czech National Bank, April 2006 (investment data)

The Czech Republic’s accession to the EU has positively reflected in a more intensive trade exchange with Italy, the Czech Republic’s fourth biggest trading partner in terms of trade turnover. This improvement is also manifested in the trade exchange between the two countries’ small and medium-sized enterprises, based in particular on supplies of finished products and manufacturing subcontracts. This type of cooperation is important, because small and medium-sized enterprises account for a larger proportion of business as a whole in Italy than in any other EU country. Czech exporters are thus developing a presence on the

Italian market also in the field of finished machine engineering products, including precision engineering.

The Czech Republic's principal export commodities: machinery and transport equipment, industrial products, chemicals and related products, passenger cars, buses, textile yarns, fabrics, iron, steel, metalworking machines, paper, cardboard, and agricultural produce.

The Czech Republic's principal import commodities: machinery and transport equipment, industrial products, chemicals, household electrical and mechanical devices, machinery and plant equipment, road vehicles, textile yarns and fabrics, plastic items, footwear, furniture, foodstuffs.

Cultural relations

In Prague in June 2005, the honorary consul in Naples, A. Ruoppolo, received the Czech foreign minister's Gratias Agit Award for promoting the Czech Republic abroad. An Agreement between the Government of the Czech Republic and the Government of the Republic of Italy on Cooperation in the Fields of Culture, Education, Science and Technology was initialled in Rome in December 2005.

An exhibition titled "Prague and Its Surroundings – 20th Century Art and Crafts in Europe" opened in Parma in June 2005. In June, an exposition in the Czech and Slovak pavilion at the 51st "Biennale di Venezia" was opened, with an installation of a project by S. Filko, J. Mančuška, B. Ondreička and M. Pokorný, titled "Model of the World/Quadrophony". In July 2005, Cividale del Friuli hosted the 15th annual "Mittelfest 2005" festival of prose, music, dance, poetry, film and puppetry; the Czech Republic was represented by the theatre company Husa na provázku, an adaptation of B. Hrabal's novel *I Served the King of England* and a presentation of music and verses from the work of J. Skácel. A project titled "Intorno and Bohumil Hrabal" took place at the end of October and the beginning of November 2005. An exhibition about B. Hrabal and screenings of films based on the author's works was organised in Trieste. An international conference was held in Florence in December 2005 to mark the 200th anniversary of the Battle of Austerlitz and the Peace of Pressburg. The 2nd annual international "BRAVO" festival of contemporary drama was held in Rome under the auspices of President C. A. Ciampi, who awarded the actress J. Frantová-Pelikánová a silver plaque for her enduring and beneficial efforts to develop the Italian and Czech culture.

REPUBLIC OF KAZAKHSTAN

The standard of Czech-Kazakh relations corresponds to the two countries' interests. Cooperation centred on the economic and trade area. Despite the Czech Republic's pro-active approach, the problem of Kazakhstan's debt to the Czech Republic, a legacy of cooperation from the end of the 1980s, was not resolved.

Visits by representatives of the Czech Republic:

- 31 May to 3 June 2005 – working visit by a delegation of the Committee for Economy of the Chamber of Deputies of Parliament, led by Vice-president of the Chamber of Deputies V. Filip;
- 26-28 September 2005 – working visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament;
- 7-8 November 2005 – working visit by First Deputy Minister of Finance E. Janota.

Economic relations

Czech-Kazakh relations are dominated by the economic dimension. Czech enterprises display an interest in a number of projects aimed at modernising industry and transport in the country. Kazakhstan regards the Czech Republic as an important partner in both the economic and the political area. Relations have hitherto been impaired by the unresolved issue of Kazakhstan's debt to the Czech Republic, a legacy of the former Soviet Union; negotiations on the debt issue are ongoing.

The Czech Republic's principal export commodities: machinery and transport equipment, pharmaceutical products, aluminium, soap, detergents and laundry agents, timber, paper and paper products, plastics, glass, furniture.

The Czech Republic's principal import commodities: iron and steel, non-ferrous metals, chemicals, mineral fuels, lubricants and related materials, cotton.

Cultural relations

Kazakhstan was offered 3 scholarships for bachelor's/master's degree studies and one for doctoral studies for the 2005/2006 academic year. There were 17 Kazakh students studying on government scholarships in the Czech Republic in 2005.

REPUBLIC OF KENYA

In 2005, the Czech Republic was fully involved in the ongoing political dialogue between Kenya and the European Union. Along with the other new member countries, the Czech Republic plays a full role in formulating common positions. Kenya's importance for the Czech Republic is enhanced by the fact that Nairobi is a key regional centre and the only headquarters of UN programmes in the developing world.

Visits by representatives of the Czech Republic:

- 20-23 February 2005 – working visit by Minister of the Environment L. Ambrozek;
- 4-8 April 2005 – visit by Deputy Minister for Regional Development I. Přikryl;
- 22-25 October 2005 – visit by Deputy Minister of the Environment T. Novotný;
- 10-12 November 2005 – visit by Deputy Minister of Informatics V. Hořejší.

Economic relations

Kenya is an important partner of the Czech Republic in sub-Saharan Africa.

The Czech Republic's principal export commodities: paper and cardboard, glass, iron and steel, sheet metal, cables, electrical machinery, aircraft and aircraft engines, passenger cars, firearms and ammunition, glass jewellery.

The Czech Republic's principal import commodities: flowers, coffee, tea, fruit, tobacco.

Development cooperation

The Czech Republic's key development cooperation activity in Kenya in 2005 consisted in three consecutive projects by the Ministry of Informatics of the Czech Republic designed to develop computer literacy among students at Nairobi secondary schools.

Cultural relations

The Kenyan public took a keen interest in the continuation of the "Joy Adamson: Inspiring Childhood" exhibition that took place at the end of July and start of August in the visitors' centre of Kenyan national park Tsavo West. More than 5,000 people came to see the exhibition about this woman of Czech origin who waged a tireless campaign for

environmental protection in Kenya. Czech film *Zelary* was screened at the European Film Festival in May.

As a part of development cooperation, the Czech Republic provided Kenya with three university scholarships for the 2005/2006 academic year.

REPUBLIC OF KOREA

The Republic of Korea is one of the Czech Republic's leading partners in East Asia. Economic relations form the core of mutual cooperation. The two countries have for long worked well together in both bilateral and multilateral foreign policy areas.

Visits by representatives of the Czech Republic:

- 24-26 May 2005 - official visit by President of the Chamber of Deputies of Parliament L. Zaorálek;
- 26-28 May 2005 – working visit by Deputy Minister of Education, Youth and Sports P. Kolář;
- 25-27 August 2005 – working visit by Deputy Prime Minister M. Jahn and Director General of CzechInvest R. Novák;
- 26 October to 2 November 2005 – working visit by Deputy Minister of Education, Youth and Sports K. Hrdý.

Visits by representatives of the Republic of Korea:

- 19-21 August 2005 – working visit by Vice-speaker of the National Assembly Park Hee-tae;
- 15-16 September 2005 – working visit by Minister of Culture Lee Chang-dong.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	11 678 892	15 896 090	16 873 573	0.5
	year-on-year index	104.2	136.1	106.1	
exports	CZK thousands	1 073 134	1 463 087	2 312 398	0.1
	year-on-year index	97.2	136.3	158.0	
imports	CZK thousands	10 605 758	14 433 002	14 561 175	0.8
	year-on-year index	104.9	136.1	100.9	
balance	CZK thousands	-9 532 624	-12 969 915	-12 248 777	
foreign investments – incoming	direct (CZK thousands)	171 700	-1 400	247 500	
	portfolio (CZK thousands)	no record	no record	63 000	
foreign investments - outgoing	direct (CZK thousands)	600	0	0	
	portfolio (CZK thousands)	no record	9 900	no record	

Sources: 1) Czech Statistical Office, February 2006 (foreign trade data)
2) Czech National Bank, March 2006 (investment data)

The Republic of Korea is one of the Czech Republic's most important trading partners in East Asia. It is the Czech Republic's 27th biggest trading partner in terms of the total volume of trade exchange. It is the 20th biggest importer to the Czech Republic and has moved up to 49th place as an exports destination.

According to Czech statistics, the Czech Republic has a pronounced balance of trade deficit with the Republic of Korea, but this is mainly caused by imports of highly technically advanced goods intended to a great extent for further industrial and commercial use.

The Czech Republic's principal import commodities: telecommunications equipment, passenger cars, computer technology (memory units, digital circuits), consumer electronics (TVs), optical devices.

The Czech Republic's principal export commodities: crankshafts, turbines, pipe fittings, automobile and machinery components, optical instruments.

Cultural relations

To a large extent, cultural topics shape the Czech Republic's image in the local media, principally in music, cinema and applied arts. The Republic of Korea's presentation in the Czech Republic focuses on cinema and traditional arts.

In the Republic of Korea, there was a concert by the Prague Symphony Orchestra and performances by the State Opera; an exhibition titled "Czech Comics"; the 4th international scientific conference on J. A. Comenius, accompanied by an exhibition of photographs of

places associated with his life and work; and a seminar titled “The Czech Republic – an important tourist destination in Europe”. A television series called *Lovers in Prague* was shot by Korean filmmakers in cooperation with Czech production companies; it was shown on Korean television in autumn 2005 and generated a wave of interest in the Czech Republic.

The Czech Republic works closely with the Republic of Korea in education. The reciprocal exchange of language teachers working at the Korean studies and Czech studies departments of universities in Seoul and Prague continued in 2005. In scientific cooperation, the 1st session of the Czech-Korean Committee for Science and Technology was held. The award of the UNESCO Jikji Memory of the World prize to the Czech National Library in September 2005 was met with considerable attention in the Republic of Korea.

REPUBLIC OF LATVIA

Latvia is an important ally and political and economic partner for the Czech Republic. Following both countries’ integration into Euro-Atlantic structures, bilateral relations continued to deepen and intensify in 2005. Cooperation in the cultural, security and economic spheres developed particularly successfully.

Visits by representatives of the Czech Republic:

- 22-24 May 2005 – working visit by Minister of Labour and Social Affairs Z. Škromach.

Visits by representatives of Latvia:

- 1-2 February 2005 – working visit by Prime Minister A. Kalvītis to attend the “Government Leaders Forum” conference;
- 28 June to 1 July 2005 – visit by a delegation of the Committee for European Affairs of the Saeima.

Economic relations

The Czech Republic’s principal export commodities: machinery and plant equipment, electrical equipment, plastics.

The Czech Republic’s principal import commodities: timber and wood products (excluding furniture), agricultural produce, metals and metal products.

Cultural relations

In 2005, the Czech Republic was presented in Latvia at a large number of cultural events: in cinema (two film festivals), music (an opera and four concerts), literature and through several exhibitions.

In June 2005, a Latvian translation of B. Hrabal’s novel *I Served the King of England* was presented in the Latvian National Library, combined with an exhibition about the author titled “Too Loud a Solitude”. A presentation of graphic art by V. Boudník titled “Between the Avant-garde and the Underground” also met with success. Director J. Menzel attended the 9th annual international actors’ film festival “Pearl of the Baltic” in Riga and introduced the screening of Czech films in the “The Age of Czech Film – yesterday, today and tomorrow” section. In keeping with tradition, one of the biggest cultural events of the year was the Czech Philharmonic Orchestra’s concert performance in the Latvian National Opera in Riga on 22 September 2005.

The first ever Czech translation of a Latvian book since the restoration of Latvian independence, *With Dancing Shoes in Siberian Snows*, was presented in Prague in May 2005, at an event attended by former European commissioner and Latvian Minister of Foreign Affairs S. Kalniete.

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. The Czech Republic sent its representatives to the EU observation mission during Lebanon's parliamentary elections. To strengthen economic relations, the Czech-Lebanese Trade Committee was established in October.

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, centred on treatment stays in Czech spas, plays a significant role in economic relations.

The Czech Republic's principal export commodities: dried milk and other dairy products, functional glassware, crystal, paper, iron and steel products.

The Czech Republic's principal import commodities: tobacco, wine, products from fruit, vegetables and nuts, confectionery.

Cultural relations

Under a Czech expatriates' initiative, Czech Carmelites donated a sculpture of the Prague Infant Jesus. On the occasion of the Czech Republic's National Day, jazz musicians O. Konrad and J. Zilko performed jointly with Lebanese group Monday Night Blues Band. P. Ruzicka's dulcimer ensemble gave a performance in Lebanon for Czech expatriates and graduates of Czech and Slovak universities. The Czech Republic was represented by J. Hrebejk's film *Up and Down* at the 12th EU Film Festival, held in Beirut in autumn.

As part of development cooperation, the Czech Republic provided Lebanon with three university scholarships for the 2005/2006 academic year.

REPUBLIC OF LITHUANIA

Lithuania is an important partner and ally of the Czech Republic. Mutually beneficial cooperation in all areas – political, economic, military and cultural – continued to develop in

2005. The intensity of bilateral contacts continued to increase in connection with the two countries' membership of the EU and NATO.

Visits by representatives of the Czech Republic:

- 28 February to 4 March 2005 – visit by a delegation of the Constitutional Court of the Czech Republic;
- 10-13 April 2005 – visit by a delegation of the Committee for Health and Social Policy of the Senate of Parliament;
- 8-10 November 2005 – visit by a delegation of the Budget Committee of the Chamber of Deputies of Parliament.

Visits by representatives of Lithuania:

- 17-18 January 2005 - visit by V Tutkas, Chief of General Staff of the Army of Lithuania;
- 27-29 July 2005 – private visit by President V. Adamkus to receive a Freedom and Democracy Award at Charles University in Prague;
- 16-18 October 2005 – visit by a delegation of the Committee for European Affairs of the Seim.

Economic relations

The Czech Republic's principal export commodities: passenger cars (exports of this commodity doubled in 2005), sanitary fittings, household chemicals, electrical household appliances, kitchen furniture, glass and ceramics, heating plant equipment, tools and implements, small hydro-electric plants, clothing, crockery and kitchen utensils, foodstuffs (primarily beer).

The Czech Republic's principal import commodities: refrigerators, chemical raw materials, textile fibres and yarn, furniture and other wooden products.

Cultural relations

Cultural cooperation between the Czech Republic and Lithuania develops on the basis of historical traditions and mutual interest. Awareness of the Czech Republic was raised in Lithuania through classical music concerts, exhibitions – “Contemporary Czech Theatre Architecture” and “The Beauties and Mysteries of the Czech Republic” – and presentations of graphic art by V. Hraba, photographs by J. Štreit and cartoons by M. Barták. In April 2005, there were concerts of Czech and Slovak music in Vilnius, Ukmergė and Anykščiai, co-organised by the Lithuanian National Philharmonic Orchestra and the Czech and Slovak embassies. The A. Dvořák Society was founded in Vilnius in June 2005 – its main goal is to promote Czech music in Lithuania and bring together Lithuanian citizens who are interested in Czech music. Several important events were prepared to mark the 100th anniversary of the death of A. Dvořák.

REPUBLIC OF MALTA

Czech-Maltese relations have been developing successfully at both bilateral and multilateral levels in the context of European integration. The high point in bilateral relations was the state visit by Maltese President E. F. Adami, during which a Programme of Cooperation in the Fields of Science, Education, Culture, Youth and Sport for the Years 2005-2007 was signed.

Visits by representatives of Malta:

- 17-19 January 2005 – state visit by President E. F. Adami.

Economic relations

Trade exchange between the Czech Republic and Malta has been increasing in recent years, but the volume is still very low. One of the most significant items in 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

In January, 19 members of the North Bohemian Philharmonic Orchestra performed with the Maltese National Orchestra at the Mediterranean Conference Centre in Valletta. The Prague-based Black Light Theatre Company performed a production called "WOW" at the same venue in April. A piano recital by L. Vondráček formed part of the celebrations marking the 10th anniversary of the Czech Republic's honorary consulate in Malta in May. "Czech Christmas Days" took place in December 2005 in Malta, during which a Christmas Tree – a gift from President V. Klaus – was handed over and the ballet company of the Prague National Theatre gave a performance.

REPUBLIC OF MOLDOVA

Relations between the Czech Republic and Moldova are very good and friendly, which was confirmed by the increased frequency of visits in 2005. Besides growing Czech exports, development cooperation is also successfully implemented. Moldova is one of eight priority countries to which the Czech Republic provides assistance as part of its official development assistance programme for the 2006-2010 period.

The Czech Republic opened its Embassy in Chisinau in December 2005. In the context of the OSCE and the EU Common Foreign and Security Policy, the Czech Republic is engaged in efforts to address the consequences of the Transnistrian conflict from 1992.

Visits by representatives of the Czech Republic:

- 28 February 2005 – official visit by a Czech government delegation, led by Deputy Prime Minister M. Jahn, accompanied by a business mission from the Czech Republic;

- 25-29 September 2005 – visit by a joint delegation of the European Affairs Committees of the Chamber of Deputies and the Senate of Parliament, led by their chairmen P. Svoboda and L. Sefzig;
- 19 December 2005 – official visit by Minister of Foreign Affairs C. Svoboda, combined with the opening of the Czech Embassy in Moldova.

Economic relations

Although the Czech Republic's foreign trade turnover with Moldova fell slightly in 2005, there was a positive increase in Czech exports.

The Czech Republic's principal export commodities: foodstuffs and live animals (meat, malt, alcoholic beverages), chemicals and related products, market products classified by material (non-woven textiles, sheet glass, steel rods and bars), machinery and transport equipment (food industry machinery and parts, transmission equipment for radio-telephones, passenger motor vehicles), industrial goods.

The Czech Republic's principal import commodities: foodstuffs and live animals, beverages and tobacco (wine, fresh or dried fruit, vegetables), market products classified by material (knitted or crocheted clothing, footwear with leather or composite leather uppers), and industrial goods (overcoats, mantles, clothing).

Bilateral agreements concluded in 2005

- Memorandum of Understanding between the Ministry of Foreign Affairs of the Czech Republic and the Ministry of Foreign Affairs and European Integration of the Republic of Moldova regarding Development Cooperation, Chisinau, 19 December 2005.

Cultural relations

The Vít Švec music trio performed a concert on a tour of Romania and Moldova.

The Czech Republic provided Moldova with seven university scholarships in 2005. There is considerable interest in studying in the Czech Republic among Moldovan students and the number of applicants continues to exceed the offered quota.

REPUBLIC OF PERU

In relations between the Czech Republic and Peru, the emphasis is placed on expanding cooperation in the economic and trade area, whose intensity is gradually increasing. Peru is one of the most attractive South American destinations for Czech tourists.

Visits by representatives of the Czech Republic:

- 3-12 April 200 – working visit by First Deputy Minister of Education, Youth and Sports V. Pícl.

Economic relations

The Czech Republic's principal export commodities: foodstuffs processing machinery, metallurgical products (in particular pipes), pencils and pencil leads, textile machinery, floor tiles, iron profiles.

The Czech Republic's principal import commodities: sheets and foils, chemicals, dyes, fish products, coffee, citrus fruits.

Cultural relations

A delegation from the Czech University of Agriculture in Prague visited Peru in April. The delegation inspected a project designed to establish a "Development and Extensification Centre in the Peruvian Amazon" and visited an agro-forestry nursery and research centre in Pucallpa that was set up by the Czech partner as part of this development cooperation. The delegation also signed three framework agreements on cooperation with universities in Pucallpa, Cuzco and Lima.

The Czech Republic provided Peru with nine scholarships for the 2005/2006 academic year, two of them via UNESCO. Peru offered the Ministry of Foreign Affairs of the Czech Republic one scholarship for studies at the Diplomatic Academy of the Peruvian Ministry of Foreign Affairs in Lima.

REPUBLIC OF POLAND

Czech-Polish relations remain strategic in nature. In 2005, they underwent further development and attained an unprecedented intensity. The high standard of contacts is aided by the two countries' experience of cooperation and coordination of positions, both at a bilateral level and at multilateral forums, chiefly in the Visegrad Group. The civil basis of mutual relations continued to develop successfully and there was a further deepening of cross-border and regional cooperation: direct cooperation between regional and local self-governments, partnership contacts between towns and municipalities, civic associations and a wide variety of cultural and educational institutions, non-governmental organisations, and individuals.

Visits by representatives of the Czech Republic:

- 7-8 June 2005 – official visit by President of the Chamber of Deputies of Parliament L. Zaorálek;
- 22 July 2005 – official visit by Minister of Foreign Affairs C. Svoboda;
- 31 August 2005 – working visit by Prime Minister J. Paroubek, combined with participation at the celebrations of the 25th anniversary of the founding of the Solidarity trade union movement in Gdansk.

Visits by representatives of Poland:

- 21 July 2005 – working visit by Prime Minister M. Belka;
- 25 November 2005 – working visit by Minister of Foreign Affairs S. Meller.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	125 482 247	173 539 778	193 692 262	5.2
	year-on-year index	111.6	138.3	111.6	
exports	CZK thousands	65 673 015	90 426 390	102 744 296	5.5
	year-on-year index	110.9	137.7	112.8	
imports	CZK thousands	59 809 231	83 113 388	90 947 966	5.0
	year-on-year index	112.5	139.0	109.4	
balance	CZK thousands	5 863 784	7 313 002	11 796 330	
foreign investments – incoming	direct (CZK thousands)	- 105 900	11 400	16 831 200	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	- 33 500	639 500	1 000	
	portfolio (CZK thousands)	11 938 500	10 196 700	13 481 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

Poland is the Czech Republic's 3rd most important trading partner. Trade relations continue to develop dynamically and Czech exports still exceed imports, leading to a further increase in the Czech Republic's balance of trade surplus.

The biggest growth in Polish exports to the Czech Republic was registered in foodstuffs and live animals, beverages and tobacco, and mineral fuels and lubricants.

Polish investors displayed a greater interest in the Czech market in 2005 (PKN Orlen – Unipetrol, Prokom S.A – PVT a.s., Maspex S.A – Walmark). There was less Czech interest in investing in Poland; the only significant investment was the construction of a non-carbonated non-alcoholic fruit drink production plant by Kofola a.s., worth EUR 20 million.

The Czech Republic's principal export commodities: machinery and transport equipment (passenger cars, tractors, machine tools), chemicals, animal and vegetable fats and oils, raw minerals (excluding fuels), miscellaneous goods.

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 2005

- Arrangement between the Government of the Czech Republic and the Government of the Republic of Poland on an Amendment to Annexes 1 and 2 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 (Orlické Záhoví – Mostowice), Warsaw, 6 January 2005;

- 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 (Pasterka - Machovský kříž, Świecie - Jindřichovice pod Smrkem, Chelmsko Śląskie - Libná, Gródczanki - Třebom, Chalupki - Šilheřovice, Krzanowice - Chuchelná, Kaczyce Górne - Karviná Ráj II, Ladek Zdrój - Černý Kout, Nowy Gieraltów -Uhelná, Czerмна - Malá Čermná, Kaczyce Dolne - Karviná Ráj I, Orle – Jizerka), Warsaw, 19 January 2005;
- Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on the Connection of Czech High-speed Road R11 and Polish High-speed Road S3 at the Czech-Polish State Border, Straszynie, 18 March 2005;
- Arrangement between the Government of the Czech Republic and the Government of the Republic of Poland on an Amendment to Annex 1 of the Treaty between the Czech Republic and Republic of Poland on Local Border Traffic, signed in Prague on 17 January 1995, as amended by the Treaty between the Czech Republic and the Republic of Poland on Local Border Traffic signed in Prague on 17 January 1995, signed in Warsaw on 8 June 2000, concluded by an exchange of notes, Warsaw, 12 April 2005;
- Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Cross-border Rail Transport, Prague, 29 April 2005;
- 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 (Olešnice v Orlických horách – Kociol), Warsaw, 24 June 2005;

- 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 (Vrchol Králického Sněžníku - Śnieżnik, Smrk - Stóg Izerski), Warsaw, 24 June 2005;
- 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 (Vidnava – Kalków), Warsaw, 8 August 2005;
- 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 (Petrovice u Karviné - Skrbeňsko, Petrovice u Karviné - Kempy - Jastrzebie Ruptawa, Nýdek - Cisownica, Bukovec - Istebna, Hřava Trojmezí -Jaworzynka Trójstyk, Ruprechtický Špičák – Lomnica), Warsaw, 22 August 2005;
- 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 (Píšť – Owsiszcze), Warsaw, 31 August 2005;

- Agreement between the Government of the Czech Republic and the Government of the Republic of Poland on Early Notification of a Nuclear Accident and Exchange of Information on the Peaceful Use of Nuclear Energy, Nuclear Security and Radiation Protection, Vienna, 27 September 2005.

Cultural relations

Czech-Polish cultural relations form an important part of mutual cooperation. There was substantial and diverse cultural exchange in 2005, both via organisations part-subsidised by the Ministry of Culture of the Czech Republic and via private entities, cultural institutions, and between partner towns. The Polish Institute in Prague and the Czech Centre in Warsaw made a major contribution to the development of cultural cooperation.

Key cultural events included the traditional “Without Borders” theatre festival, which is held every year in Český Těšín and Polish Cieszyn, the 16th annual “Czech-Polish Days of Christian Culture” and the annual “One-man Theatre Festival” in Wrocław, in which the Cheb-based Western Bohemian Theatre took part. The 60th anniversary of the end of the Second World War was marked by a gala concert titled “Europe 60 Years Without War” in Warsaw, at which H. Vondráčková, K. Gott and Š. Margita performed. “Czech Days” took place in several places in Poland (Katowice, Krakow, Nowy Sącz). An exhibition titled “Meanders of the River Oder” was staged and there was a whole series of film events, exhibitions and other cultural activities.

In the field of educational cooperation, direct cooperation between universities went ahead, including scholarships for students of Polish and Czech studies and exchange of academic staff on studies, research and scientific stays. Czech language and literature teachers work at Polish universities and vice-versa.

REPUBLIC OF SENEGAL

Relations between the Czech Republic and Senegal have long been problem-free. As of 1 January 2005, the Senegalese honorary consul in the Czech Republic resigned for health reasons. As part of the reorganisation of the network of Czech embassies, the Embassy in Dakar was closed, with the Czech Embassy in Rabat, Morocco, becoming the new accredited Embassy.

Visits by representatives of the Czech Republic:

- 11-18 December 2005– working visit by First Deputy Minister of Education, Youth and Sports V. Pícl.

Economic relations

The Czech Republic's principal export commodities: iron and steel products, paper, glass and glass jewellery, dried milk, foodstuffs, caps and fezzes.

The Czech Republic's principal import commodities: cotton, tropical vegetables and fruit, electrical engineering equipment.

Development cooperation

A project of the Institute of Tropics and Subtropics of the Czech University of Agriculture titled "Conservation and Breeding of Derby Antelope in Senegal" went ahead in 2005. Another ongoing project, that was launched in 2004 under the auspices of the Academy of Sciences of the Czech Republic, was "Species Diversity of Vertebrates in Western Africa" in the Niokolo Koba national park.

Cultural relations

An exhibition of "Czech UNESCO Sites" was staged on Gorée Island off the coast of Dakar. Gorée Island was chosen deliberately, as it is also a listed UNESCO heritage site (known as a muster point for slaves before the journey to America, for the Senegalese it has major symbolic significance). The "Gorée Diaspora Festival" then took place on the island from 15 to 20 November 2005. The Czech Republic was represented by artist R. Pešek, who was awarded the international jury's grand prize for art for his cycle of paintings *The Door Without Return*. In addition to this undoubted success for the Czech Republic, postage stamps

based on two of the paintings in the cycle will be printed with a financial contribution from UNESCO.

REPUBLIC OF SINGAPORE

Relations between the Czech Republic and Singapore have traditionally been very good. Singapore has for long been one of the Czech Republic's biggest trading partners in Southeast Asia.

Visits by representatives of Singapore:

- 12-16 June 2005 – private visit by President S. R. Nathan;
- 8-11 September 2005 – working visit by Minister Mentor Lee Kuan-Yew.

Economic relations

Singapore has continuously been one of the Czech Republic's key partners in Southeast Asia. Trade exchange has remained at roughly the same level in the last five years, with no improvement in the continuing pronounced balance of trade deficit on the part of the Czech Republic.

Cultural relations

In May, there was a concert of Czech music by the Tang Quartet titled "The Bohemian Affair", organised in cooperation with the Czech Embassy. The private view of an exhibition of works by Czech painter D. Křivský and Indonesian artist S. Nugroho took place in September.

The 15th year of the EU Film Festival took place in October under the name "United in Diversity". The Czech Republic was represented by two films: *Accumulator* and *Cosy Dens*.

REPUBLIC OF SLOVENIA

The standard of bilateral relations between the Czech Republic and Slovenia is very good. Intensive cooperation went ahead in 2005, principally in regional cooperation formats

and in the context of the EU and NATO. For that reason, most meetings between top-level state representatives took place at multilateral forums.

Visits by representatives of the Czech Republic:

- 11-12 July 2005 – visit by Minister of Health M. Emmerová;
- 14-15 July 2005 – visit by Minister of Finance B. Sobotka.

Visits by representatives of Slovenia:

- 1-4 March 2005 – visit by a delegation of the International Relations and European Affairs Commission of the National Council;
- 6-8 June 2005 – visit by a delegation of the Commission for Supervision of the Intelligence and Security Services of the National Assembly.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	17 487 613	19 348 716	19 789 299	0.5
	year-on-year index	109.6	110.6	102.39	
exports	CZK thousands	9 020 384	9 833 312	10 701 547	0.6
	year-on-year index	112.4	109.0	108.3	
imports	CZK thousands	8 467 229	9 515 404	9 087 752	0.5
	year-on-year index	106.7	112.4	95.3	
balance	CZK thousands	553 155	317 907	1 613 795	
foreign investments – incoming	direct (CZK thousands)	- 31 300	32 000	185 800	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	- 7 600	- 128 100	- 73 600	
	portfolio (CZK thousands)	no record	959 700	999 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

Relations in the economic and trade sphere became even stronger in 2005. After both countries joined the EU, there was an increase in the dynamism of trade exchange and in particular Czech exports to Slovenia, which is very positive. A record turnover was achieved and the Czech Republic's balance of trade surplus grew. Slovenia was the Czech Republic's 23rd biggest trading partner in 2005. Considering Slovenia's size, this ranking can be described as significant.

The Czech Republic's principal export commodities: steel industry products (rods and sheet) and pipes, passenger cars, machine engineering products, tyres for passenger cars and lorries, cereals, paper, cartonnage, pulp, laundry agents, unroasted malt, glass, timber, agricultural commodities, foodstuffs, aluminium products, plastics, leather, charcoal, chemicals *et al.*.

The Czech Republic's principal import commodities: medicines, white goods, motor vehicles, automatic gambling machines, paper, cellulose and cardboard, 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 continued to develop steadily. Key events included an exhibition of works by young draughtswoman P. Koucká at the Young Artists Gallery in Celje, a guitar concert by S. Vimrová-Rumlarová, a concert by Czech group Fru Fru at the "Kunigunda" festival in Velenje, and an exhibition titled "Kavčič in Bohemia" in the Slovene National Gallery, the opening of which was attended by Slovene Minister of Culture V. Simoniti.

The Czech Embassy organised a tour called "In Plečnik's Footsteps" for members of the diplomatic corps, guided by former Slovenian ambassador to Prague D. Prelovšek, and supported an event dedicated to B. Hrabal's book *Too Loud a Solitude*, comprising an exhibition, discussion evening and a screening of *The Snowdrop Festival*.

Slovenia was guest of honour at the book fair in Prague from 5 to 8 May 2005. The Slovene literary presentation was supported by exhibitions, concerts and films at various places in the Czech capital.

REPUBLIC OF SOUTH AFRICA

In 2005, relations with the Republic of South Africa were further deepened and strengthened. South Africa remains the Czech Republic's most important trade partner in sub-Saharan Africa and the entire African continent. The most dynamic development was in

cooperation between the two countries' parliaments; trade exchange also registered marked growth.

Visits by representatives of the Czech Republic:

- 2-8 November 2005 – working visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament.

Visits by representatives of South Africa:

- 11-16 July 2005 – official visit by the President of the National Council of Provinces of Parliament M. J. Mahlangu;
- 18-21 September 2005 - working visit by Minister in the Presidency E. Pahad and Minister of Public Service and Administration G. Fraser-Moleketi.

Economic relations

The Republic of South Africa is the Czech Republic's most important trading partner in sub-Saharan Africa.

The Czech Republic's principal export commodities: office equipment, passenger cars and spares, electrical machinery and instruments, paper, cardboard, power-system equipment, processing industry machinery, textile products.

The Czech Republic's principal import commodities: wool, textile fibres, plant equipment, filters and cleaning machines, inorganic chemicals, fruit and vegetables, iron and steel, chrome ores, leather and leather products, fertilisers, pharmaceutical raw materials and medicaments.

Cultural relations

Czech culture was again presented in many forms in South Africa in 2005. Events included a meeting with D. Vávra and M. Šteindler, the co-authors of Czech Television's *Around The World* programme; a meeting with National Theatre actor M. Donutil; an exhibition of children's drawings from Terezín as part of the children's "Cape Town Festival 2005"; and an exhibition of "Vamberk Lace". *Rebels* was screened at the "EU Film Festival". In music, there was a piano recital by N. Al'Radi, and a series of performances of dulcimer music by the *Lúčka* ensemble from Kudlovice near Uherské Hradiště.

REPUBLIC OF THE PHILIPPINES

The Republic of the Philippines is an important country in Southeast Asia. Relations between the Republic of the Philippines and the Czech Republic are friendly, with the emphasis on trade and economic cooperation.

Visits by representatives of the Czech Republic:

- 3-8 April 2005 – a delegation of the Chamber of Deputies and Senate of Parliament attended the 112th assembly of the Interparliamentary Union in Manila;
- 21 October to 2 November 2005 – working visit by a delegation of the Committee on National Economy, Agriculture and Transport of the Senate of Parliament.

Economic relations

The Philippines is an important partner for the Czech Republic. Relations between Czech Republic and the Philippines are friendly, with emphasis on trade and economic cooperation.

The growing imbalance in trade exchange, due to re-exports of large volumes of electronic circuits and components assembled in the Philippines by Taiwanese and other transnational companies and exported to the Czech Republic as Philippine products, decreased substantially in 2005. Exports almost doubled over 2004 levels, while the volume of imports fell by more than half.

Cultural relations

A project called “Remembering Terezín” took place in Manila on 28-29 April 2005. The project included an exhibition of children’s drawings from Terezín and the screening of a Czech film *Transport From Paradise*; the climax of the project was a gala concert by the Philippine Philharmonic Orchestra, which gave the first-ever performance in the Philippines of works by Czech composers from Terezín P. Haas, G. Klein and V. Ullman.

In the summer months the Czech Embassy participated in “Europe Month”, which was organised by EU member countries. The 8th EU film festival “Cine Europa” took place in September and October. This year, the Czech Republic was represented by the film *Buttoners*.

REPUBLIC OF TUNISIA

For a number of years, the Czech Republic's bilateral relations with Tunisia have been its most intensive in the Southern Mediterranean, focusing on economic and trade exchange, as well as on the increasingly important field of tourism.

Visits by representatives of the Czech Republic:

- 25-30 April 2005 – working visit by a delegation of the Committee for Science, Education, Culture, Youth and Sports of the Chamber of Deputies of Parliament.

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, pharmaceutical products, glass and glass 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

In cooperation with the Tunisian Acropolium foundation, the Czech Embassy organised the participation of Czech musicians (Prosek-Wiesner-Prosek Trio) at "Octobremusical de Carthage 2005", Tunisia's prestigious classical music festival.

REPUBLIC OF TURKEY

Relations between the Czech Republic and Turkey developed in the context of Euro-Atlantic partnership, Turkey's important role in the region and now also the start of EU-Turkish accession talks in October 2005. Contacts in the area of economic cooperation also developed successfully. From 1 January 2005 onwards, the visa system was substantially simplified: fees for issuance of visas and residence permits for Turkish citizens have been reciprocally waived and visa requirements for holders of Czech passports have been abolished

for stays of up to 90 days. The Czech Republic is working on a technical solution that would reduce the time necessary for security clearance of visa applicants. These measures should have a positive impact on trade exchange and cooperation in culture and science.

Visits by representatives of the Czech Republic:

- 31 January to 4 February 2005 – visit by a delegation of the Committee for Petitions of the Chamber of Deputies of Parliament;
- 31 March 2005 – visit by Deputy Minister of Industry and Trade M. Pecina;
- 14 April 2005 – consultations by Deputy Minister of Foreign Affairs V. Müller;
- 3-5 May 2005 – President V. Klaus attended the 2005 FORUM ISTANBUL international conference;
- 6-10 June 2005 – visit by a delegation of the Committee for Defence and Security of the Chamber of Deputies of Parliament;
- 28 September to 2 October 2005 – Deputy Prime Minister M. Jahn attended the “TÜGIAD” conference (Young Businessmen Association of Turkey);
- 21-24 November 2005 – visit by a delegation of the Committee on Health and Social Policy of the Senate of Parliament.

Visits by representatives of Turkey:

- 25 August 2005 – consultation by Deputy Minister of Foreign Affairs N. Şensoy;
- 28-30 November 2005 – reciprocal visit by a delegation of the National Security Committee of Parliament.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	18 480 946	24 390 521	25 280 968	0.7
	year-on-year index	111.6	128.4	103.6	
exports	CZK thousands	9 248 664	13 749 293	12 505 798	0.7
	year-on-year index	103.9	145.6	90.9	
imports	CZK thousands	9 232 282	10 641 228	12 775 170	0.7
	year-on-year index	120.7	111.0	120	
balance	CZK thousands	16 382	3 108 065	- 269 373	
foreign investments – incoming	direct (CZK thousands)		3 300	1 600	
	portfolio (CZK thousands)	no record	no record	1 058 000	
foreign investments - outgoing	direct (CZK thousands)	no record	1 100	1 100	
	portfolio (CZK thousands)	4 400	22 400	no record	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)

2) Czech National Bank, April 2006 (investment data)

Turkey is one of the Czech Republic's most important trading partners. In 2005, Turkey was the Czech Republic's 20th biggest trading partner in terms of total trade turnover. Turkey was the 18th most important export destination. Since the start of talks on Turkey's accession to the EU on 3 October 2005, this territory has had even better prospects for the Czech Republic as a perspective EU Member State. There are a number of opportunities for involvement in development programmes during Turkey's preparations for EU accession.

The Czech Republic's principal export commodities: television screens, automobile industry products, including parts and car radios, peripheral units for data processing, wool and animal fibres, PVC.

The Czech Republic's principal import commodities: textile and clothing, car industry products, including parts, television sets.

Cultural relations

A "Festival of European Films" was held in Ankara, Bursa, Izmir, and Kars in November 2005. The Czech Republic was represented by two films: *City of the Sun* by director M. Šulík and *Tales of Normal Insanity* by director P. Zelenka. V. Hudeček and V. Mácha gave successful concerts in Ankara in the middle of November. Ankara was one of six cities on Hudeček's tour of Turkey.

In December 2005, the selection process was held for one scholarship for the 2005/2006 academic year. The standard of candidates for Czech scholarships has traditionally been very high and Czech universities enjoy considerable prestige among Turkish public.

REPUBLIC OF UZBEKISTAN

Czech-Uzbek relations were fundamentally influenced, especially during the second half of the year, by internal political events in Uzbekistan, and in particular the bloody suppression of the uprising in Andijan in May 2005.

Visits by representatives of the Czech Republic:

- 9-16 May 2005 – working visit by a delegation of the Committee on Foreign Affairs, Defence and Security of the Senate of Parliament.

Economic relations

Uzbekistan is an important partner for the Czech Republic in Central Asia. Czech exports are increasing, but imports register considerable fluctuations, so the balance of trade oscillates from a CZK 0.3 billion deficit in 2004 to last year's CZK 0.2 billion surplus.

The Czech Republic's principal export commodities: machinery and transport equipment, chemicals, foodstuffs, pharmaceutical products.

The Czech Republic's principal import commodities: cotton and yarns, chemicals.

Cultural relations

Uzbekistan was offered 4 scholarships for bachelor's and master's degree studies and one for doctoral studies for the 2005/2006 academic year.

REPUBLIC OF YEMEN

Czech-Yemeni relations have for long been stable and continued to develop in 2005, concentrating on economic cooperation. Czech government resolution no. 302 of 31 March

2004 included Yemen among the Czech Republic's eight foreign development cooperation priority countries for 2006-2010. During 2005, a memorandum of understanding was signed regarding a development project designed to ensure water sources on the island of Sokotra.

Economic relations

The Czech Republic's principal export commodities: iron and steel, medicaments and pharmaceutical products, passenger cars, instrument and computer technology.

The Czech Republic's principal import commodities: T-shirts.

Development cooperation

Development cooperation provided to Yemen by the Czech Republic also brought results in the scientific field. Using modern scientific techniques for preserving the unique biodiversity of the island of Sokotra, a team of Czech university professors discovered and scientifically confirmed the existence of previously unknown invertebrate and bird species.

Cultural relations

In November and December 2005, the Czech Republic again successfully took part in the 9th European Film Festival in Sana'a and Aden with the film *Up and Down*.

As part of development cooperation, the Czech Republic provided Yemen with five university scholarships for the 2005/2006 academic year.

REPUBLIC OF ZAMBIA

The long-standing and traditionally friendly relations between the Czech Republic and Zambia continued to develop in 2005, assisted by trade contacts.

Economic relations

The Czech Republic's principal export commodities: telecommunications equipment, electrical devices, small arms.

The Czech Republic's principal import commodities: clothing and textile products, cobalt ore.

Development cooperation

Government resolution no. 302 of 31 March 2004 included Zambia among eight priority countries that will receive Czech development aid in 2006-2010. Following this decision, Zambia was visited by several expert delegations from the Czech Republic to assess the working of existing projects in the area of geology, healthcare and agriculture. During the year, a Czech diplomat was sent as an intern to the Netherlands Embassy in Lusaka to study the issue of development cooperation.

Cultural relations

In cooperation with the Austrian Embassy, the Czech Embassy in Harare (Zimbabwe) ceremonially unveiled a statue of 19th century Czech explorer E. Holub in Livingstone.

As part of development cooperation, the Czech Republic provided Zambia with five university scholarships for the 2005/2006 academic year.

REPUBLIC OF ZIMBABWE

European Union member countries' sanctions against selected representatives of Zimbabwe continued in 2005, which brought a further decline in political and other contacts between the Czech Republic and Zimbabwe.

Economic relations

The Czech Republic's principal export commodities: iron and steel pipes and profiles, reservoirs, storage tanks, pressurised containers, motor vehicles, paper, mechanical machinery and tools.

The Czech Republic's principal import commodities: tobacco, flowers, tropical fruit, clothing, iron and steel products, ferrochrome, raw minerals.

Cultural relations

In order to maintain an awareness of the Czech Republic, the Czech Embassy in Harare continued its active cultural work. An exhibition about the explorer E. Holub was held at the National Galleries of Zimbabwe in Harare and Bulawayo in cooperation with the Austrian Embassy in Zimbabwe; there was an exhibition of graphic art by B. Jirků at the National Gallery in Bulawayo; and a joint exhibition about J. Seifert and B. Hrabal was staged at the National Gallery in Harare during the Zimbabwe International Book Fair.

With the support of the Czech Embassy, a selection of poetry by J. Seifert was published in both principal Zimbabwean languages (Shona and Ndebele) and *Busi Ncube Live in Prague*, a CD recording of a Prague concert of the leading Zimbabwean singer, was released. Czech film was part of the “International Images Film Festival for Women”, held every year in Harare. However, most media coverage was devoted to Czech contestant Z. Putnářová’s victory in the “Miss Tourism World” beauty contest, which took place in Harare in February.

ROMANIA

Romania is an ally and traditional partner of the Czech Republic in South East Europe. In the political arena, cooperation between the countries takes place mainly in NATO. The Czech Republic is actively helping Romania on its road to join the EU. Economic relations are characterised by continuing growth in mutual trade exchange. Romania is currently the Czech Republic’s biggest trading partner in South East Europe, both in terms of turnover and exports; the balance of trade surplus with Romania is one of the biggest in the Czech Republic’s bilateral statistics: in 2005, it amounted to over CZK 11.5 billion (over EUR 388 billion).

Visits by representatives of the Czech Republic:

- 3 March 2005 – official visit by Minister of Foreign Affairs C. Svoboda;
- 16-19 March 2005 – visit by the Chairman of the Committee for European Integration of the Chamber of Deputies of Parliament P. Svoboda;

- 30 May to 2 June 2005 – working visit by Chairman of the Committee for Petitions of the Chamber of Deputies of Parliament V. Nájemník;
- 2-6 November 2005 – parliamentary deputy M. Kužvart attended a session of the environment committee of the Council of Europe Parliamentary Assembly;
- 23-26 November 2005 - parliamentary deputies M. Beneš and M. Kužvart attended a session of the Standing Committee of the Council of Europe Parliamentary Assembly.

Visits by representatives of Romania:

- 14-15 March 2005 – Minister Delegate for Coordination of Public Works and Territorial Management L. Borbély attended the 16th conference of EU ministers responsible for housing policy;
- 5-6 March 2005 – former King Michael attended the celebrations of the end of the Second World War;
- 25-27 May 2005 – visit by President of the Senate of Parliament N. Vacaroiu.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	13 604 945	19 845 725	28 350 116	0.7
	year-on-year index	115.3	145.8	142.8	
exports	CZK thousands	9 726 260	14 138 359	19 945 991	1.0
	year-on-year index	104.7	145.3	141.0	
imports	CZK thousands	3 878 685	5 707 366	8 404 125	0.4
	year-on-year index	154.4	147.1	147.2	
balance	CZK thousands	5 847 575	8 430 992	11 541 886	
foreign investments – incoming	direct (CZK thousands)	200	no record	no record	
	portfolio (CZK thousands)	no record	no record	72 000	
foreign investments - outgoing	direct (CZK thousands)	21 100	95 200	4 786 200	
	portfolio (CZK thousands)	no record	118 000	no record	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)

2) Czech National Bank, April 2006 (investment data)

Dynamic growth continued in trade exchange (up 36 %). Romania accounted for more than 1% of total Czech exports in 2005. Romania's approaching EU accession makes the country even more interesting for Czech investors.

The Czech Republic's principal export commodities: motor vehicles, tractors and other vehicles, electronic audio and video recording and reproduction devices, reactors, boilers, mechanical instruments and devices, iron and steel, soap, detergents, lubricants, polishes and waxes, timber, charcoal, wood products, plastics and plastic products, iron and steel products, paper, cardboard, paperboard and products of such, glass and glass jewellery, mechanical wagons and equipment, including locomotives.

The Czech Republic's principal import commodities: electronic audio and video recording and reproduction devices, iron and steel, reactors, boilers, mechanical devices and instruments, rubber and rubber products, non-woven clothing and clothing accessories, furniture, bedding, light fittings, footwear, motor vehicles, tractors and other vehicles.

Cultural relations

Cultural and educational exchange between the Czech Republic and Romania is lively and successfully went ahead in 2005. A Romanian language teacher continued to work at the Faculty of Arts of Charles University in Prague and a Czech language teacher at the University of Bucharest.

As part of the Czech Republic's development assistance programme, a project for sending Czech teachers to Czech communities continued: in 2005, three Czech teachers operated in the villages of Sfinta Elena, Gernik, and Eibenthal. In October 2005, the annual meeting of teachers working in the Czech community schools took place in Baile Herculane, chaired by V. Timárová, Romanian Education Ministry schools inspector responsible for Czech, Slovak and other minorities. The meeting was also attended by representatives of school inspectorates from the provinces of Mehedinti and Caras-Severin, where the Czech minority lives.

The Czech Republic provided two university scholarships. In 2005, both Czech and Romanian students made considerable use of the opportunities offered by the CEEPUS programme, involving a number of Czech and foreign universities.

RUSSIAN FEDERATION

Events in 2005 confirmed the quality of Czech-Russian high-level political dialogue, reflected in favourable developments in all areas of bilateral relations. There were no fundamental problems encumbering relations, complicating ongoing cooperation or impeding its further development. In this situation, priority attention was paid to trade and economic cooperation, with the Czech Republic placing considerable importance on the development of direct economic cooperation with selected regions of the Russian Federation (RF). Mutual trade indicators, including Czech exports to Russia, increased substantially in 2005. Cooperation was also good in other areas such as culture, education, etc.

Due to the need to modify or replace certain instruments applicable in the bilateral relations, the Czech Republic and Russia concluded a new intergovernmental Agreement on Economic, Industrial and Scientific and Technical Cooperation that preserves the principles of mutually advantageous bilateral cooperation with Russia following the Czech Republic's accession to the EU, and creates a framework for the work of the Intergovernmental Commission for Economic, Industrial and Scientific and Technical Cooperation between the Czech Republic and the RF. In the second half of 2005, major progress was made in talks on the preparation of a number of new bilateral legal documents and modifications of the existing ones.

The Czech Republic was actively involved in negotiations with the RF at the multilateral level and participated in the search for solutions to common problems, primarily in the context of relations between the RF and EU (e.g. preparing the "road maps" for the four common spaces of mutual cooperation) and in the work of the NATO-Russia Council. The Czech Republic expressed its interest in Russia's accession to the WTO.

Visits by representatives of the Czech Republic:

- 13-16 March 2005 – visit by a delegation of the Committee for Public Administration, Regional Development and Environment of the Chamber of Deputies of Parliament;
- 13-16 April 2005 – First Vice-President of the Senate of Parliament P. Pithart attended the International Parliamentary Conference in St. Petersburg on the occasion of the 60th anniversary of the anti-Hitler coalition's victory in the Second World War;

- 8-9 May 2005 – President V. Klaus attended the celebrations of the end of the Second World War;
- 26 May 2005 – visit by Prime Minister J. Paroubek;
- 26-27 May 2005 – visit by Minister of Industry and Trade M. Urban;
- 13-16 June 2005 – President of the Senate of Parliament P. Sobotka attended the 9th International Economic Forum in St. Petersburg;
- 6 September 2005 – visit to St. Petersburg by Minister of Industry and Trade M. Urban;
- 18-19 October 2005 – President of the Senate of Parliament P. Sobotka attended the International Parliamentary Conference on “The Role and Place of Parliaments in the Fight against International Terrorism”;
- 26-27 October 2005 – visit by the President of the Office for the Protection of Competition M. Pecina;
- 14-18 November 2005 – visit by a delegation of the Committee for Science, Education, Culture, Youth and Sports of the Chamber of Deputies of Parliament;
- 5-6 December 2005 – visit by Minister of Culture V. Jandák;
- 10-13 December 2005 – visit by a delegation of the Committee for European Affairs of the Chamber of Deputies of Parliament;
- 20 December 2005 – visit by Minister of Foreign Affairs C. Svoboda.

Visits by representatives of the Russian Federation:

17-19 October 2005 – Minister without Portfolio S. Naryshkin attended a session of the Intergovernmental Commission for Economic, Industrial and Scientific and

Technical Cooperation between the Government of the Czech Republic and the Government of the RF.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	82 274 512	95 079 761	138 054 438	3.7
	year-on-year index	107.1	115.6	145.2	
exports	CZK thousands	16 440 045	24 172 147	33 616 497	1.8
	year-on-year index	97.8	147.0	139.1	
imports	CZK thousands	65 834 467	70 907 614	104 437 941	5.7
	year-on-year index	109.7	107.7	147.3	
balance	CZK thousands	-49 394 422	-46 735 468	-70 821 444	
foreign investments – incoming	direct (CZK thousands)	94 200	2 769 800	- 142 100	
	portfolio (CZK thousands)	no record	no record	5 665 000	
foreign investments - outgoing	direct (CZK thousands)	134 200	118 400	3 300	
	portfolio (CZK thousands)	570 100	584 100	no record	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)
2. Czech National Bank, April 2006 (investment data)

The Czech Republic placed considerable importance on developing direct economic cooperation with selected regions of the Russian Federation. Mutual trade indicators, including Czech exports to Russia, increased substantially in 2005.

Due to the need to modify or replace certain instruments applicable in the bilateral relations, the Czech Republic and Russia concluded bilateral agreement of primary importance in the field of economic relations – the Agreement between the Government of the Czech Republic and the Government of the Russian Federation on Economic, Industrial and Scientific and Technical Cooperation, which was signed in Moscow on 26 May 2005 and entered into force on 18 July 2005. This new intergovernmental agreement preserves the existing principles of mutually beneficial cooperation with Russia after the Czech Republic's accession to the EU and creates a framework for the work of the Intergovernmental Commission for Economic, Industrial and Scientific and Technical Cooperation (ICG) between the Czech Republic and the RF.

The first and founding session of the new IGC, whose work builds on the results of its predecessor, took place in Prague on 16-17 October 2005. The session approved the IGC Statutes and recommended establishing ten working groups for individual aspects of

economic cooperation (industry, agriculture, transport, power industry, banking, investment, etc.) that come under the authority of the two States' individual ministries.

One salient feature of Czech economic diplomacy towards Russia in recent years is its focus on direct cooperation with economically strong regions of the RF. Throughout the year, there continued to be substantial interest in the Russian market among Czech enterprises, with regard to both classical exports and prospective investments.

The repayment of the remaining part of the former USSR's (RF's) debt to the Czech Republic continued in 2005. The total value of the RF's debt to the Czech Republic was USD 191.6 million as of 30 November 2005, with state debt amounting to USD 190.7 million and so-called enterprise debt USD 0.9 million.

Russia has traditionally been an important trading partner for the Czech Republic. For a number of years, it has been one of the Czech Republic's top ten trading partners in terms of trade turnover; in 2005, it was the 9th biggest trading partner, with a 3.7% share of total turnover. At the same time, it became the 2nd biggest importer, accounting for 5.7 % of imports to the Czech Republic. Russia was the 13th biggest destination for Czech exports, with 1.8 % of total exports.

The Czech Republic's statistics confirmed the pronounced increase in the dynamism of trade with the RF. Trade turnover grew by 45.2 % year-on-year, with Czech exports to the RF up 39.1%, outstripped by the 47.3% increase in Czech imports from the RF. This caused the Czech Republic's balance of trade deficit with the RF to increase. Trade exchange with the RF results in one of the Czech Republic's biggest bilateral balance of trade deficits, due to the structure of Czech imports from the RF, where approx. 80 % consists of power-industry raw materials (oil and gas).

The Czech Republic's principal export commodities: motor vehicles, medicaments, complex digital data processing systems, pulp healthcare products, telephone devices and accessories, rubber-processing machinery, artificial casing, taps, valves, fittings.

The Czech Republic's principal import commodities: raw petroleum oils (44.4 %), natural gas (35.9 %), iron ore and its agglomerates and concentrates, helicopters, fuel cells for nuclear power stations, aluminium and aluminium wire, ferrous alloys, nickel, raw sponge iron.

Bilateral agreements concluded in 2005

- Agreement between the Government of the Czech Republic and the Government of the Russian Federation on Economic, Industrial and Scientific and Technical Cooperation, Moscow, 26 May 2005.

Cultural relations

The cultural and educational section of the Czech Embassy in Moscow, 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.

A great number of cultural events took place in 2005, not just in Moscow, St. Petersburg and Yekaterinburg, but also in many other Russian cities. These included exhibitions of Czech photographers and artists, presentations of Czech films, theatre performances, a writers' festival, a non-stop reading of Czech literature, a number of musical tours, including the "Europe 60 Years without War" concert at the State Kremlin Palace, etc. The Czech Republic took part in a number of cultural festivals (cinema, music and other festivals) in 2005.

In Moscow in December 2005, the culture ministries of the Czech Republic and the RF signed a Joint Declaration on the intention to organise a Russian cultural season in the Czech Republic in 2006.

SERBIA AND MONTENEGRO

The Czech Republic supported Serbia and Montenegro's efforts to move closer to European and Euro-Atlantic structures at both multilateral and bilateral levels. Under the EU's Common Foreign and Security Policy, the Czech Republic promoted an increased political role for the European Union in Kosovo and increased responsibility for its overall development. At the same time, the Czech Republic worked hard to deepen traditional bilateral political, cultural and economic ties. A Czech government resolution included Serbia and Montenegro among the Czech Republic's eight international development cooperation priority countries for 2006-2010.

Visits by representatives of the Czech Republic:

- 3-4 February 2005 – visit by a delegation of the Chamber of Deputies of Parliament, led by J. Zahradil, including a visit to Kosovo;
- 8-9 June 2005 – visit by Minister of Foreign Affairs C. Svoboda, including a visit to Kosovo;
- 26-30 June 2005 – visit by a joint delegation of the European affairs committees of the Chamber of Deputies and the Senate of Parliament, led by P. Svoboda;
- 13-15 November 2005 – visit by Prime Minister J. Paroubek, including a visit of Kosovo. On this occasion, a Cultural Cooperation Agreement was signed between the Czech Republic and Serbia and Montenegro.

Visits by representatives of Serbia and Montenegro:

- 9-10 February 2005 – visit by Minister of Foreign Affairs of Montenegro M. Vlahović.

Economic relations

Compared to 2004, foreign trade between the Czech Republic and Serbia and Montenegro grew by 6 % in 2005. Exports from Serbia and Montenegro to the Czech Republic rose, while imports from the Czech Republic stagnated, which is consistent with the approx. 2% decline in total imports to Serbia and Montenegro in 2005.

The Czech Republic's principal export commodities: motor vehicles, tractors, bicycles and other vehicles, reactors, boilers, mechanical instruments and devices, soap, detergents, lubricants, polishes and waxes, plastics and plastic products, electronic audio and video recording and reproduction devices, rubber and rubber products, iron and steel products, iron and steel, glass and glass products, timber, coal, wooden products.

The Czech Republic's principal import commodities: iron and steel, rubber and rubber products, organic chemical products, reactors, boilers, mechanical devices and instruments, aluminium and aluminium products, copper and copper products, fruit, nuts, edible rinds of citrus fruit and melons, iron and steel products, live plants, flower products, electronic audio and video recording and reproduction devices.

Cultural relations

Cultural, educational and scientific cooperation between the Czech Republic and Serbia and Montenegro is covered by a new bilateral Agreement between the Government of the Czech Republic and the Council of Ministers of Serbia and Montenegro on Cooperation in the Fields of Culture, Education, Science, Youth and Sports, signed on 14 November 2004 on the occasion of Czech Prime Minister J. Paroubek's visit to Belgrade, superseding the previous agreement from 1957.

The following exhibitions were staged in Belgrade and other cities: "Czech Artist's Book", "The Beauty of Folk Costumes in My Country", "The Beauties and Mysteries of the Czech Republic", and "Czech Film Posters". A four-day screening of films by M. Forman from the collection of the Yugoslav Film Archive in June was very successful. The Ostravica folklore ensemble from Frýdek-Místek toured in September, giving concerts in various cities and at one of the most important local cultural festivals, "Vukov sabor" in Loznica (its 73rd session). A joint digest of the Matice srbská and Matice moravská cultural organisations was presented in Belgrade, Novi Sad and Bela Crkva during the year of 2005; titled *From The Morava to The Morava – from the history of Serb-Czech relations*, the presentations were attended by authors from the Czech Republic, and Serbia and Montenegro.

Fourteen students from Serbia and Montenegro started studying at the State-run universities in the Czech Republic in the 2005/2006 academic year. Cooperation with the Czech expatriate community in Serbian Banat remained intensive in 2005. Key events included "Czech Culture Days" in November, organised by the South Banat Czechs association, and the ceremonial renaming of a street in the village of Češko Selo as V. Havel Street.

SLOVAK REPUBLIC

Relations between the Czech Republic and the Slovak Republic are above-standard. Outstanding ties, based on the countries' historical, cultural and linguistic proximity, have long contributed to intensive and mutually beneficially cooperation in all areas and at all levels of the two countries' political, economic and cultural life.

Cooperation between the two states deepened in 2005, particularly at the regional and Euro-Atlantic level, in promoting common interests within the EU. Inter-ministerial cooperation, under which a number of agreements on the further focus of hitherto successful cooperation were reached, also registered positive results.

Visits by representatives of the Czech Republic:

- 2-3 February 2005 – official visit by President of the Senate of Parliament P. Sobotka;
- 7 June 2005 – official visit by Prime Minister J. Paroubek;
- 20 July 2005 – working visit by President of the Senate of Parliament P. Sobotka;
- 21 October 2005 – working visit by President V. Klaus;
- 23-24 October 2005 – official visit by Minister of Foreign Affairs C. Svoboda.

Visits by representatives of Slovakia:

- 15-17 May 2005 – official visit by President of the National Council P. Hrušovský.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	183 666 660	239 457 186	262 150 194	7.1
	year-on-year index	110.8	130.4	109.5	
exports	CZK thousands	109 154 581	145 542 162	162 657 930	8.7
	year-on-year index	112.9	133.3	111.8	
imports	CZK thousands	74 712 079	93 915 024	99 492 264	5.4
	year-on-year index	107.8	125.7	104.8	
balance	CZK thousands	34 442 502	51 627 138	63 165 666	
foreign investments – incoming	direct (CZK thousands)	4 577 900	10 020 300	3 822 600	
	portfolio (CZK thousands)	14 482 800	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	- 835 700	2 411 300	1 406 500	
	portfolio (CZK thousands)	no record	14 168 400	14 309 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

On the basis of the political Memorandum of the Government of the Czech Republic and Government of the Slovak Republic, signed in 2004, the first 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 Bratislava on 7 February 2005; the Commission approved the main areas for the further focus of Czech-Slovak economic cooperation.

The new impulse which stemmed from EU accession and the 2004 signing of the inter-ministerial agreement and which was subsequently reflected in mutual foreign trade in 2004 set a high standard by which to judge 2005. Even so, the turnover of mutual trade continued to grow in 2005, supported mainly by the pace of growth of exports to Slovakia.

The Slovak Republic remained the Czech Republic's second most important trading partner in 2005. Despite the high standard for comparison, trade turnover grew by 9.4 % to account for 7 % of the Czech Republic's total trade foreign turnover. Slovakia's share of the Czech Republic's total turnover was 0.1% higher in 2005 than in 2004.

Although the rate of growth of exports to Slovakia was lower in 2005 than in 2004, its growth outstripped the growth in trade turnover by 2.6 %. Slovakia's share of the Czech Republic's total exports also rose by 0.2 %. Slovakia's share of the Czech Republic's total exports remained at the same level as in 2004.

The Czech Republic's principal export commodities: road vehicles, machinery and plant equipment, chemicals, industrial products, electricity, foodstuffs, raw materials.

The Czech Republic's principal import commodities: crude oil, petroleum products and related materials, machinery and plant equipment, chemicals, industrial products, foodstuffs.

Bilateral agreements concluded in 2005

- Agreement between the Government of the Czech Republic and the Government of the Slovak Republic on Reciprocal Protection of Classified Information, Bratislava, 3 February 2005;
- 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 Border of 28 March 2000, Bratislava, 9 August 2005;

- Agreement between the Government of the Czech Republic and the Government of the Slovak Republic on the Provisional Regulation of the Use of Land Owned by the Slovak Republic and Located in the Hodonín Cadastral District in the Czech Republic, Bratislava, 31 October 2005;
- Programme of Cooperation between the Ministry of Culture of the Czech Republic and the Ministry of Culture of the Slovak Republic for the Years 2005-2007, Prague, 21 November 2005.

Cultural relations

Czech-Slovak cultural relations have for long enjoyed a high standard and encompass a wide range of activities at state, regional and civic levels. A number of cultural events take place under the Programme of Cooperation between the Ministry of Culture of the Czech Republic and the Ministry of Culture of the Slovak Republic for the Years 2005-2007, signed by the two countries' culture ministers on 21 November 2005.

True to tradition, the most important 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. In music, performances by the Czech Philharmonic Orchestra, the Brno State Philharmonic Orchestra and soprano E. Urbanová at the "Bratislava Music Festival" were received with great interest. "Masaryk and Beneš in European History", a lecture cycle by J. Opat originally intended for the academic community and running from June to December, met with considerable interest, especially among the Czech community in Slovakia.

The Czech Centre in Bratislava and the new Czech Centre in Košice, which was ceremonially opened in October on the occasion of Minister of Foreign Affairs C. Svoboda's visit to the East Slovakia region, ensured the constant presentation of Czech culture in Slovakia.

SOCIALIST REPUBLIC OF VIETNAM

Vietnam is one of the Czech Republic's traditional partners in Southeast Asia. Economic and trade cooperation has for long formed the core of relations. The intensity of Czech-Vietnamese relations will grow further as a result of the Czech government's inclusion of Vietnam among the Czech Republic's eight foreign development cooperation priority countries for 2006-2010.

Visits by representatives of the Czech Republic:

- 23-28 July 2005 – working visit by Deputy Minister of Industry and Trade M. Pecina.

Visits by representatives of Vietnam:

- 6 June 2005 – working visit by Deputy Minister of Foreign Affairs Nguyen Phu Binh;
- 10-14 September 2005 – working visit by Minister of Trade Truong Dinh Tuyen.

Economic relations

Vietnam is a traditional trade and economic partner for the Czech Republic in Southeast Asia.

The Czech Republic regularly provides Vietnam with development aid. Current development aid projects follow up the aid provided by the former Czechoslovakia (healthcare, education) and are complemented by projects dealing with currently topical areas, e.g. environmental protection, biotechnology. The Czech Republic is a member of the international group of foreign development aid donors to Vietnam and actively participates in coordinating development aid in cooperation with the UNDP, World Bank and other major donors.

Bilateral agreements concluded in 2005

- Agreement on Economic Cooperation between the Government of the Czech Republic and the Government of the Socialist Republic of Vietnam, Prague, 13 September 2005.

Development cooperation

From 25 February to 5 March 2005, a Czech inter-ministerial programming mission visited Vietnam to discuss the preparation of a medium-term strategy for development cooperation with Vietnam for 2006-2010. In 2005, a project to introduce bio-waste processing technologies worth CZK 21 million and the first stage of a project to search for and survey drinking water sources in Nghe An province, with a total budget of CZK 9.93 million for 2005-2007, were completed.

Cultural relations

“Czech Gastronomy and Culture Week” took place in Hanoi in 2005, featuring an exhibition of Czech crystal and Czech folk costumes. The Brno Philharmonic Orchestra and the J. Jaroušek dulcimer ensemble performed in Vietnam. J. Hřebejk’s *Divided We Fall* was screened at the European Film Festival in Hanoi. In keeping with tradition, Vietnamese children took part in the international art competition “Lidice”.

In 2005, the Czech Republic provided Vietnam with nine university scholarships; there were 27 Vietnamese beneficiaries of government scholarships studying in the Czech Republic in 2005. Vietnamese studies are taught at Charles University.

STATE OF ISRAEL

Relations between the Czech Republic and Israel have traditionally been very good. The two countries continued to cooperate intensively in the political and economic spheres. Israel remains one of the Czech Republic’s most important trading partners in the Middle East. In respect of the Middle East conflict, the Czech Republic has for long stressed an impartial approach to both sides of the conflict and emphasizes the need to end the violence and resume a political dialogue. The Czech Republic appreciated all the steps taken by Israel to achieve political stability in the region that would lead to the establishment of an independent, democratic and viable Palestinian state living side by side with the State of Israel in peaceful coexistence and mutual security.

Visits by representatives of the Czech Republic:

- 13-16 March 2005 – working visit by Minister of Defence K. Kühnl;
- 19-21 March 2005 – working visit by Minister of the Interior F. Bublan;
- 15-17 May 2005 – working visit by Deputy Minister of Foreign Affairs for Security Policy J. Winkler;
- 12-15 September 2005 – official visit by President V. Klaus;
- 8-13 November 2005 – working visit by Minister of Informatics D. Béroová;
- 18-23 November 2005 – working visit by Deputy Minister of Industry and Trade K. Tureček.

Economic relations

The Czech Republic's principal export commodities: passenger cars, mechanical and electrical machinery and plant equipment, microprocessors, iron and steel products, optical instruments, chemicals industry products, arms and ammunition.

The Czech Republic's principal import commodities: electrical engineering industry products (telecommunications technology, computer and office technology), healthcare and optical instruments, chemicals industry products (in particular agricultural chemicals), medicaments, vegetables, plastics.

Cultural relations

The NIE theatre, including Czech actors, performed in Rishon Le-Cion and Kfar Shmaryahu from 29-31 March 2005. On 8 May 2005, there was a concert by I. Kellarová and two members of her band D. Dužda and R. Horváth in the amphitheatre in Ein Hod village near Haifa. The Prague black-light Image Theatre gave nine performances for the Israeli public from 23 July to 2 August 2005. The National Theatre Ballet performed to great acclaim on 7 and 8 October 2005 at the Suzanne Dellal Centre in Tel Aviv as part of the "Dance Europa" festival. A new Czech film by director P. Nikolaev, *A Little Piece of Heaven*, was screened at the International Film Festival in Haifa on 23 and 25 October 2005. The Israeli-Czech "Chanukah Festival for Children" took place from 26 December 2005 to 2 January 2006 at the Givatayim theatre, with the staging of a play titled *Angels and Goblins*.

STATE OF KUWAIT

Relations between the Czech Republic and Kuwait have traditionally been friendly. The number of Kuwaitis visiting the Czech Republic as tourists or for spa treatment continued to increase in 2005.

Visits by representatives of the Czech Republic:

- 4-8 March 2005 – working visit by Minister of Industry and Trade M. Urban.

Economic relations

The Czech Republic's principal export commodities: passenger cars, machinery and plant equipment for the oil industry and healthcare, last but not least foodstuffs.

The Czech Republic's principal import commodities: crude oil and petroleum products.

Cultural relations

The Language Centre of the University of Kuwait provided two one-year scholarships for Czech students of Arabic for the 2005/2006 academic year.

SWISS CONFEDERATION

The traditionally friendly Czech-Swiss relations continued to develop at a dynamic pace in 2005. 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.

In a referendum on 25 September 2005, Swiss voters agreed with the 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 10 new EU member countries. In granting work permits to employees, precedence will continue to be given to locals and citizens of the older member countries before the granting of a work permit; in the area of self-employment, transitional restrictions will be applied in certain sectors. Even so, these decisions represent fundamental progress towards the removal of

barriers on the Swiss labour market and putting EU citizens on an equal footing vis-à-vis third countries. In addition, the signing of a police cooperation agreement on 31 May 2005 continued the process of finalising the legal basis of Czech-Swiss relations.

In mutual trade, the previous year's turnover was again substantially exceeded in 2005. The Czech Republic thus remained Switzerland's biggest trading partner from Central and Eastern Europe. Both Czech imports and Czech exports displayed strong growth and a developed commodity structure.

Visits by representatives of the Czech Republic:

- 29 January 2005 – meeting between President V. Klaus and Federal President S. Schmid at the World Economic Forum in Davos.

Visits by representatives of Switzerland:

- 16-19 May 2005 – working visit by a delegation of the Foreign Policy Commission of the National Council, led by its chairman E. Jutzet;
- 10-13 October 2005 – official visit by President of the Council of States B. Frick;
- 4 November 2005 – working visit by Head of the Federal Department of Home Affairs (i.e. social affairs, education, culture and healthcare) P. Couchepin;
- 14 December 2005 – working visit by Head of the Federal Department of Foreign Affairs M. Calmy-Rey.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
Turnover	CZK thousands	42 763 603	48 125 586	51 498 684	1.4
	year-on-year index	102	112.5	107.0	
Exports	CZK thousands	19 641 845	21 288 996	23 488 941	1.3
	year-on-year index	110.9	108.4	109.6	
Imports	CZK thousands	23 121 758	26 836 590	28 009 743	1.5
	year-on-year index	110.9	116.1	104.2	
Balance	CZK thousands	-3 479 913	- 5 547 595	- 4 520 802	
foreign investments – incoming	direct (CZK thousands)	7 425 300	3 676 700	6 169 100	
	portfolio (CZK thousands)	5 400 000	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	89 600	37 800	185 200	
	portfolio (CZK thousands)	430 000	733 600	934 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

Czech-Swiss trade can be rated positively from the point of view of the mutually developed commodity structure. More than 53 % of Czech exports is accounted for by products with high value added (machine engineering products, Škoda passenger cars). Switzerland is also an important investor in the Czech Republic, even though the volume of Swiss investments in the Czech Republic is just a fraction of Swiss foreign investments worldwide.

In 2005, Switzerland was the Czech Republic's 17th biggest trading partner in terms of total foreign trade turnover. The achieved volume of Czech-Swiss trade in 2005 is the highest since 1993 and confirms the long-term growth trend in mutual trade.

The Czech Republic's principal export commodities: machinery and transport equipment (passenger cars, 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), metal products, non-ferrous metals, iron products, various constructions, tyres, paper and cardboard, clothing products and accessories, furniture, chemicals *et al.*

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, data processing equipment, electrical switching devices, electrical

equipment and devices, printing machinery, clothing products, paper, cardboard, textile yarns and cotton fabrics, specialist scientific and control instruments, orthopaedic devices and aids, precision engineering products, jewellery and goldsmiths' products *et al.*

Bilateral agreements concluded in 2005

- Treaty between the Czech Republic and the Swiss Confederation on Police Cooperation in the Fight against Crime, Prague, 31 May 2005.

Cultural relations

Cultural relations are not governed by any treaties; cultural exchange takes place primarily on a commercial basis.

The most important Swiss institution operating in the Czech Republic as a broker of Swiss-Czech cultural exchange was the Prague branch of the Pro Helvetia foundation. In response to the completion of the transformation process and political stabilisation in the countries of Central Europe, the foundation's Prague branch was closed on 5 December 2005.

Czech art has traditionally had a good reputation in Switzerland; there were many concerts of music by Czech composers and many performances by Czech musicians. Exhibitions of works by Czech artists were also numerous. In 2005, the Czech Embassy in Bern organised, *inter alia*, a concert by R. Kolínský and B. Boller, and co-organised the 10th "B. Martinů International Music Days" in Basel, and several exhibitions of Czech artists.

Certain foundations and associations run mainly by expatriates also make a major contribution to Czech-Swiss cultural cooperation. There are approximately one thousand members of 21 expatriate associations. The Union of Czech and Slovak Associations in Switzerland is an umbrella organisation associating 18 expatriate associations, most of them focused on the Sokol sports movement. Other expatriate organisations include the Swiss branch of the Czechoslovak Society for Arts and Sciences, the Swiss Olga Havlová Association, and Sokol Solothurn.

SYRIAN ARAB REPUBLIC

Syria is a traditional trading partner for the Czech Republic in the Middle East. The most important event in economic relations in 2005 was the agreement reached on the settlement of debts between the Czech Republic, Slovakia and Syria. By August 2005, Syria repaid the trilaterally agreed outstanding debt in two instalments to the Czech and Slovak governments.

Visits by representatives of Syria:

- 1 April 2005 – working visit by Finance Minister M. Hussein.

Economic relations

The Czech Republic's principal export commodities: motor vehicles, machinery and plant equipment, electrical engineering and electronic devices, tyres, chemical fibres.

The Czech Republic's principal import commodities: crude oil and petroleum products, cotton, furniture and bedding, clothing and clothing accessories.

Cultural relations

The Syrian ministry of culture and local media rated positively an exhibition of children's drawings at the prestigious Adham Ismail Centre art school in Damascus, where the prizes were also handed over to children participating in the "International Art Exhibition Lidice 2004".

UKRAINE

Political and economic relations between the Czech Republic and Ukraine are good. The Czech Republic welcomed the changes that occurred during 2005 and expressed its readiness to help Ukraine during its difficult transformation process. Ukraine is the Czech Republic's second biggest trading partner among the former Soviet Union countries.

The Czech Republic provided Ukraine with development assistance projects aimed at the modernisation of nuclear power plants, retraining and professional training, reconstruction of buildings used by the Czech community in Ukraine, etc.

Visits by representatives of the Czech Republic:

- 10 May 2005 – visit by Minister of Foreign Affairs C. Svoboda;
- 4-16 June 2005 – visit by President V. Klaus.

Visits by representatives of Ukraine:

- 9-10 February 2005 – visit by Chairman of the Supreme Council V. Lytvyn;
- 15-16 November 2005 – visit by Minister of Defence A. Hrytsenko.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	17 123 811	26 385 072	33 347 592	0.9
	year-on-year index	104.7	154.1	126.4	
exports	CZK thousands	7 332 667	11 882 281	16 915 564	0.9
	year-on-year index	106.2	162.0	142.4	
imports	CZK thousands	9 791 144	14 502 791	16 432 028	0.9
	year-on-year index	103.7	148.1	113.3	
balance	CZK thousands	-2 458 477	-2 620 510	483 536	
foreign investments – incoming	direct (CZK thousands)	7 500	81 400	222 000	
	portfolio (CZK thousands)	no record	no record	102 000	
foreign investments - outgoing	direct (CZK thousands)	67 200	566 200	269 200	
	portfolio (CZK thousands)	2 300	33 900	no record	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

Trade exchange increased its already relatively fast growth rate, both in exports, which recorded almost 42 % growth in Czech crown terms, and in imports, which were up by more than 11.9 %. Although the relative political instability in 2005 did not create a favourable economic and trade climate, the expected stabilisation following the parliamentary elections in March 2006 will provide relatively sufficient guarantees for further, no less rapid, development of mutual relations, with the prospect of Ukraine becoming an even more important trading partner of the Czech Republic.

The Czech Republic's principal export commodities: reactors, boilers, mechanical devices, motor vehicles, tractors and other vehicles, electrical audio recording and reproduction devices, plastics and plastics products, paper, cardboard, paperboard and products of such, iron and steel products, pharmaceutical products.

The Czech Republic's principal import commodities: metal ores, slag, iron and steel, fuels, petroleum and bituminous products, aluminium and aluminium products.

Cultural relations

In 2005, the Czech Centre in Kiev organised or co-organised fifty-two different cultural events. During the preparation of programme, specifics and requirements of the local public were given a particular consideration. 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 events were organised in cooperation with local partners, Czech expatriate associations and certain foreign cultural institutions operating in Ukraine.

The Czech Centre participated in the Czech Republic's presentation during "Europe Day" celebrations in Kiev, Donetsk, and Odessa. Czech language courses were organised for beginners and advanced students.

In 2005, the Czech Republic awarded four long-term studies scholarships as part of its development programmes and eight reciprocal scholarships for Czech language studies at Slavonic Studies Summer Schools in the Czech Republic. It also participated in the International Visegrad Fund's award of thirty-two scholarships for Ukrainian candidates.

UNITED ARAB EMIRATES

Relations between the Czech Republic and United Arab Emirates are developing successfully, especially in the economic field.

Visits by representatives of the Czech Republic:

- 11-13 March 2005 – working visit by Minister of Industry and Trade M. Urban.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	8 824 921	9 960 123	12 153 343	0.3
	year-on-year index	110.2	112.9	122.0	
exports	CZK thousands	7 180 363	9 385 352	11 631 524	0.6
	year-on-year index	99.9	130.7	123.9	
imports	CZK thousands	1 644 558	574 771	521 819	0.03
	year-on-year index	200.7	34.9	90.8	
balance	CZK thousands	5 535 805	8 810 581	11 109 705	
foreign investments - incoming	direct (CZK thousands)	1400	4 500	5 900	
	portfolio (CZK thousands)	no record	no record	no record	
foreign investments - outgoing	direct (CZK thousands)	-682 400	80 400	263 200	
	portfolio (CZK thousands)	no record	no record	no record	

Sources: 1) Czech Statistical Office, March 2006 (foreign trade data)
2) Czech National Bank, April 2006 (investment data)

In terms of trade turnover, the United Arab Emirates are 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.

For many years now, economic relations between the Czech Republic and United Arab Emirates have been characterised by dynamic growth, particularly in Czech exports. Czech exports rose by CZK 2.25 billion from 2004 to 2005. The growth in the Czech Republic's balance of trade surplus was also caused by a fall in the value of imports, down approx. CZK 53 million from 2004 to 2005.

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

To mark the first anniversary of EU enlargement, the Czech Embassy staged an exhibition titled "Capital City of Europe", based on the book of the same name by E. Škňouřil, on 20-28 February 2005. In keeping with tradition, 2 Czech films, *Divided We Fall* and *The Wonderful Years That Sucked*, were screened at the European Film Club.

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

Relations between the United Kingdom and the Czech Republic have been successfully developing at bilateral and multilateral levels in the context of European integration and the Euro-Atlantic partnership. The United Kingdom chaired the G8 group throughout 2005 and held the EU Presidency in the second half of 2005, which was reflected in the increased significance of foreign policy relations and the number of mutual visits. The United Kingdom is one of three countries that opened its labour market to Czech citizens upon the Czech Republic's accession to the EU on 1 May 2004. Security cooperation and cooperation in missions in Afghanistan and the Balkans is also significant; Czech army personnel serve in the British sector in Iraq.

Visits by representatives of the Czech Republic:

- March 2005 – visit by a delegation of the Constitution and Legal Committee of the Chamber of Deputies of Parliament;
- 9-11 March 2005 – visit by President of the Chamber of Deputies of Parliament L. Zaorálek;
- 9 March 2005 – visit by Minister of Health M. Emmerová;
- 23 May 2005 – working visit by Prime Minister J. Paroubek.
- 27-29 May 2005 – visit by Minister of Industry and Trade M. Urban;
- 4 July 2005 – visit by Minister of Agriculture P. Zgarba;
- 19-20 September 2005 – visit by Minister for Regional Development R. Martínek;
- 22 September 2005 – visit by Deputy Prime Minister M. Jahn;

- 9-11 October 2005 – visit by the Chairman of the Committee for European Affairs of the Chamber of Deputies of Parliament P. Svoboda;
- 18-19 October 2005 – working visit by President V. Klaus;
- 30 October to 1 November 2005 – visit by Chairman of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament V. Laštůvka;
- 13-16 November 2005 – visit by a delegation of the Committee for Social Policy and Healthcare of the Chamber of Deputies of Parliament;
- 27-28 November 2005 – visit by Chairman of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament V. Laštůvka;
- 28-29 November 2005 – working visit by Prime Minister J. Paroubek.

Visits by representatives of the United Kingdom:

- 2-3 March 2005 – visit by Minister of State for Europe at the Foreign and Commonwealth Office D. MacShane;
- 14-15 June 2005 – working visit by Defence Secretary J. Reid;
- 29 June 2005 – visit by Deputy Prime Minister J. Prescott;
- 18-19 July 2005 – visit by His Royal Highness Prince Edward, Duke of Wessex;
- 2 November 2005 – visit by His Royal Highness Prince Michael of Kent and spouse;
- 1-3 December 2005 – visit by Leader of the House of Commons and Cabinet Minister G. Hoon.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	113 100 000	131 977 476	133 079 071	3.6
	year-on-year index	98.9	116.7	100.8	
exports	CZK thousands	73 914 000	81 244 014	86 990 586	4.6
	year-on-year index	101.5	109.9	107.1	
imports	CZK thousands	39 186 000	50 733 462	46 088 485	2.5
	year-on-year index	94.2	129.5	90.8	
balance	CZK thousands	34 728 000	30 510 552	40 902 101	
foreign investments – incoming	direct (CZK thousands)	7 655 600	2 747 800	5 534 700	
	portfolio (CZK thousands)	36 800 000	49 400 000	no record	
foreign investments - outgoing	direct (CZK thousands)	991 400	448 500	684 400	
	portfolio (CZK thousands)	14 531 300	18 568 000	22 731 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)

2. Czech National Bank, April 2006 (investment data)

In 2005, the United Kingdom was the 6th biggest destination for Czech exports, the 12th biggest source of goods imported to the Czech Republic, and overall the Czech Republic's 9th biggest trading partner in terms of mutual trade turnover.

Trade and economic relations between the Czech Republic and the United Kingdom registered further positive growth in 2005. There was an increase in total trade exchange and in Czech exports. The positive influence of the Czech Republic's accession to the EU continues to be felt. In consequence of this step, the remaining barriers to mutual trade were broken down, similarly as in the Czech Republic's trade with other EU countries. In the conditions of free movement of goods and capital within the EU, Czech products have become even more competitive on the British market. While the structure of mutual trade remained similar, the volume of Czech exports to the United Kingdom grew and the volume of Czech imports from there fell. It should be added that these developments took place despite the pronounced strengthening of the Czech koruna against the British pound (7.5 % up in 2005).

Up to 2001, the Czech Republic had a balance of trade deficit with the United Kingdom. Since 2001, enduring growth in Czech exports has turned this deficit into a surplus. Czech exports to the UK have grown more than sixfold in the last 10 years. Imports from the UK to the Czech Republic have alternated between growth and decline since 2001.

British Vodafone's acquisition of the Czech firm Oskar made 2005 a landmark year for direct foreign investments.

The Czech Republic's principal export commodities: motor vehicles, television sets, digital processor units, automobile parts, tyres, complex digital data processing systems, and air-conditioning equipment parts.

The Czech Republic's principal import commodities: electrical machinery, instruments and equipment, office equipment and computer technology, medical and pharmaceutical products, industrial machinery and plant equipment, road vehicles, electricity generation machinery and plant equipment, specialised machinery for various industrial sectors, textile fibres and yarns, essential oils, perfumes and toiletries.

Cultural relations

In 2005, the Czech Republic was presented primarily in music, cinema and design, and also made use of the 60th anniversary of the end of the Second World War. One significant event was J. Bělohlávek's appointment as chief conductor of the BBC Symphony Orchestra for a three-year term in February 2005. A performance of Smetana's *My Country* at the London Barbican Centre on the eve of the start of "Prague Spring" Musical Festival was well received. There were concerts by the Pražák Quartet, Kocián Quartet, Wihan Quartet, Guarneri Trio, and the Škampa Quartet, among others. Performances by soloists included concerts by M. Kožená, the Škampa Quartet with I. Bittová at Wigmore Hall, the Martinů Quartet and D. Pecková at the Royal Albert Hall, and bass P. Dvorský. There were modern music and jazz performances at concerts and festivals by Čechomor, the Robert Balzar Trio, E. Viklický, Tarafuki, The Ecstasy of St. Theresa, and Monkey Business. Film festivals (in Edinburgh and London) featured screenings of films by D. Ondříček *One Hand Can't Clap*, *Snowboarders* and *Dirty Soul*, J. Hřebejk's *Up and Down* and a British documentary titled *Bata-Ville: We Are Not Afraid of the Future; Tales of Ordinary Insanity, Happiness, City of the Sun* and *Shark in the Head*. There was a retrospective of works by director J. Jirěš. The Czech Centre organised a festival of "New Czech Cinema". Animator M. Pavlátová took part in an international festival of animated films in Norwich. *Czech Dream* was screened in general cinema distribution. The "Czechmania" and "Czech Design" projects continued to showcase young Czech designers, artists and students. In March, the results of the "Architecture for Diplomacy" student competition, organised under the auspices of the Minister of Foreign Affairs of the Czech Republic, were announced at a function at the Czech Embassy. The new building of the School of Slavonic and East European Studies in London was opened in October 2005 at an event attended by President V. Klaus; the Ministry of

Foreign Affairs of the Czech Republic devoted GBP 10,000 to furnishing the Masaryk Hall. As part of the celebrations of the 65th anniversary of the Battle of Britain, a Battle of Britain monument, inscribed with the names of 88 Czechoslovak pilots, was ceremonially unveiled in London in September 2005; the Czech Republic was one of the biggest contributors, providing a sum of CZK 2.5 million. Second World War pilots and veterans form a significant Czech expatriate group. During Prime Minister J. Paroubek's May visit, they were ceremonially awarded medals of the Ministry of Defence of the Czech Republic, conferred on the occasion of the 60th anniversary of the end of the Second World War.

UNITED STATES OF AMERICA

The United States of America is an important strategic ally and a partner of the Czech Republic. The development of good relations and close cooperation between the Czech Republic and the USA, as well as within the broader EU-US framework, is one of the enduring and fundamental priorities of Czech foreign policy. The United States remains the most important member of NATO, which is the principal guarantor of the Czech Republic's national security. Thanks to its policy, the Czech Republic is perceived in the USA as a reliable ally. The principled concept of Czech foreign policy's focus on human rights is rated extremely positively in the USA.

The culmination of bilateral contacts in 2005 was President V. Klaus's meeting with President G. W. Bush at the White House in March. President Klaus was a guest at the White House once again in 2005, when he was received by Vice President R. Cheney in September. During that visit, President Klaus also met with Secretary of State C. Rice, among others.

In 2005, the United States of America continued to be a very important trading partner of the Czech Republic. The two countries' balance of trade registered a positive turnaround, with Czech exports to the USA exceeding imports from the USA for the first time since the Czech Republic's independence.

Visits by representatives of the Czech Republic:

- 5-11 March 2005 – working visit by a delegation of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament;

- 8 March 2005 – working meeting of President V. Klaus and President G. W. Bush at the White House;
- 29 June to 6 July 2005 – a delegation of the Chamber of Deputies and Senate of Parliament attended the 14th session of the OSCE Parliamentary Assembly;
- 6-13 September 2005 – visit by President of the Chamber of Deputies of Parliament L. Zaorálek;
- 19-24 September 2005 – working visit by President V. Klaus;
- 25-27 October 2005 – working visit by Minister of Defence K. Kühnl.

Visits by representatives of the USA:

- 31 March 2005 – working visit by Deputy Secretary of State R. Zoellick;
- 5-7 May 2005 – visit by Veterans Affairs Secretary R. J. Nicholson.

Economic relations

		2003	2004	2005	share of 2005 aggregate indicators (%)
turnover	CZK thousands	78 338 743	93 429 048	96 454 830	2.6
	year-on-year index	99.1	119.2	103.2	
exports	CZK thousands	35 406 349	38 965 379	48 525 732	2.5
	year-on-year index	93.8	110.5	124.5	
imports	CZK thousands	44 32 394	54 463 669	47 929 098	2.6
	year-on-year index	103.5	121.2	88.0	
balance	CZK thousands	-11 526 045	-15 498 291	596 634	
foreign investments – incoming	direct (CZK thousands)	5 745 300	7 249 799	2 557 200	
	portfolio (CZK thousands)	39 100 000	50 000 000	no record	
foreign investments - outgoing	direct (CZK thousands)	3 900 700	203 500	146 000	
	portfolio (CZK thousands)	18 310 700	19 087 600	28 694 000	

Sources: 1. Czech Statistical Office, March 2006 (foreign trade data)
2. Czech National Bank, April 2006 (investment data)

The United States of America remains an important trading partner of the Czech Republic. The size of the American market and high absorption capacity have for long made the USA one of the Czech Republic's most important export territories. Exports to the USA are substantially boosted by Czech industry's involvement in global supplier chains, multinational companies' in-house supplies and production orders for large American companies. The rising proportion of products with higher value added is a positive sign.

The USA is one of the biggest investors in the Czech Republic, in terms of both direct investments and the influx of capital via third countries.

The Czech Republic's principal export commodities: electrical devices, electrical engineering products, computer technology parts, subcontracts for helicopter manufacture, tantalum condensers, pumps for compression ignition engines, machinery and plant equipment, metallurgical products, optical instruments, plastic and rubber industry products, artificial veins, glass and glass jewellery, chemicals, furniture, tractors and transport equipment, textiles, clothing, sporting arms.

The Czech Republic's principal import commodities: the imports structure has remained stable for a long time: major import groups include civil aircraft and aircraft parts, industrial and construction machinery, electrical machinery, office machines and computer technology, healthcare technology, medicaments and pharmaceutical products, telecommunications equipment, and transport technology.

Cultural relations

One of the key cultural events of 2005 was "Prague Spring in Washington D.C.", a music festival held under the auspices of the Mayor of Prague P. Bém in June at the prestigious Kennedy Center in Washington D.C. The event included performances by, for example, the soprano E. Urbanová, violinist P. Šporcl, pianists P. Jiříkovský and D. Švec, singer and dulcimer player Z. Lapčíková; E. Viklický performed his melodrama *The Mystery of Man*, and master glassmaker V. Bachorík and artist E. Chmelová presented their works. K. Gott's second performance at Carnegie Hall, New York, was another major event. A recital by J. Pavlica and his group Hradiš'an and the "Evening with the Plastic People of the Universe", followed by their concert, held at the Czech embassy in Washington D.C., met with considerable success. Besides regular screenings of Czech films, the Czech missions in the US have also organized exhibitions of Czech photographers and artists, including an exhibition of paintings and illustrations by V. Tataro in Washington D.C. and a traveling exhibition of historical documents and photographs of "Czechs in America", mapping the past and present of Czech expatriates in the USA.

"Islam Evening", an event organised by the Czech embassy in March 2005 in cooperation with the Berkat civic association and devoted to women in areas of conflict in the contemporary world, addressed a serious theme. The evening featured the opening of an exhibition of unique photographs by I. Zímová titled "To Live to See a Better Day", portraying women from Afghanistan, Chechnya and Iraq. In connection with the visit by

Chief of General Staff of the Army of the Czech Republic P. Štefka in April, a reception was held in Washington D.C. to mark the 60th anniversary of liberation, during which an exhibition of photographs of “Americans in Pilsen” was opened. The 17 November anniversary celebrations included a performance by the Little Quarter Chamber Choir, among other things. The high point of the Czech Republic’s cultural presentation in the USA in 2005 was the exhibition of Czech Gothic art from the time of the Luxembourgs in New York’s Metropolitan Museum, opened by President V. Klaus in September. The exhibition was attended by over 170,000 visitors and received well-deserved media coverage.

UNITED STATES OF MEXICO

The Czech Republic has for long had friendly relations with Mexico, traditionally centred on trade and economic ties.

Visits by representatives of the Czech Republic:

- 2-7 February 2005 – working visit by Minister of Agriculture J. Palas;
- 12-15 June 2005 – working visit by Minister of Industry and Trade M. Urban, accompanied by Chairman of the Committee for Foreign Affairs of the Chamber of Deputies of Parliament V. Laštůvka;
- 25-28 November 2005 – working visit by Deputy Minister of the Environment F. Pojer.

Visits by representatives of Mexico:

- 1 November 2005 – working visit by M. L. Aranda, Undersecretary at the Ministry of Foreign Affairs.

Economic relations

The Czech Republic’s principal export commodities: for many years these have been power industry and electrical engineering industry products, automobile parts, industrial

machinery and plant equipment, textiles, clothing, and other industrial and consumer products.

The Czech Republic's principal import commodities: machinery and plant equipment, computer technology, transport equipment, raw materials for the chemicals industry, agricultural produce, foodstuffs, and other processing industry products.

Cultural relations

Czech musicians who visited Mexico in 2005 included Mr and Mrs Tichota, pianist M. Svoboda, organist M. Novenko, violinist J. Svěcený, guitarists V. Bláha and P. Steidl, and the Talich Quartet. In the creative arts, the "Czech Graphic Art" exhibition and the art studio of Czech painter Š. Šimlová deserve a mention. Czech cinema was presented at over ten events in Mexico in 2005.

In education, regular scholarship and exchange programmes were implemented under the existing Cultural Agreement between the Czech Republic and Mexico. The chancellors of the Czech Technical University in Prague and the Mendel University of Agriculture and Forestry in Brno visited Mexican universities in 2005. The traditional participation at summer language courses in the Czech Republic by representatives of the Czech community in Mexico helped maintain contacts between the Czech community and their original homeland.

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 2005, the Ministry of Foreign Affairs of the Czech Republic (MFA), in cooperation with the Ministry of Industry and Trade, identified the creation and gradual implementation of a project titled "A New System for Managing the State's Commercial and Economic Services Abroad" as its priority objective in this area. The project should help further improve the quality and effectiveness of the system for managing the trade and economic sections of embassies abroad. The new system's main principle is 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. It also helps deepen cooperation and the joint endeavour of all Czech authorities and entities operating in a given territory.

This system was pilot-tested at fifteen embassies abroad in 2005. In introducing the system, the MFA worked closely with the Ministry of Industry and Trade, CzechTrade and CzechInvest agencies, and Czech Centres. The significance of the interaction and cooperation with these organisations providing state support for foreign trade and investment was reflected in, among other things, the creation of a shared information space (referred to as SINPRO), which has become an important aid for coordinating the work of all the said components of state support for exports and the influx of foreign investment. In addition, Czech embassies abroad created a suitable environment and conditions for the development of the network of Czech Trade offices abroad, which are capable of dealing very flexibly with specific trade and investment objectives and whose work has particular significance for small and medium-sized enterprises breaking onto foreign markets.

The principal task of economic diplomats is to create favourable conditions for the activities of Czech businesses abroad; they create a suitable environment for these activities. Now, after the Czech Republic's accession to the EU, they are not directly in charge of international treaties concerning the promotion of the common EU trade policy towards third

parties; however, their suggestions and information provided through Czech representatives in the EU are important for the appropriate EU bodies in the process of negotiating or modifying economic agreements or when taking action in cases of non-compliance with such agreements.

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. Since 1998, this cooperation has taken place according to a cooperation agreement concluded between the ministries. Embassies regard Czech export support as a priority task – that is why, in 2005, they continued to push for effective coordination of all the dimensions of the work of organisations representing the Czech Republic abroad.

Embassies

The common goal of Czech embassies' liaison, information and export support activities is to promote Czech economic interests and raise the general awareness of the Czech economy, including its production potential and investment and import opportunities.

In their liaison work, the embassies' principal and constant task was to establish and strengthen personal contacts at ministries, in economic institutions and in important firms abroad. Embassies discussed possible new forms of cooperation with representatives of chambers of commerce, professional associations and other business organisations in the receiving country. They concentrated on raising awareness of business opportunities and improving the overall positive image of the Czech Republic as a developed country with rich cultural, democratic and industrial traditions and a skilled workforce, in order to present the Czech Republic as a reliable trading partner and a safe destination for foreign investments.

In developing their liaison work, embassies worked actively and closely with other representations of Czech export promotion organisations in their receiving country: Czech Centres, CzechTrade, CzechInvest, and CzechTourism, which enabled them to react very flexibly to a wide range of impetuses from Czech and foreign businesses.

In their information work, embassies supplied interested state authorities and the business sphere in the Czech Republic with key information on trade policy in individual countries, investment opportunities, customs rules, the opportunities and conditions for

exports, and in some cases about changes affecting the business environment, the terms of public tenders, and trade or other business opportunities. Embassies responded to specific requests from Czech firms looking for new business partners or seeking to market products or services. Embassies also monitored the implementation of existing bilateral treaties or commitments stemming from multilateral agreements. They monitored information about standards and certification of local products and passed on information about new legal, tax and customs matters related to importing and exporting. Last but not least, embassies also recommended international trade fairs and exhibitions suitable for the Czech Republic's official participation, and helped enhance the visibility of Czech businesses taking part in these events.

In their promotional work, the embassies' principal aim was to raise awareness of the standard of the Czech economy, the structure of the business sphere and its production and export potential. The most widely used method was the organisation of acquisition events, specialised seminars and what are known as "Czech Days" in their receiving countries. Embassies also played an active role in organising Czech business missions to their receiving countries and important foreign business missions to the Czech Republic.

Cooperation with local business media was also important. Embassies successfully arranged the necessary publicity for events, particularly Czech firms' participation in trade fairs and exhibitions, visits from the Czech Republic and significant anniversaries.

Economic sections of embassies

Economic sections are an integral part of embassies in countries that are important or potential trading partners for the Czech Republic. Economic sections' work with enterprises focused on promoting the interests of Czech firms and providing the following assistance services:

- Information. Providing information to businesses: basic contact details of potential trading partners, recommending the services of law firms, chambers of commerce, informing about orders, projects and tenders in the territory, actively looking for opportunities for Czech firms;

- Assistance. Providing support in promoting offers, lobbying, problem-solving assistance, support for participation in competitions, projects and tenders, assistance in finding partners or business contacts;
- Presentation. Supporting firms taking part in trade fairs and exhibitions, supporting the preparation of business missions and other sectoral and individual presentations.

In order to be fully prepared to provide effective support to Czech businesses, economic sections also focus on:

- 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.

There were 101 economic diplomats working at 81 Czech embassies in 69 countries in 2005. In other countries, economic and trade issues come under the care of diplomats who are assigned to tasks in other areas as well, e.g. visa, consular, political or cultural work.

In 2005, The MFA continued to equip the economic sections of embassies with computer technology, information resources such as databases of firms in the Czech Republic and firms in individual territories, and reference books and manuals.

Consulates General

Consulates General are part of the network of the Czech Republic's official representation abroad. Although the work of Consulates General focuses primarily on consular and visa matters, promoting the Czech Republic's economic and trade interests in the area in question also forms part of their work. Consulates General assisted the development of bilateral relations principally with the relevant regions, with the emphasis on the economic and trade aspects of relations.

Honorary consulates

Honorary consulates are established to promote the Czech Republic's interests in countries or in regions where the Czech Republic does not have its own diplomatic mission. Honorary consuls are usually citizens of the host country with extensive experience and contacts in their country. The process of selecting honorary consuls accents more and more their ability to manage not just representational and consular tasks but also, if possible, the tasks of economic diplomacy. The MFA intends to make greater use of the potential of honorary consuls for Czech export promotion.

Permanent missions to international organisations

In 2005, the Czech Republic continued to actively promote its political, economic and, depending on the nature of the organisation, trade interests in international organisations. The Czech Republic is a member of more than 100 international organisations; in 56 such institutions it is represented at governmental level (WTO, OECD, IMF, etc.). The Czech Republic has permanent missions to the most important organisations. Through these missions, the Czech Republic adopted positions on the issues addressed by these organisations and presented and defended the relevant policies of the Czech government. In so doing, it contributed to the positive perception abroad of the Czech Republic's economic and political environment. As an EU member, the Czech Republic coordinates its approach to issues discussed in these organisations within the EU framework.

Furthermore, the Ministry continued to cooperate with the business sphere in promoting Czech firms seeking to supply goods and services under the programmes run by international organisations. In 2005, more Czech firms received the necessary certification as potential suppliers to these programmes with the right of access to the tender databases of UN agencies.

One enduring task of the Ministry of Foreign Affairs and diplomatic missions to international organisations is the effort to increase the number of Czech experts in secretariats, or in the missions, development programmes and projects of these organisations. The task of increasing the number of Czechs in the secretariats or specialist departments of these organisations should be perceived as long-term and comprehensive: it displays the Czech Republic's preparedness to participate more actively and more profoundly in efforts to resolve international problems and helps shape international opinions about the Czech

Republic. Much depends, however, on the abilities and preparedness of Czech candidates to succeed in international recruitment competitions.

Czech Centres

In the area of export promotion, Czech Centres concentrated chiefly on corporate presentations or providing general information on trade and economic matters.

Cooperation between Czech Centres and the regional government authorities in the Czech Republic on presentations of Czech regions abroad went ahead very successfully in 2005. 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 publications and was involved in distributing them in the receiving country.

In 2005, the www.export.cz Internet server operated by Czech Centres’ head-office continued to offer an up-to-date database of demand and supply enquiries by foreign applicants interested in cooperating with Czech firms, as well as information on Czech enterprises seeking foreign partners. Territorial information received from Czech embassies is a valuable source of information that is not available on similar servers. The regular year-on-year increase in the number of visitors to this website confirms that it has become an indispensable aid for a number of enterprises.

Scientific research

In 2005, the Ministry of Foreign Affairs continued to support scientific research into the world economy, including certain historical aspects.

The following projects, approved in previous years, continued in 2005:

- Czechoslovakia and sub-Saharan Africa 1948-1989;

New projects commissioned in 2005:

- Aspects of Turkey's integration into the European Union;
- Balkan states' integration into the EU and the Czech Republic's interests;
- Analysis of transformation assistance to Czechoslovakia at the turn of the 1980s and 1990s;
- The relationship between interests and principles in foreign policy, or the relationship between support for human rights observance and the state's interests in the trade and economic area;
- New trends emerging in the world economy and the development of economic growth in the conditions of globalisation;
- Analysis of cross-border cooperation in Euro-region structures on the Czech-Polish border;
- The role of water sources in international political conflicts in the Middle East;
- The political economy of privatisation in Middle East and North African countries: the road to democratisation or an instrument of adaptation for authoritarian regimes?
- Regional cooperation possibilities in the Middle East.

Extended projects:

- Central Asian states' political, economic, cultural and language ties with Russia and their integrational or disintegrational development in recent years.

Internal coordination of external economic relations and foreign trade

In performing its coordinating role in external economic relations, the Ministry of Foreign Affairs makes active use of a number of inter-ministerial platforms.

The platform used in implementing the Agreement between the Ministry of Foreign Affairs and the Ministry of Industry and Trade on cooperation in the execution of foreign-trade policy and export support in the work of the Czech Republic's foreign service is an inter-ministerial permanent working group, which operates at the level of deputy ministers of the two ministries and deals chiefly with issues related to improving the effectiveness of the economic sections of Czech embassies. The MFA is also a member of the Czech Council for Business and Export Support, an inter-ministerial coordinating and advisory body for state support to enterprise and exports. It analyses the situation in various areas of state support and

issues recommendations for the appropriate bodies and institutions. In the Council, the Ministry of Foreign Affairs also contributes to the Integrated Information System for Czech entrepreneurs.

In 2005, the MFA made active use of its shareholders' rights in the Export Guarantee and Insurance Company (EGAP) and the Czech Export Bank and, using suggestions and information from embassies, expressed its opinion on all major export transactions. The MFA was also a member of an inter-ministerial offset commission headed by the Ministry of Industry and Trade. The foreign ministry worked closely with the Economic Chamber of the Czech Republic, the Confederation of Industry of the Czech Republic, mixed chambers of commerce and professional associations in organising business missions to accompany foreign visits made by members of government and the President of the Czech Republic. The MFA also helped organise Czech participation in foreign exhibitions and trade fairs.

In 2005, the MFA continued in its activities designed to support political and economic changes in Iraq. The Czech Republic is committed to stabilising the situation in Iraq and improving its population's living conditions.

Specific forms of Czech assistance in rebuilding the Iraqi economy and society were discussed with the President of the Republic of Iraq J. Talabani in October 2005 at the Ministry of Foreign Affairs. During the talks, the Iraqi side was highly appreciative of the Czech Republic's positive role in the reconstruction process and called on Czech businesses to take part in preparing and implementing projects for the renewal and modernisation of Iraq.

In its long-term endeavour to support efforts by Czech institutions and businesses seeking to take part in economic and social renewal projects in Iraq, in 2005 the Ministry of Foreign Affairs continued a number of activities that are rated positively by the Czech business community. For example, the Czech Republic officially took part in the "Erbil Expo 2005" international trade fair in the Iraqi city of Erbil in September 2005; this participation was co-organised with the Ministry of Industry and Trade of the Czech Republic, the Confederation of Industry of the Czech Republic, and the Czech-Arab Chamber of Commerce.

One of the MFA's important contributions to the expansion of cooperation with Iraq was the implementation of projects under the Czech Republic's Transformation Assistance to Iraq, designed to train Iraqi specialists in the Czech Republic. More than 300 Iraqi specialists

from various industrial fields, the legislature, education, healthcare, etc. took part in the training. The feedback from the Iraqi side regarding the training has been positive, so a further deepening of contacts and cooperation between Czech and Iraqi companies can be expected.

2. The Czech Republic's economic development in 2005

In 2005, the Czech economy was characterised by *substantial GDP growth*, with the increase amounting to CZK 164. 8 billion in absolute terms (at 2004 prices), which is a year-on-year increase of 6 %. The *key factor* in the GDP growth was *increased aggregate work productivity*. Work productivity, measured by gross value added, rose by 5.6 % and gross value added became slightly less dependent on wages and pay.

The GDP growth was accompanied by a pronounced structural change in GDP creation and utilisation. In 2005, the growth in expenditure on the formation of gross fixed assets and household consumption expenditure slowed down considerably more than in 2004. The fact that consumption and accumulation levels were lower than supply-side creation is another key factor in the strong GDP growth.

On the GDP expenditure side, *foreign trade in goods and services had an absolutely dominant and very positive influence*. That was not just due to the growth in exports; it was also a consequence of the fall in the pace of growth of imports. In 2005, for the first time since 1993, exports of goods exceeded imports and there was a pronounced year-on-year change in net exports. The GDP growth consolidated the Czech Republic's economic position in the international community.

The relationship between slower production growth and faster growth in intermediate product consumption changed fundamentally in 2005, which had a positive impact on gross value added. Gross value added at current basic prices for 2005 increased by 6.6 % and thus outstripped GDP growth.

The biggest economic growth since 1993 took place in *a low-inflation environment*, with inflation reaching 1.9 % in 2005. The development of external economic relations was key for the high GDP growth, which was also reflected in a reduction in internal and external imbalance.

Secondary factors in the GDP growth were the increase in the number of workers and reduction in the rate of unemployment, the marked fall in the state budget deficit relative to GDP, domestic supply's outstripping of domestic demand, growth in the national savings rate and considerable reduction in the degree of financing of gross fixed assets formation from external sources.

At the same time, there was a *reduction in the balance of payments current account deficit relative to GDP*, a fall in net loans from abroad and an improvement of the Czech Republic's investment position abroad.

Machine engineering played an extremely key role: not just in generating new export funds but also in satisfying growing domestic demand for long-term consumption articles and investment.

The movement of prices of selected industrial commodities and foodstuffs on world markets, and in particular the high growth in the prices of crude oil and natural gas, created a new, substantially higher price level for these products, worsening the external conditions for Czech economic development. That did not, however, have a direct negative impact on the Czech economy and was not reflected in internal price movements or in a reduction in the processing industry's performance.

Besides the aforementioned positive factors, however, 2005 also saw a *worsening in real exchange rates*. That caused considerable trading losses in foreign trade exchange, which in turn led to a fundamentally lower growth in gross national product than GDP. The greater fall in the prices of exports than imports meant that greater volumes of goods needed to be exported per mass unit of imports. Even so, the purchasing power of exports grew faster than imports' dependency on funds generated by exports.

Household consumption accounted for more than two-thirds of expenditure on end consumption and its slower growth compared to 2004 was dependent on households' gross disposable income. Households' gross disposable income creation amounted to CZK 521.6 billion in 2005. On the utilisation side, expenditure on individual consumption rose slightly (up 3.6 %), which led to marked growth in households' gross savings (up 7.2 %).

Generated *national-economy funds* available for final expenditure at current prices – CZK 5,004.5 billion for 2005 – were in real terms greater by 5.5 % year-on-year and rose

more slowly than GDP. On the utilisation side, gross national final expenditure attained CZK 2869.7 billion at current prices, which was merely 0.9 % more in real terms year-on-year, meaning that its growth was slower than GDP growth. The increase in final consumption expenditure was the key factor in this development. Aggregate supply and demand for 2005 of CZK 5005.5 billion at current prices was up 6.1% in real terms year-on-year.

Gross disposable national income for 2005 of CZK 2,809.7 billion at current prices was CZK 195.5 billion greater year-on-year. The difference between the size of this increment and the GDP increment was influenced by net primary incomes and net current transfers. At CZK 712.9 billion, gross national savings for 2005 were up CZK 118.2 billion year-on-year, which represents an increase in the gross savings rate from 23.1 % to 25.4 %.

Industrial output development in 2005 was characterised by a slowdown in growth, primarily in consequence of the decline in economic growth in Eurozone states, which are the destination for a major portion of Czech exports. Industrial output increased by 6.7 % year-on-year for 2005. While in the first half of the year the growth in output and revenues was lower, in the second six months the pace of growth was high. Revenues from direct imports at current prices rose by 6.8 % year-on-year, which was less than the growth in overall exports of goods.

The *processing industry grew fastest*; extraction of power-industry raw materials and energy generation continued to weaken. There were pronounced structural movements in the processing industry. The key factor in the increase in machine engineering production was the very strong growth in transport equipment manufacturing (up 23.0 %) and in machinery and plant equipment manufacturing and repair (up 14.1 %). Manufacture of electrical and optical instruments grew, but at a much slower rate. Of the principal industrial segments, manufacture of intermediate products registered the least growth (up 1.5 %), whereas the increase in production for long-term consumption was considerably above average.

Revenues of enterprises under foreign control for 2005 grew at a substantially faster pace (14.9 % in real terms) than revenues for industry as a whole, which means that there was a slight fall in revenues in the remaining enterprises. Work productivity in industry for 2005 grew by 8.2 % year-on-year.

New orders in selected sectors for 2005 were 7.3% up year-on-year, orders from abroad 9.3 % up. Compared with developments in 2004, this meant that there was a sharp

slowdown in the growth of new orders (by 13.8 % and 13.7 % respectively), which, relative to the slowdown in the growth in revenues from industrial activities and revenues from direct exports at current prices (6.3 % and 12.9 % respectively), represents a fall in industrial output's coverage by orders.

Aggregate construction output for 2005 increased by 4.2 %, which was by 5.5 % less than the previous year. In building firms with 20 and more employees output under supply contracts grew by 5.1 % in real terms for the whole of 2005, which was by 3.8 % less than a year ago. Throughout 2005, housing construction was characterised by a slowdown in the increase in the number of started and, in particular, completed flats and a slight acceleration in the growth of half-built flats.

The volume of revenues in *selected services sectors* for 2005 rose by 3.1 % year-on-year in real terms, which is slightly lower growth than a year ago.

Retail revenues growth was a reflection of the increase in households' gross disposable income, the volume of consumer credit and the small growth in consumer prices. The volume of revenues for accommodation and catering services has been falling consistently since the second half of 2004; this decline continued in 2005. Revenues for communications services were up 8.4 %, largely owing to telecommunications, and in particular mobile operators.

The preliminary *aggregate agricultural account results for 2005* indicate a decline in agricultural output, and in particular crop output, which came on the heels of an outstandingly large cereals harvest the previous year. The economic performance of the agriculture sector, measured by total output, was 4.3 % lower in real terms in 2005 than the previous year; the key factor here was crop production, whose volume fell by 6.1 %.

Foreign economic transactions executed in 2005 led to an improvement in the Czech Republic's balance of payments. The balance of payments current account deficit for 2005 was substantially lower than in the previous year. The external imbalance decreased significantly, primarily due to the results of goods operations. Foreign exchange supply grew faster than demand. The CZK 61.7 billion balance of payments current account deficit for 2005 was CZK 105.7 billion lower year-on-year and was the result of faster growth in incoming payments than outgoing. The said deficit amounted to 2.1 % of GDP, which was less than a year ago. Foreign trade in goods had the biggest positive influence on the balance of payments current account.

With the CZK exchange rate strengthening against the USD and EUR, goods exports attained CZK 1,875.2 billion and imports of goods CZK 1,834.9 billion, which were up 8.9 % and 4.9 % respectively year-on-year. The balance of payments surplus amounted to CZK 40.3 billion. The positive foreign trade results were primarily influenced by trade in machinery and transport equipment, where exports grew by 9.1% year-on-year and imports fell slightly. A balance of payments surplus of CZK 217.0 billion was achieved in this category for 2005, which is CZK 80.8 billion more than in 2004. In the market goods classified by material category the balance of trade surplus also grew from CZK 27.8 billion to CZK 34.1 billion. The balance of trade deficit in chemicals fell by CZK 5.9 billion.

On the other hand, the considerable *increase in prices for imported mineral raw materials* – primarily mineral fuels and lubricants – on world markets caused their imports to exceed exports by CZK 112.4 billion. That increased the deficit in trade in these products by CZK 40.2 billion year-on-year.

There was a balance of trade surplus in services: the surplus amounted to CZK 19.4 billion, which was CZK 6.9 billion higher than the previous year.

The balance of revenues was in deep *deficit* (CZK 142.3 billion); although the deficit was CZK 15.5 billion down year-on-year, it had a negative impact on net primary incomes to non-residents, which reduced gross disposable income.

The balance of payments financial account surplus of CZK 137.9 billion for 2005 was CZK 45.7 billion lower year-on-year, which was the result of a reduction of both credit and debit transactions. The said surplus amounted to 4.7 % of GDP, which was 0.5 % less than a year ago. The net *influx of direct foreign investments* (CZK 242.7 billion) was CZK 140.9 billion greater than in the previous year. The year-on-year *decline in portfolio investments* (CZK 131.4 billion) was symptomatic in a situation where interest rates are not a source of extraordinary profits.

The *growth in foreign exchange reserves* for 2005 was CZK 86.1 billion greater year-on-year and amounted to 3.0 % more of GDP than in the previous year. The Czech koruna was up 7.1 % against the euro year-on-year and 7.3% up against the US dollar, owing in large part to the increase in positive gap between exports and imports.

Developments in the rate of inflation were not evenly spread in 2005. The average increase in the consumer prices level for 2005 was 1.9 %. Prices of market services grew faster than goods prices, however (by 3.7 % and 0.8 % respectively). The biggest price growth – 7.6 % – was registered in postal services and telecommunications. Excluding the prices of heating oils, propellant fuels and oils, which rose by 6.8 %, the price of goods increased by 1.7 % overall. Another key factor in the year-on-year increase in consumer prices was the rising prices of housing, water, energy and fuel, which increased by 4.1 %; the most pronounced increase was in natural gas prices (up 12.9 %).

Agricultural producers' prices fell by 9.2 % for 2005. The sole influence in the fall came from prices of crop products, which were 25.0% down. In the product structure, the fall in the prices of cereals and potatoes had the greatest impact on the fall in the prices of vegetable products.

Industrial producers' prices were 3.0 % higher for 2005, but the prices of mineral raw materials, electricity, gas and water rose sharply and were 13.4 % up year-on-year. The growth in the prices of processing industry products gradually slowed down; in the 4th quarter they fell by 1.3 %. The price of building work rose by 3.0 % for 2005. The prices of business-to-business market services were up 1.9 % year-on-year. Prices also rose in financial (up 2.8 %) and business services and real estate services (up 1.9 %).

World prices of selected commodities of industrial raw materials and foodstuffs for 2005 grew by 38.3 % year-on-year, which was 19.4 % more than in the previous year. The increase in world prices was caused primarily by the rising price of crude oil (up 45.1 %) and natural gas (up 47.9 %).

In 2005, *external economic relations*, which represented a key factor in the Czech economy's development, were hugely *influenced by the change in goods prices* in foreign trade *and changes in real exchange rates*. During the year, foreign trade prices (expressed in koruna terms) developed in line with the deterioration in the Czech Republic's comparative position on developed European markets; the growth in export prices gradually slowed, and even started to fall, and the fall in import prices gradually slowed, and then started to rise. The difference in price movements amounted to 4.3 % in the case of exports (from 1.1 % to -3.2 %) and 4.8 % in the case of imports (from -1.9 % to 2.9 %). On aggregate, exports became cheaper and imports more expensive for the year as a whole, while the CZK

strengthened against the currencies used for trading. In 2005, export prices fell by 1.4 % year-on-year, which is a fundamental change (5.1 %) compared to the growth in 2004, and import prices rose slightly (up 0.3 %), though the increase slowed by 1.3 %. Rates of exchange were thus unfavourable (98.3 %) and were 3.8 % worse than in the previous year. The biggest factor in the fall in export prices was the 4.0% cheapening of machinery and transport equipment, even though the decline gradually slowed down. Prices of mineral fuels and lubricants rose sharply (up 16.5 %), although the price growth slowed to 8.4 % in the 4th quarter. Price movements were similar on the imports side; in particular, the prices of machinery and transport equipment fell by exactly the same amount (4.0 %), but prices of mineral fuels and lubricants rose by more (29.2 %), which made the rate of exchange (90.2 %) in this category considerably worse than in 2004 (by 22.6 %).

The rate of active openness of the Czech economy, which has traditionally been very high, grew by a further 1.6 % from 2004 to 2005, to reach 72.8 %. In contrast, the Czech economy's rate of passive openness rose by half that amount from 2004 to 2005, i.e. by just 0.8 % to reach 72.2 %. In consequence of the faster growth in the value of exports compared to imports in 2005 (including trade in services) the exports coverage by imports coefficient also grew, to reach a rate of 1.03 (or 103 %), which was 3.5 % higher than in 2004.

Besides a number of external factors, *the key commodity factor* in the balance of trade's positive results in 2005 was the CZK 46.1 billion increase in the balance of trade surplus in foreign trade in motor vehicles and the CZK 43 billion increase in the balance of trade surplus in machinery and plant equipment.

The principal cause of the CZK 40.5 billion increase in the balance of foreign trade deficit in hydrocarbons – crude oil and natural gas – was the increase in the prices of these products on global markets.

As far as positive changes in Czech foreign trade's territorial structure in 2005 are concerned, compared to 2004 *there was further growth in the Czech Republic's balance of trade surplus with several countries*: an increase of CZK 8 billion in trade with Germany; CZK 11.5 billion with Slovakia; CZK 10.4 billion with the United Kingdom; more than CZK 13 billion with France; CZK 3.7 billion with Belgium; CZK 4.5 billion with Poland; approx. CZK 8 billion with Spain; and approx. CZK 7.8 billion with Romania.

The Czech Republic's *balance of trade surplus* with Austria *fell* by CZK 3.4 billion from 2004 levels and with The Netherlands by as much as approx. CZK 22.5 billion.

Compared to 2004, in 2005, *the Czech Republic's balance of trade deficit* continued to *worsen* with China; as a result of the rising prices of hydrocarbons, crude oil and natural, the balance of trade deficit in Czech trade with the Russian Federation grew by CZK 24.1 billion, with Azerbaijan by CZK 6.6 billion; with Thailand by CZK 3.3 billion; and with Norway by CZK 2.3 billion.

The CZK 3.8 billion fall in the Czech Republic's balance of trade deficit with Japan, the CZK 10 billion fall with Italy, the CZK 13 billion fall with the USA, the CZK 4.9 billion fall with Malaysia, approx. CZK 5 billion with the Philippines, approx. CZK 1 billion with Switzerland and approx. CZK 1.1 billion with France *can also be described as positive*.

In connection with the improving economic performance in fundamental sectors, *the growth in employment and fall in unemployment* continued. Long-term unemployment remains considerably high, however. At 4,764,000, the average number of persons in employment was 1.2 % higher year-on-year. The average rate of employment, 54.7 %, was 0.4 % up year-on-year, and the average rate of economic activity, 59.4 %, was also slightly higher than in the previous year. There were major changes in the employment structure as a result of the fall in the number of entrepreneurs, including helping family members, part of which moved to the category of employees, including members of producer cooperatives. The average number of unemployed persons in 2005, 410,200, was 3.7 % lower year-on-year, which was a positive change after the previous year's excessive growth.

Aggregate paid wages for 2005 in economic entities with more than 20 employees were 6.4 % higher year-on-year, according to labour statistics. Total wages rose from 25.0 % relative to GDP at current prices in 2004 to 25.1 % in 2005. The gross monthly average nominal wage, CZK 19,030 (per natural person) for 2005 was 5.5 % higher year-on-year.

The state of the *total money supply* (M2) – CZK 1,992.0 billion – at the end of 2005 was up 8.0% year-on-year and grew faster than GDP. Consequently, less money was needed to service generated output and gross value added, and the income-based velocity of money supply turnover increased. On the demand side, the year-on-year development of M2 was positively influenced by net foreign assets (11.5 %), which rose sharply (up 24.7 %) and

whose growth accelerated by 19.6 %. Net domestic assets (3.5 %), which fell by 6.6 %, had a negative influence on M2 development. The overall state of domestic credit grew slightly (by 1.7 %). *Credits* to non-financial enterprises and households rose by 2.0 % and net government credit fell by 61.5 %. For the second year running, household credits are growing at an exceptionally fast pace (32.7 % and 32.5 %). At the end of 2005, *the overall state of households' deposits* was CZK 704.4 billion higher than the overall state of household credit, but that gap was CZK 44.4 billion smaller than in the previous year. Households' active financial position fell by 5.9 % in consequence of the growth in their credit debt.

In 2005, actual state budget incomes grew by 5.7 % faster than actual expenditures, while the *state budget* only envisaged a difference of 1.9 %. The state budget ended 2005 with a deficit of CZK 56.3 billion, which is a year-on-year improvement of CZK 37.3 billion. This deficit was also CZK 27.2 billion lower than anticipated in the approved budget for 2005. Relative to GDP at current prices, the deficit fell from 3.4 % in 2004 to 1.9 % in 2005. The better-than-expected budget result was influenced more by the realisation of budget incomes than budget expenditures. The ratio between budget deficit financing from the Czech Republic and from abroad (40.5 % to 59.5 % in 2004) changed to 30.5 % to 69.5 % in 2005.

Total state budget incomes of CZK 866.5 billion for 2005 were up 12.6 % year-on-year, with the rate of growth up 2.6 %. The realisation of budget incomes was substantially better than in the previous year, which was linked to the increase in economic output, in particular with generated funds (gross value added). Relative to GDP, the said incomes reached a level of 29.6 %, which was 1.8 % more than in the previous year. Tax receipts (CZK 771.6 billion) had the biggest impact (7.0 %) on the growth in overall incomes. Total budget expenditure of CZK 922.8 billion for 2005 was 6.9 % higher year-on-year. The main driving force behind the growth in overall expenditure was current expenditure, which increased by 6.0 % year-on-year (reaching CZK 843.8 billion).

The difference between the increased collection of pension insurance payments and lower pensions pay-outs in 2005 shrank from the previous year, even though the state budget reckoned with it growing. The ratio between total collections of social security insurance payments, including contributions to state employment policy, and social benefits changed from 93.6 % in 2004 to 95.5 % 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.

Minorities

Throughout 2005, preparatory work went ahead for the ratification of the European Charter for Regional or Minority Languages, which the Czech Republic signed on 9 November 2000. In December 2005, the government approved the ratification proposal and submitted it to Parliament for approval. The Charter focuses on the protection and support of regional and minority languages, not of language minorities. It emphasise the cultural dimension and the use of a regional or minority language in all situations of its users' lives, but does not establish any individual or collective rights for them.

International Convention on the Elimination of All Forms of Racial Discrimination

Under Article 9 of the Convention on the Elimination of All Forms of Racial Discrimination and in accordance with the final recommendations of the Committee on the Elimination of Racial Discrimination regarding the fifth periodic report on implementation of commitments stemming from this Convention, the sixth and seventh periodic reports on implementation of the commitments stemming from the Convention were submitted for the period from 1 June 2002 to 31 March 2005. No date has yet been fixed for consideration of the reports.

Rights of the child

The Czech Republic's introductory report regarding the Optional Protocol to the Convention on the Rights of the Child on the involvement of children in armed conflicts was submitted in June 2005. It is expected to be considered during 2006.

In October 2005, materials were submitted for the UN Commission on Human Rights special rapporteur on the sale of children, child prostitution and child pornography and human trafficking.

A one-off contribution of USD 1,000 was donated to the Coalition to Stop the Use of Child Soldiers.

Torture

Based on an MFA material, the government's resolution no. 1545 of 30 November 2005 expressed consent with ratification of the Optional Protocol (the "Protocol") to the Convention against Torture. The Protocol was adopted by the UN General Assembly on 18 December 2002. The Protocol's principal idea is the creation of an effective worldwide system for preventing torture and other cruel, inhuman or degrading treatment or punishment. The Protocol establishes a two-pillar prevention system. The first pillar is the Subcommittee on Prevention of Torture, mandated to carry out inspection visits to all detention facilities (i.e. facilities where persons are deprived of their liberty by order of a state authority or with its consent) in the jurisdiction or under the control of the states parties to the Protocol. The second pillar – prevention – will consist of national preventive mechanisms: ratification of the Protocol binds the states parties to establish, designate or maintain an internal control authority with a similar mandate as the Subcommittee. The Protocol focuses on the protection of persons whose ability to leave a delimited area is restricted and who are simultaneously existentially dependent on the supervising authority. Persons thus defined include persons kept in prisons, foreigners' detention facilities and asylum facilities, police cells, facilities for institutional or protective upbringing of children, various healthcare facilities or social care institutions, including old people's homes.

Economic, social and cultural rights

In January 2005, the 2nd session was held of the UNCHR's working group to consider options regarding the elaboration of an optional protocol to the International Covenant on Economic, Social and Cultural Rights regulating the mechanism for submitting communications regarding non-compliance with the Covenant. The session resulted in a decision to charge the working group chairperson-rapporteur with preparing an analytical paper summarising experience with applying and interpreting economic, social and cultural rights at regional and universal level. The required document presents opinions on the scope of the optional protocol, admissibility criteria, the standing of authorised persons, reservations, settlement options and the committee's role, imposition of interim measures, the

impact of the committee's opinions on resource allocation, investigations, the new mechanism's costs, international cooperation, inter-state complaints, the relationship between the optional protocol and existing mechanisms and the alternative of not having any optional protocol. The analysis will serve as a basis for further discussions in the working group in 2006.

Rights of the disabled

During 2005, a Czech delegation attended two sessions of the UN Ad Hoc Committee on a Comprehensive and Integral Convention on the Protection of the Rights and Dignity of Persons with Disabilities. The aim of this Convention, which has been under discussion since 2002, is to ensure the full enjoyment of human rights of persons with disabilities, their dignity and participation as equal members of society.

At the 2005 sessions, the Czech delegation performed several roles concurrently. As an EU member country, the Czech Republic took part in reviewing all EU speeches and proposals. At the same time, the Czech Republic, as a member of the Presidency of the Ad Hoc Committee bureau for the Eastern European Regional Group, advocated at the bureau's regular meetings a democratic process of negotiations on the Convention involving non-governmental organisations. The Ad Hoc Committee will continue with two sessions in 2006.

United Nations

61st session of the Commission on Human Rights

The 61st session of the UN Commission on Human Rights (CHR) took place in Geneva from 14 March to 22 April 2005 under the chairmanship of Indonesian ambassador M. Wibisono. In the opening segment of high-level state representatives, there were a total of 97 speakers, including the Czech Deputy Minister of Foreign Affairs for Legal and Consular Affairs P. Svoboda. The most frequently mentioned themes were the complementarity of human rights and humanitarian law, the status of vulnerable groups, reform of human rights mechanisms, and human rights protection in the fight against terrorism. On 7 April 2005, the UN Secretary-General addressed the CHR, appealing for a "new future" of human rights mechanisms and recommending, among other things, replacing the CHR with a Human Rights Council.

The session adopted 87 resolutions, 16 decisions and 3 chairperson statements, with the Czech Republic a co-author of 43 texts. Three new thematic mechanisms were created: an independent expert for minority rights, a special representative of the UN Secretary General for transnational corporations, and an independent expert on international solidarity. It replaced the independent expert on the protection of human rights in the fight against terrorism with a special rapporteur; the independent expert on the situation of human rights in the Sudan with a special rapporteur; and the special rapporteur on the use of mercenaries with a working group. At the session, the CHR initiated a discussion on reform of the special procedures and established a working group to discuss the future of the CHR.

Good results, from the Czech Republic's point of view, included the adoption of strongly worded resolutions on Sudan and Nepal, but most importantly the first-ever joint EU co-sponsorship of a resolution on the human rights situation in Cuba, which was adopted by a margin of 4 votes. The panel discussion on Cuba chaired by the Czech Republic brought a valuable exchange of opinions on the Cuban situation between internal and exiled opposition representatives. The Czech Republic enhanced its human rights reputation by coordinating within the EU three thematic resolutions and one resolution on the state of human rights (special procedures, freedom of speech, mass exoduses and the state of human rights in Cambodia).

The adoption of basic principles and guidelines on the right to satisfaction, which summarise the existing written and customary law, is valuable from the legal point of view. The drafting of an internationally binding instrument for the protection of persons from enforced disappearances will continue. In addition, the possibility of reviewing the optional protocol to the International Covenant on Human, Social and Cultural Rights regarding the complaints mechanism will be further discussed.

60th session of the 3rd Committee of the UN General Assembly – human rights part

At the session of the 3rd Committee in 2005, the key resolutions were those that commented on the human rights situation in individual countries. Resolutions were adopted on the state of human rights in, *inter alia*, Turkmenistan, Uzbekistan, Iran, Burma/Myanmar, the Democratic Republic of Congo, and Belarus. Like all EU resolutions, these resolutions were also supported and co-sponsored by the Czech Republic.

Human dimension of the OSCE

The discussion on OSCE reform continued in 2005. The Czech Republic opposed some countries' efforts to use the reform to scale down the OSCE's human dimension and supported preserving the autonomy of the OSCE Office for Democratic Institutions and Human Rights and its election observation activities.

The key event of the human dimension was the 10th OSCE implementation meeting (Warsaw, 19 September to 2 October 2005), which reviewed member countries' implementation of their commitments in the following areas: 1) humanitarian matters and other commitments – trafficking in human beings, implementation of the OSCE Action Plan to Combat Trafficking in Human Beings, international humanitarian law; 2) tolerance and non-discrimination – national minorities, Roma and Sinti communities, implementation of the Action Plan on Improving the Situation of Roma and Sinti within the OSCE Area, prevention of aggressive nationalism, chauvinism and ethnic cleansing; and 3) fundamental freedoms – freedom of thought, conscience, religion and belief.

Another important event organised under the human dimension was the OSCE Conference on Anti-Semitism and Other Forms of Intolerance (8-9 June 2005, Córdoba), which reviewed implementation of the OSCE's conclusions and action plans in this area. The Conference declared that programme principles of the fight against intolerance had still not been fully developed in the field of education, media and law enforcement; the unsatisfactory state of Holocaust education was also criticised. Most criticism was directed at the state of systematic monitoring of manifestations of anti-Semitism in OSCE countries, which still face the problem of the lack and incompatibility of source data: only 29 of the 55 OSCE countries, among them the Czech Republic, provided the required data at the time of the conference. The Conference adopted the "Córdoba Declaration" supporting efforts to eliminate intolerance in all its current forms.

On 3-4 October 2005, the OSCE Special Representative on Combating Trafficking in Human Beings H. Konrad visited the Czech Republic at the invitation of the Czech side. During her visit she attended a seminar titled "OSCE Priorities in Combating Trafficking in Human Beings", organised by the Minister of the Interior, and held discussions with representatives of the ministries concerned. In particular, she appreciated the work done by the Czech Republic in the areas of prevention, victim protection, and the suppression and punishment of human trafficking crimes. She placed great emphasis on enhancing cooperation

at the political level, cooperation of law enforcement authorities and cooperation in protecting and supporting victims of this kind of crime. These measures should subsequently result in the elaboration of a specific international cooperation mechanism for combating trafficking in human beings.

On 10-12 November 2005, ODIHR director C. Strohal attended a Club of Madrid meeting (meeting of former presidents and prime ministers) in Prague. On this occasion, he met with representatives of the foreign affairs and interior ministries for talks on ODIHR activities, the overall situation in the OSCE area, and in particular democratisation processes in the territory of the former Soviet Union, and election monitoring questions.

COHOM – Council of the European Union Working Party on Human Rights

In 2005, the Czech Republic, represented by staff from the MFA's human rights department, took part in regular monthly meetings of the COHOM, which is the key body for the formulation of the EU's human rights policy. COHOM prepares EU positions for sessions of the UN Commission for Human Rights, the 3rd Committee of the UN General Assembly, human rights dialogues/consultations with Iran, China and other countries, implementation of the EU guidelines against torture and the death penalty, and dialogues on human rights, children in armed conflicts and human rights defenders.

In addition, COHOM prepares the EU annual report on human rights, the EU position for the session of the Ad Hoc Committee on a Comprehensive and Integral Convention on the Protection of the Rights and Dignity of Persons with Disabilities, and more. In 2005, COHOM continued to "mainstream" human rights within the EU, i.e. to place greater emphasis on human rights in the EU Common Foreign and Security Policy. One expression of this endeavour was the establishment of a post for a special personal representative to the Secretary-General/EU High Commissioner for Human Rights.

The Czech Republic responded actively to the discussions taking place during most of these events (in speeches at COHOM meetings or electronically using the EU's Coreu communication network).

V. THE CZECH REPUBLIC'S FOREIGN CULTURAL AND INFORMATION POLICY

1. Presentation of the Czech Republic and its culture abroad

Czech culture is a tool for presenting both Czech cultural heritage and new cultural values and serves as a bond with other countries. At the same time, 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. The Czech Republic's expanding activities within European structures and transatlantic ties necessitate better presentation of the Czech Republic as a culturally developed country with a distinct culture, both traditional and contemporary. Czech embassies play an important role in this, mediating Czech culture abroad in cooperation with the MFA, Czech Centres and other organisations.

Interesting broad-based cultural projects in 2005:

Czech Theatre in Latin America, a project prepared by the Theatre Institute in close cooperation with Czech embassies in Latin American countries, featured guest performances by Czech theatre companies at festivals, workshops, lectures and reciprocal publishing projects.

With the help of Czech embassies and consulates and Czech expatriates, the foreign public was informed about an interactive educational programme called "Lottery of Life", which follows up M. Mináč's film *Nicholas Winton – Power of Humanity*. Under the programme, students search around the world, mainly via the Internet, for Czech and Slovak children whom Sir N. Winton saved from death in extermination camps in 1939 by organising their mass evacuation to the United Kingdom.

With the help of the MFA, *Portrait with a Skull*, a bronze by eminent contemporary sculptor J. Róna, was displayed in the Palace of Nations in Geneva at an exhibition marking the 60th anniversary of the UN; the sculpture was very well received.

Staging exhibitions is an important part of the Ministry of Foreign Affairs' cultural activities abroad. In 2005, the MFA offered Czech embassies abroad a total of

43 exhibitions on a wide range of topics. New exhibitions offered included “Czech UNESCO Sites”, “Vladimír Boudník’s Graphic Art” and “Contemporary Czech Theatre Architecture”, which was suitably complementary to the Theatre Institute’s “Czech Theatre in Latin America” project. Other additions to the programme included “Czech Press Photo 2004”, “Slivowitz and Its Soul”, and an exposition titled “British Exile”, which commemorated the 60th anniversary of the end of the Second World War. During 2005, the following new exhibitions were prepared in advance for 2006: “Czech Press Photo 2005”, “Parallel Lines and Points of Intersection – parallels between the Czech Republic and India in the Eyes of Czech Photographers”, and “Cubism in Czech Architecture”. The Czech exposition at the international exhibition of traditional folk toys in Hanoi, Vietnam, met with great success; it was arranged by the Czech Embassy and featured three-dimensional exhibits that were bought out of the MFA’s funds (traditional wooden toys, wooden blocks, dolls in folk costume, etc.) and were freely available for the children to play with. After the exhibition, the exhibits were donated to children in a children’s home.

In 2005, cooperation in culture and education continued within the framework of the Visegrad Group (V4), the Central European Initiative and the Council of Europe. In addition, under the Central European Cultural Platform (V4 + Austria and Slovakia), three joint events of the participating states were organised. On the Czech side, the events were arranged by the MFA. They were: a photographic exhibition of architecture in Central Europe titled “Form and Nonform”, held at the end of Luxembourg’s EU Presidency in Luxembourg in June, then at “EU-India Cultural Week” in Delhi in September, and then, at the end of the year, in Fragner Gallery in Prague; two musical evenings at the 8th Beijing Music Festival in October; and “Across the Borders”, a festival of documentary films from Central European countries also held in October during the British Presidency of the EU.

As a part of its multilateral cultural activities in 2005, the Ministry took part in organising the 12th “European Film Days”, the EU film festival; in preparing and organising the traditional “Lidice International Children’s Art Competition and Exhibition”, “Francophonie Days in the Czech Republic” and several presentations of Czech culture as a part of the International Francophonie Organisation. An MFA representative attended the 21st session of the Ministerial Conference of la Francophonie on behalf of the Czech Republic in the capital of Madagascar Antananarivo.

As in previous years, screenings of Czech films – contemporary and from the 1960s – were very popular in 2005. In keeping with tradition, Czech animated films enjoyed considerable attention. The close cooperation between the Ministry and the National Film Archive continued. The MFA arranged Spanish subtitles for *City of the Sun*, a Czech film by director M. Šulík; the majority of embassies in the Spanish-speaking countries expressed an interest in the film. Of the dozens of foreign screenings of Czech films that were organised by Czech embassies and were very well received, the following are particularly worth mentioning: the 11th Sarajevo Film Festival, a retrospective of film works by V. Chytilová at the Calcutta Film Festival, a festival of films by director J. Svěrák in Kuala Lumpur, Czech cinema's participation in “International Images Film Festival for Women” in Harare, the regular monthly screening in Film House in Cologne, a festival of Czech films combined with an exhibition of 20th century film posters in Helsinki, *et al.* As part of “European Film Days” festivals, Czech films were presented all over the world: e.g. in Canada, Lebanon, Colombia, Vietnam, Kazakhstan, the United Arab Emirates, and Yemen.

In 2005, the MFA continued to play an active role in multilateral and bilateral programmes in education, science and research, youth and sports. The following documents were signed in 2005: Agreement between the Government of the Czech Republic and the Government of the Republic of Hungary on Mutual Recognition of Equivalence of Education Certificates and Certificates of Academic Titles Issued in the Czech Republic and Hungary; Programme of Co-operation in the Fields of Science, Education, Culture, Youth and Sport between the Government of the Czech Republic and the Government of Malta for the Years 2005 – 2007; Arrangement on Cooperation in the Fields of Education and Science between the Ministries of Education of the Czech Republic and Bulgaria. The Convention Defining the Statute of European Schools, which was adopted in Luxembourg in 1994, entered into force for the Czech Republic on 1 September 2005.

Considerable attention was devoted to strengthening Czech language teaching at foreign universities in 2005. The Czech government adopted a resolution that should, within the 2006-2010 timeframe, bring a fundamental improvement in the sending of Czech language teachers and instructors abroad and enhance the status of existing “lectorates” and establishment of new ones.

The promotion of Czech culture abroad is aided by cultural agreements, bilateral governmental framework agreements that declare the two concerned states' general interest in

cooperating in the fields of culture, education, science, and usually youth and sport as well. Two cultural agreements were signed in 2005: Agreement between the Government of the Czech Republic and the Government of the Republic of Hungary on Cooperation in the Fields of Culture, Education, Science, Sports and Youth, and Agreement between the Government of the Czech Republic and the Council of Ministers of Serbia and Montenegro on Cooperation in the Fields of Culture, Education, Science, Youth and Sports.

One new tool for disseminating information about Czech cultural presentations abroad is the regular publishing of reports on cultural events by individual Czech embassies on the MFA website www.mzv.cz/kultura. The site offers a varied mosaic of information from all over the world, with interesting details and photographic documentation.

In January 2005, the Czech government approved the Concept of the Uniform Presentation of the Czech Republic. So far, the Czech Republic has lacked comprehensive presentation: presentation activities have been performed in individual segments (export, tourism, culture, science, etc.), but there has been no effective coordination among individual ministries or their part-subsidised organisations and no single umbrella. For that reason, the MFA presented a vision that is common and binding for the whole of state administration, which will reflect it in all relevant strategies and the work of all its components and will implement it on a long-term basis.

The aim of the uniform presentation of the Czech Republic is to unify the presentation procedures of state administration bodies at home and abroad; to shed the existing image of a post-communist country with cheap labour, a backward and undeveloped country, as this image no longer conforms to reality and the development that the Czech Republic has undergone from 1989 to the present day; to increase the number of sound foreign investments and raise profits from tourism, with positive effects for the job market and increasing the population's standard of living; to enhance the effectiveness of state budget expenditure on the state's presentation and marketing activities; to support the creation of a positive image of the Czech Republic, thus contributing to better awareness of the Czech Republic and enhancing its credibility on the international scene.

In line with the government resolution, in 2005, the MFA took the first specific steps to initiate the uniform presentation of the Czech Republic. It established a Commission for the

Presentation of the Czech Republic, an MFA advisory body composed of deputy ministers of the ministries concerned, representatives of the Office of the President of the Republic and the Chamber of Deputies of Parliament and directors of part-subsidised organisations. The Commission's principal tasks are to monitor key presentation activities by individual components of state administration abroad, thus enabling their coordination, and to approve significant and expensive projects for presenting the country. In cooperation with visual communication experts, the MFA also selected a new logo and uniform visual style of the Czech Republic in a public competition. The new visual style will be used by state administration in brochures, posters, trade fair and exhibition stands, in advertising campaigns abroad, Internet presentation and on promotional materials. It will by no means be a substitute for the Czech Republic's state symbols, as they serve a different purpose and target group and their use is strictly defined by the relevant legislation.

2. Media and information

The overall media image of the Czech Republic in foreign media in 2005 can be described as balanced. The Czech Republic was most frequently mentioned in printed media, agency news reports and on television news, but less on radio.

Foreign media reacted primarily to the following themes or events: the government crisis at the start of 2005 and the affair concerning former Prime Minister S. Gross (Czech Social Democratic Party), President V. Klaus's opinions on the future of the European Union and his attitude to the Treaty establishing a Constitution for Europe, and the police operation at CzechTek. In sport, most mentions were devoted to Czech ice-hockey and soccer players. 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 an increasingly reliable trading partner or as a suitable place for foreign investment.

2005 again showed that bilateral and official visits and talks do a great deal to enhance the Czech Republic's media image, particularly in more remote destinations where these meetings provide an opportunity for media to offer more extensive information about the Czech Republic.

Czech embassies also help create a good media image for the Czech Republic abroad, principally by actively organising presentations and providing information to foreign media; this policy 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. The key themes in the said region were the government crisis, the Unipetrol affair, the affair of former Prime Minister S. Gross and the police operation at CzechTek. The overall standard of information on these themes was regular and informative rather than analytical. As a new member of the EU 25, the Czech Republic was rated positively, particularly among older member countries. The business environment was described as very favourable and the Czech Republic was often described as a typical base for western firms expanding onto new member countries' markets. EU membership affords an endless source of information about the Czech Republic. European media covered the Czech position on all important EU negotiations, e.g. about the constitutional treaty and possible referendum, services liberalisation, the financial perspective or the free movement of persons. Top-level visits – whether bilateral or within the EU –, cultural events organised or co-organised by Czech embassies, and light-content information about popular Czech sportsmen or models form separate chapters in news coverage.

The decline of media interest in negative and sensitive subjects such as the “Beneš Decrees” or the Temelín nuclear power plant, which have lost their edge and intensity, is positive. In contrast, questions of corruption, prostitution or “cage-beds” attracted increased interest in European media.

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 news about a neighbouring country, which is above average in its intensity and is essentially objective; however, in a number of cases the reporting is tinged by stereotypical Austrian perceptions of the Czech Republic. The Czech Republic's media image in Austria was evenly spread from Czech internal and foreign or European policy to its economy and culture. Exceptional media coverage was given to the change of Czech government following S. Gross's resignation, the question of Czech Prime Minister J. Paroubek's so-called humanitarian gesture towards German anti-fascists, and the police operation at the CzechTek outdoor rave; there was also substantial coverage of

economic topics, headed by concerns about the free movement of persons, transport infrastructure and successful Austrian investments in the Czech Republic.

Neighbouring Slovakia informs about the Czech Republic on a regular and topical up-to-date, primarily in news programmes. Commentaries on Czech topics appear in the daily press, in addition to ordinary news coverage of political, economic, cultural and sporting events in the Czech Republic. Awareness about events in the Czech Republic has for long been sufficient in Slovakia, thanks to the accessibility of Czech media in Slovakia. Consequently, Slovak media information is thus more diverse and is not confined to basic news and explanations of contexts.

In another neighbouring country, Poland, there were no major changes from the previous year. It should be added, however, that news coverage in 2005 was dominated by the events leading to the fall of S. Gross and the investigation into the Orlen-Unipetrol affair. Otherwise, the Czech Republic was usually mentioned in news coverage at the multilateral level (EU, NATO or Visegrad Group cooperation).

Media coverage of the Czech Republic in the Russian Federation is a chapter on its own: thanks to the successful development of bilateral, trade and economic, consular and cultural and educational ties, the Russian media are very interested in the Czech Republic. The Czech Republic maintained its leading position among Central European states in terms of Russian interest. The coverage regarding tourism and the increased interest in Czech spas grew considerably. Sports coverage dealing with Czech soccer players and ice-hockey player J. Jágř increased the amount of information about the Czech Republic. There was less positive coverage in Russian media on the “the Belarus affair of Czech diplomat Křivohlavý” and discrediting of the work of the People In Need non-profit organisation in the North Caucasus. Cultural news provides an enduringly positive form of coverage of the Czech cultural scene.

The American continent is a chapter on its own – in previous years, the Czech Republic’s media image has differed from country to country and region to region.

In the United States of America, in 2005, the Czech Republic enjoyed a relatively good image, even though there is a visible tendency by which leading dailies draw all their news on the Czech Republic from agency reports.

Most publicity in 2005 focused on the Czech economy, tourism, cultural heritage and famous Czech sportspersons (in the USA primarily hockey players). Coverage in Florida's Miami Herald is a chapter on its own thanks to the newspaper's positive rating of the Czech Republic's foreign policy towards the current Cuban regime.

The Czech Republic is usually mentioned in the Canadian media only in connection with an important event or as part of a wide variety of overviews. Culture (classical music and cinema) and sport (ice hockey) are enduring positives in the Czech Republic's media image in Canada. Tourism is a specific category, where Prague and other places in the Czech Republic as well receive considerable attention in the supplements of Canadian dailies.

In countries of Central and South America the local media traditionally focused on internal or Latin American issues. Reports published about the Czech Republic were usually informative and 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. Besides these areas, reports focused on bilateral visits. One exception in 2005 was Mexican media attention devoted to Czech activities supporting the democratic opposition in Cuba and reports about the prosecution of V. Kožený in the Bahamas, whose case is occasionally covered in the Bahamian media.

Cuba remained the exception to the generally positive coverage. As in previous years, the Cuban media alternates between ignoring and severely criticising the Czech Republic.

In the Middle East, the Czech Republic received most coverage in Egypt, Lebanon and Saudi Arabia. Middle Eastern media rate the Czech Republic as a country with a growing and prospering economy, particularly in connection with the Czech Republic's accession to the EU. As far as investments are concerned, Prague is most frequently mentioned. In 2005, tourist attention shifted from Prague to other places in the Czech Republic. Middle East media concentrated particularly on official and working visits. There were more frequent trade and economic reports on the Czech Republic in the context of its EU and NATO membership. Attention was paid to the member of the Qatari royal family who was accused of sexually abusing underage girls in the Czech Republic.

The mass media in some Asian countries increased their coverage of the Czech Republic. Most attention in Asian media was devoted to investments in the Czech Republic and Czech investments in Asian countries. In this context, the Czech Republic is perceived as a country with an ascendant economy among Central European countries. Information about the Czech Republic is also published in prestigious magazines focusing on tourism. Media in Thailand, Pakistan, and Cambodia paid considerable attention to official visits by Minister of Foreign Affairs C. Svoboda, whose aim was to hand over aid from the Czech government and population to people affected by the tsunami in Thailand and humanitarian aid to victims of the Pakistan earthquake. Indian media gave substantial coverage to official visits by President V. Klaus and Prime Minister J. Paroubek. Media in the People's Republic of China informed about Prime Minister J. Paroubek's visit. Media in the Palestinian Autonomous Territories carried detailed information on the Minister of Foreign Affairs C. Svoboda's visit and the signing of a memorandum of understanding and cooperation between the towns of Bethlehem and Třebechovice pod Orebem.

As in previous years, the Czech Republic was again not at the centre of media attention in sub-Saharan Africa in 2005. Information concerned primarily the Czech economy and mutual trade exchange. Czech development cooperation with Africa is a relatively interesting topic that is starting to come to the forefront of attention. The Seychelles press informed about the case of fugitive billionaire R. Krejčíř and reported statements made by Czech politicians regarding the Seychelles. The vast majority of articles mentioning the Czech Republic dealt with sport.

3. Internet presentation of the Ministry of Foreign Affairs of the Czech Republic

The Ministry's website is an integral information system composed of approximately 140 presentations. It is one of the most extensive systems of its kind in the world.

The major part of this system consists of the websites of Czech embassies – the vast majority of Czech foreign missions administer their own website ((the address is in uniform format [www.mzv.cz/English name of the city](http://www.mzv.cz/English_name_of_the_city)); most use the local languages, which makes this system utterly unique. New embassies and websites of existing embassies that previously lacked their own Internet presentation are regularly added.

The Ministry's principal website, www.mzv.cz, offers a wide range of up-to-date information, with detailed coverage of foreign relations topics, a press service and a description and calendar of Ministry activities. It also gives the public comprehensive information about the conditions for travelling abroad (documents, visas, customs and currency regulations, contacts). The parallel English-language version contains information for foreign visitors and is used, among other things, as an important tool for relaying the MFA's positions to diplomatic missions in the Czech Republic. In 2005, the number of visits to the different information sections depended on the season and the public's current interest in individual themes. By far, the most frequently visited section were "States of the World" (with 1,200 "hits" a day on average), and "Travelling Abroad" (1,000 "hits" a day on average), followed by "Diplomatic Missions" (885), "Travel Recommendations and Up-to-date Information" (690), and "News" (670).

The graphic design of embassies' websites was entirely innovated in 2005. The new design enables embassies to present a greater quantity of information and is better-structured for users. The new design has been well received by both the public and the embassies themselves.

Besides websites intended for the general public, the MFA also meets the requirements of the expert public and specialised groups: students, people interested in history or architecture, and others. Specialised chapters include those devoted to the Ministry's history and representatives or the architecture and history of Czech Embassy buildings abroad. The site also contains profiles of all former foreign ministers, a description of events in the MFA during landmark historical periods (the Protectorate, 1968, etc.) or detailed architectural descriptions of selected Czech Embassy buildings.

Based on the public interest in information regarding travelling abroad and individual countries of the world, the MFA launched an Encyclopaedia of World States on its website; its aim is to be a "one-stop shop" for all necessary information concerning a given state. The structure of the new Encyclopaedia features the following elements: map of the state, flag, heading with basic data, link to summary territorial information, travel advisory (if issued), plus a "Good to Know" section containing information about travelling, expatriates, media and representations (the Czech Republic's representation in a given country and vice-versa), reports from the region and points of interest. The list of international treaties is a unique feature of the Encyclopaedia. After the Czech Republic joined the EU, there were an

increased number of offers of work and professional training in EU institutions; the MFA regularly informs about these opportunities in the www.mzv.cz/kariera section.

4. Czech Radio international broadcasting

In 2005, Czech Radio 7 – Radio Prague continued to implement the agreement on Czech Radio international broadcasting concluded between the MFA and Czech Radio. Radio Prague broadcast in six languages in 2005 (English, German, French, Spanish, Russian, Czech) on short-wave, over the Internet and via partner radio stations; in Europe and North America it also broadcasts via satellite. Broadcasting runs 24 hours a day (6.5 hours in English, 6 hours in Czech, 4.5 hours in Spanish, 2.5 hours in German, 2.5 hours in French and 2 hours in Russian).

Programmes were dominated by the 60th anniversary of the end of the Second World War, the Czech Republic's participation in the World EXPO in Aichi, Japan, the first anniversary of the Czech Republic's EU accession, the death of the Pope, humanitarian aid to areas hit by the tsunami and events on the Czech political scene (new government, CzechTek, etc.). The core of programming in all six languages consists in half-hour news broadcasts, with news updated throughout the day. One new programme element is "On the Road to Democracy", launched in Russian-language broadcasting in autumn by agreement with the MFA. The programme's aim is to use the Czech Republic's example to inform about the transformation process following the fall of communism. The programme follows up the "From Totalitarianism to Democracy" programme, which was launched with considerable success in Spanish broadcasting in 2004 and is re-broadcast by several radio stations in America. The "Czech Theatre in Latin America" project, organised by the Theatre Institute and the Ministry of Culture of the Czech Republic and covered by the Ibero-American section of Czech Radio 7, also generated a wave of interest.

International co-productions are playing an increasingly significant role in the development of Radio Prague. Czech Radio 7's principal co-production project in 2005 was "Insight Central Europe" – a half-hour magazine programme in English, produced by Czech Radio 7 in cooperation with five other Central European stations. The project received funding of EUR 20,000 from the Visegrad Fund. The English and German sections of Radio Prague obtained an EU grant for 2006 to finance an eight-part cycle about Europeans' health. The series will be created in Czech Radio 7 in a co-production with 7 European radio stations.

The broadcasting of two joint programmes on Deutsche Welle at the IFA trade fair in Berlin was a successful co-production that also fulfilled a public relations function. In January 2005, the English section and BBC Radio 3 co-produced a programme titled *We Still Breathe Their Air*. In October, the English section took part in the European “Radio Day” project along with Radio Sweden and Radio Netherlands. In addition, Czech Radio 7’s English and German sections are regular contributors to Radio E, a project coordinated by Deutsche Welle. The English (Network Europe) and German (Treffpunkt Europa) versions of this project obtained EU funding for 2006.

In keeping with tradition, broadcasting for expatriates – in the form of the “expatriate programme” in Czech-language broadcasting, maintaining the expatriate website www.krajane.net or producing programmes for Czech expatriate radios around the world – was an integral part of Radio Prague’s work in 2005. Cooperation with these radios is long-term. Some of them download programmes over the Internet (SBS Sydney, SBS Melbourne, 4EB Brisbane – all three Australian; Radio Daruvar – Croatia, Radio Temeswar – Romania); programmes are sent to other stations mostly on compact disk (Radio Zhitomir – Ukraine, Radio Sunce Bela Crkva, Radio CMS Canberra, Radio Adelaide and Czechoslovak Club of South Australia – the last three Australian). 184 hours of programmes were sent to Czech expatriate radio stations in 2005, 47 hours of which over the Internet and the rest on CD (a 30-hour increase over 2004). Radio Prague staff visited a number of Czech expatriate events around the world during the year (Serbia, Ukraine, Austria, Switzerland).

Visit rates to Czech Radio’s website grew by more than a third from 2004 levels – from 360,000 “hits” a month in 2004 to approx. 500,000 in 2005. News receives the most “hits”. Other popular websites are the Roma site www.romove.cz (21,200 “hits” a month on average), Insight Central Europe www.incentraleurope.com (6,200) and the expatriate site www.krajane.net (3,000). Visit rates to these sites grew by more than a third from 2004 levels, and in the case of the expatriate site by 100 %.

Contacts with Czech communities around the world were successfully maintained and expanded. Following a one-year campaign, Czechs abroad are becoming involved in creating the expatriates’ website. A number of students from European and American universities are interested in internships in Czech Radio 7. Radio Prague staff are invited to international

discussion forums. The number of letters received by the radio station in 2005 was 19,000, an increase of 1,500 from 2004. Most letters come by e-mail.

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 exercise 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 2005, CCs in Rome and Košice were opened. There were a total of 19 CCs in 17 European countries and 1 CC in the USA. This network is complemented by the Czech House and the Trade and Technical Centre in Moscow. A decision to establish another CC in Tokyo was taken in 2005. It will start work during 2006.

In 2005, CCs 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.

The "Cultural Year of the Ten" project that was launched in May 2004 on the occasion of ten new countries' accession to the EU went ahead in Berlin. This was an initiative of Berlin-based diplomats handling the cultural agenda of the ten acceding countries' embassies, which took place in cooperation with renowned institutions, mainly in Berlin. The fourth year of "Foreign Cultures Week" took place in Paris, jointly organised by 38 foreign cultural institutes. This initiative aimed to underline the affinity between all cultures in today's world. The event as a whole took place under the auspices of the French ministries of culture, foreign affairs and education and the City of Paris. The 60th anniversary of the end of the Second World War was commemorated in 2005 by means of a travelling "War Posters" exhibition prepared by the Military History Museum (Sofia, Budapest, Brussels, Dresden), an exhibition titled "Czech and Slovak Exile in the 20th Century" (Brussels and Paris), and an exhibition marking "60 Years since the Liberation of Pilsen by the American Army" (New York). An exhibition prepared by the Terezín Memorial, "VEDEM – the Terezín boys' magazine", was staged in Belgium, The Netherlands and Hungary. H. Krása's children's opera *Brundibár*,

composed for children in Terezín, was staged in The Netherlands. Another event was “European Tour of Stars 2005 – 60 Years of Europe without War”, a concert of Czech and foreign singing stars organised by the agency NKL Žofín s.r.o., the City of Prague and the Czech Centres in Brussels, Moscow and Warsaw.

The range of music programmes produced or co-organised by CCs abroad covered the entire spectrum of musical genres. Classical music was represented by chamber ensembles. The Škampa Quartet, which gave concerts in the USA, The Netherlands and in London with I. Bittová, is particularly worth mentioning. Young quartets that have won international competitions included the Bennewitz Quartet, which performed in Spain and The Netherlands. Through the foreign CC network, Czech musicians took part in “PULSE”, an alternative music festival in London and Brighton. In 2005, “Czech Street Festival” on New York’s 83rd Street, the biggest Czech open-air party, featured performances by groups Kryštof and MIG 21.

Visual arts were presented by the network of CCs abroad in the widest possible spectrum. Worth mentioning are the exhibition of graphic artist A. Born in Budapest and “Artconnections Bucharest – Prague”, a cooperation project between Czech and Romanian galleries, curators and universities. M. Pěchouček, holder of the J. Chalupický award, exhibited his wall paintings in the New York CC. To mark the 45th anniversary of Czech Egyptology, the Viennese CC prepared an exhibition of “Czechs in Egypt”, informing about excavations in Abusir and the El Hayez oasis. The exhibition was accompanied by a lecture given by leading Czech Egyptologist Professor M. Verner. CCs abroad (Dresden, Warsaw, Stockholm and Bratislava) promoted “EXPO 2005” in Aichi, Japan, by means of an exhibition titled “EXPO 2005 – from Brussels to Aichi”, which presented successful Czech pavilions at world expos. “Design in the Dark” was an interesting exhibition reflecting the needs of disabled people (New York, Budapest).

One broadly represented area of the CCs’ cultural offer was cinema and its presentation at international film festivals (e.g. in Göteborg, Rotterdam, Valencia, London, St. Petersburg, Moscow and Bratislava). Besides Czech films and documentaries, the latest works by students of the Film and TV School of the Academy of Performing Arts were presented. Many Czech filmmakers personally attended film festivals and premieres in various countries.

Czech Centres was also active in the area of education and science. During the year, it organised 144 discussions, lectures and seminars covering this area, which were mainly popular among young visitors to CCs abroad. Besides these activities, CCs also continued to organise Czech language courses. These were attended by 1,309 students in 2005.

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. The unified Internet editorial system for all CCs was further expanded and improved in 2005. The CC system was modified into a “full-access website” in 2005. The objective was to respond to the specific needs of certain groups of users (the visually impaired and hard of hearing, etc.) and to provide them with equal access to information.

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) and the Ministry for Regional Development (CzechTourism), 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, where territorial information from the trade and economic sections of Czech embassies and current supply and demand enquiries from Czech and foreign firms are published; in 2005, a total of 1,041 demand and supply enquiries were published on the server. Czech Centres provided general information on trade and the economy in the Czech Republic, including contact data of Czech institutions and organisations. Czech enterprises could make use of the Czech House in Moscow, which supplies a full range of services in the Russian Federation, including an information service via the websites www.ceskydum.ru and www.czechcentres.cz/ceskydum. A Russian-language version was launched, which enabled Czech firms to post business advertising free of charge. There were more than 100 accredited Czech firms operating under the umbrella of Czech House in Moscow in 2005.

In export support, CCs offered Czech entities help 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 2005, there were 182 such events in total, 76 of them at the Czech House in Moscow.

Cooperation with regional authorities in organising presentations of Czech regions abroad continued successfully in 2005. Since 2001, CCs have implemented the “Regions” project, supporting regions’ growing role in the integrated Europe and the consequent need to arrange comprehensive presentations of regions abroad. Dozens of events took place under this project in 2005, either in the form of a separate presentation 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 ordinary programme and information activities abroad, in 2005 CCs focused more on preparing new projects, increasing the Czech public’s awareness of the CC network abroad and its activities. One major undertaking was the preparation for the opening of the Prague Czech Centre in spring 2006. Visitors to the Prague CC will learn about activities through which CCs presents the Czech Republic in the world and also interesting foreign projects.

In 2005, CCs abroad organised 2,001 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. There were 976,000 foreign visitors to the programmes of CCs abroad. Foreign media also reacted to CCs’ activities, covering them in 3,903 newspaper, radio and television reports.

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. The Ministry of Foreign Affairs of the Czech Republic appreciates all Czech expatriates' ties to their original home and strives to conduct meaningful and constructive dialogue with any Czech communities abroad that so wish.

(For the sake of simplicity, the heading to this chapter and the following text uses the traditional designation “Czech expatriates”, even though some Czechs living abroad regard this term as insufficiently precise and prefer to be referred to as “foreign-based Czechs”.)

The dialogue with Czech expatriates is handled in the Ministry of Foreign Affairs' Department for Cultural Relations and Czechs Living Abroad (hereinafter the Department), which, in addition to its own activities in this area, cooperates with the Subcommittee for Contact with Expatriates of the Committee for Foreign Affairs of the Chamber of Deputies and with the Standing Senate Commission on Expatriates Living Abroad, and with state administration offices that are involved, if only partially, in the diverse range of issues concerning Czech expatriates. Cooperation with civic associations in the Czech Republic and with Radio Prague (the international broadcasting service of Czech Radio) and Czech expatriate press also plays an indispensable role.

In 2005, the Department focused its attention on its most important task: preparing a summary material for the Czech government bringing together all forms of support to Czech expatriate communities under a common denominator and ensuring the uninterrupted provision of this support over a particular time scale, in order to enable better planning of individual items. The material follows up the educational programmes terminated by government resolution no. 1306/2000 and develops them into comprehensive form. Based on analysis of the different forms of aid provided by the MFA independently or in cooperation with the Ministry of Education, Youth and Sports of the Czech Republic, methodological instruction stays for expatriate teachers were included in the material; one new element in the

material is support for Czech language and literature teaching at universities (what are called “lectorates”), which had previously not been integrated into any system and which are closest to the expatriate education programme in terms of substance.

The identified common denominator was support for Czech cultural heritage abroad, comprising culture in the broadest sense of the word, i.e. including a distinct language and conservation of inherited material cultural assets (repair and maintenance of Czech club buildings, small monuments *et al.*) and also helping communities’ actual development (assistance). By resolution no. 1622 of 14 December 2005, the Czech government approved the “Support Programme for Czech Cultural Heritage Abroad for 2006-2010”, undertaking to provide more than CZK 50 million per annum, and over a five-year time scale (2006-2010) a sum exceeding CZK 287 million, for all kinds of support for expatriate communities and Czech language and literature teaching.

If we balance up 2005, it is fair to say that, like in previous years, there was considerable interest in and positive feedback from 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 (all under the expiring government resolution 1306/2000). In 2005, more than 70 people from almost 40 countries took part in a Czech language course for expatriates taking place in Dobruška (60 on scholarships and 12 self-funded – primarily from Eastern and South East Europe, North and South America and the Middle East). Moreover, the MFA (the Department) provided CZK 160,000 for extracurricular activities for course participants (excursions to learn about the Czech Republic’s history and geography, etc.).

The one-term study course at Charles University in Prague and Masaryk University in Brno continued in 2005. 15 expatriate students from Ukraine, Serbia, Argentina, Russia, Bulgaria and Paraguay studied 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 2005/6 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 in Serbia and Montenegro and one 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.).

In 2004, the Ministry of Foreign Affairs continued to work with the publishers of *České listy* (Czech Newspaper), a monthly publication that acts as a bridge between Czech communities around the world and seeks to be a source of documentation for people interested in the past and present of foreign-based Czechs. Every month, the 2,300-copy print run is distributed, mainly abroad; it is sent free of charge to expatriate clubs, societies of friends, Czech scholars, Czech embassies, etc. The most popular features in 2005 were the long-term cycles, such as the “States and their Czech Communities” series and “We Remember – 60 Years”, which publishes the war stories of Czech and expatriate resistance fighters to mark the 60th anniversary of the end of the Second World War. The cycle titled “They Left So That...”, which tracks the remarkable destinies of Czechs abroad and is prepared in cooperation with the Ethnological Institute of the Academy of Sciences of the Czech Republic, enjoys unwaning interest. To mark the 5th anniversary of the launch of *České listy* monthly, a meeting of Czech institutions dealing with expatriate issues took place in May 2005 and a supplement to the magazine, “Index of Contributions to ČL Published from 2000 to 2004”, was issued. The year 2005 was rounded off with a “Christmas present” from the editorial board and the MFA in the form of a poster showing the emblems of expatriate organisations and societies of friends, which was supplied with the 12th edition.

Every year, one important part of the Department's work is the provision of financial support for specific projects of Czech expatriate clubs abroad, societies of friends of the Czech Republic, and Czech civic associations co-operating with foreign countries, including clubs of Czech scholars or foreign graduates of Czech universities with programmes similar to societies of friends of the Czech Republic. Financial support to Czech entities is provided in the form of subsidies; financial support to organisations abroad in the form of money donations.

In 2005, 131 expatriate clubs and societies of friends from 45 countries around the world (ranging alphabetically from Albania to Venezuela) applied for MFA support – almost

CZK 11.8 million was earmarked for these applicants' projects. Contributions towards Czech expatriate magazines published on either a national or a regional basis, information bulletins and other publications, towards self-help Czech teaching in clubs, 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 MFA provided funding for other interesting club projects as well: e.g. the 57th Congress of the Czech and Slovak Association in Canada; the collection of archive materials by the Czechs and Slovaks Association in Tasmania and preparation for their publishing; Czech teaching for expatriates associated in the Danish-Czech Club in Roskilde, at the "8th International Festival of Czech Music" in Quebec; an educational and cultural programme at the congress of members of the Beji Terezin association in Israel; an exhibition marking the 130th anniversary of Česká beseda in Munich; the second edition of a book about the polka in Mexico via the Friends of the Czech Republic in Monterrey; a meeting of expatriates in Scandinavia; Czech clubs' cultural projects in Slovakia; "Czech Culture Week" in Zaporozh in Ukraine; the "Oklahoma Czechs Festival" in Yukon; "Sokol Czech Heritage Days" in Detroit; "Czechoslovak Festival" in Lincoln, Nebraska; a brochure to accompany "Czechoslovak Music Days in Texas"; the "Ema Destinová Young Singers Competition" in London; installation of a bust of T. G. Masaryk via the Society for Science and Art in Walton, the United Kingdom; and many other events.

In addition, contributions totalling CZK 7 million were provided for the projects of 46 Czech civic associations cooperating with foreign countries in 2005. 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 MFA supported an exhibition of artworks by foreign ethnic groups under the AD-FOR association, a literary competition of the Society of Friends of the USA, "Andersen Evening" of the Nordic Society, the publication of a chronicle on Czechs from Banat by the Voyvodovo Association, "Arab Week" by the Czech-Arab Society, an exhibition of Vietnamese painters organised by the Czech-Vietnamese Society, and other events. 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. The Ministry also supported Czech civic associations organising summer camps in the Czech Republic for the children of Czech expatriates.

Besides the aforementioned financial contributions, Czech language textbooks and other publications and in-kind donations worth more than CZK 600,000 were provided to Czech communities abroad – especially expatriate schools and courses – through Czech embassies and consulates. CZK 430,000 was spent on subscriptions to Czech newspapers for expatriate clubs in economically weaker countries. Nor should “intangible” forms of cooperation be overlooked: some Czech embassies maintain local Czech libraries or video libraries, enable regular meetings of Czech expatriates, help teach Czech, etc. As a matter of course, expatriates were invited to cultural and social events and, vice versa, Czech diplomats were invited to important events staged by Czech communities abroad.

An important demonstration of the long-term interest in Czech expatriates abroad is the Czech Republic’s aid earmarked for the repairing of schools and cultural facilities of Czech communities, 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 in the last century. Clubs often do not have enough funds for maintenance, and the buildings fall into disrepair. From 1996 to 2001, this aid was provided as a part of the Czech government’s foreign development aid to developing and other needy countries. Since 2003, a sum of approx. CZK 10 million has been regularly incorporated into the MFA’s budget; these funds are contributed towards the repair and maintenance of Czech expatriate schools and club buildings, not just in Europe, but overseas as well – in 2005, funding was provided towards the repair of two expatriate club buildings in Argentina. In Europe, long-term repair projects in Croatia, Romania and Ukraine went ahead; a three-year project to renovate the building of the TGM Czechoslovak Club in Sofia, Bulgaria, a two-year project to adapt the club rooms of the Nazdar expatriate association in Novorossiysk, Russia, and a one-year project in Zelow, Poland, were completed.

Another part of the MFA’s work is to issue certificates proving that the holder belongs to a Czech expatriate community, since the Czech government’s policy is to facilitate permanent resettlement in the Czech Republic for individual foreigners of proven Czech origin on the basis of individually submitted applications for permanent residence in the territory of the Czech Republic pursuant to Section 65 (1) (a) of Act No. 326/1999 Coll., on the residence of foreigners in the territory of the Czech Republic, as amended. After documentary evidence of the applicant’s Czech origins has been checked, these applicants receive a “Certificate of Belonging to a Czech Expatriate Community” from the MFA; the certificate is then attached to the foreign Czech’s permanent residence application.

186 certificates were issued in 2005. Most of the applicants were from Romania, Ukraine and Germany.

Since 1997, the Ministry of Foreign Affairs has awarded its ministerial honour, the *Gratias Agit* prize, as an expression of gratitude to those who promote the Czech Republic abroad. The awards are presented annually by the Minister of Foreign Affairs of the Czech Republic at a ceremony in the Černín Palace. In 2005, the *Gratias Agit* prize was conferred on fifteen individuals and four groups.

The awardees were: Tomáš Baťa Jr. from Canada – entrepreneur, an eminent personality in Czech history and present day; Věra and Petr Bísek from the USA – publishers of *Americké listy*; Jerry L. Elzner from the USA – expatriate activist, promoter of Czech cultural heritage; Viktor Fischl from Israel – writer, diplomat; Othmar Hanke from Austria – judge, initiator of close relations between Austrian and Czech courts; Mayenko Hloušek from Argentina – eminent Argentinean stage designer of Czech origin; Ladislav Horňan from the United Kingdom – leading British financial management expert and advisor; Liu Xingcan from China – Czech scholar, translator of Czech literature; František Makeš from Sweden – artist, restorer and scientist; Franz Olbert from Germany – pioneer of Czech-German understanding; John Reeves from Canada – writer, radio worker, composer, political activist; Angelo Ruoppolo from Italy – honorary consul, important supporter of the development of Czech expatriate life; Zora Šemberová from Australia – artist, promoter of Czech music and dance; Eckhard Thiele from Germany – Czech scholar, translator and publisher; Andreas Treichl from Austria – initiator of projects contributing to greater awareness about the Czech Republic; additionally, Český klub Komenský, Lincoln, Nebraska, USA – for enduring services to the conservation of Czech cultural heritage; team of Czech studies teachers at ELTE University in Budapest, Hungary – on the occasion of the 50th anniversary of the opening of the department and for their consistent promotion of the Czech Republic; the Robert Bosch Foundation from Germany – for its support for young professionals in the form of study trips and placements; and the team of Egyptologists from the Czech Republic – for its contribution to science, work in the field of international Egyptology and development of Czech-Egyptian relations.

One of the enduring tasks of the Ministry of Foreign Affairs is to keep records of Czech expatriate clubs, societies of friends of the Czech Republic and similar organisations 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 once a month. The directory offers a wide range of contacts: addresses of expatriate clubs and similar associations in more than 80 different countries; addresses of Czech expatriate press; addresses of Czech civic 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 an open discussion forum, is in its second year of operation. The portal is administered by Czech Radio (Radio Prague – Czech Radio 7).

VII. THE INTERNATIONAL LAW, COMMUNITY LAW AND CONSULAR DIMENSIONS OF THE CZECH REPUBLIC'S FOREIGN POLICY

1. The international law dimension of the Czech Republic's foreign policy

International law is one of the fundamental pillars of the Czech Republic's foreign policy and constitutes the framework within which this policy is executed. The Ministry of Foreign Affairs, in line with its powers, monitors the Czech Republic's compliance with its commitments under international law, as well as the evolution of international law, and makes every effort to contribute to the development of its standards in the globalising world, taking into account all its problems and challenges.

In 2005, the Czech Republic took significant steps related to international anti-terrorism treaties. In December 2005, the Czech Republic ratified the International Convention for the Suppression of the Financing of Terrorism, which can be regarded as one of the most important anti-terrorism treaties of recent years, thus becoming a state party to all twelve UN international treaties dealing with the suppression of terrorism. In September 2005, the Czech Republic signed the International Convention for the Suppression of Acts of Nuclear Terrorism, which is the latest international treaty negotiated in this area, and subsequently initiated internal debate on the proposal for its ratification. International treaties designed to suppress organised crime and corruption are another important area of international law. On 22 April 2005, the Czech Republic signed the UN Convention against Corruption, which entered into force on 14 December 2005. The Czech Republic's ratification of this convention is in the preparatory phase: implementation of all the commitments contained in the convention is being checked. The Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, which is linked to the UN Convention against Transnational Organised Crime, entered into force on 3 July 2005. Here, too, the ratification process is in the preparatory phase.

In addition, the Czech Republic took some important steps in 2005 in order to contribute to the work of international criminal tribunals. As far as the International Criminal Tribunal for the Former Yugoslavia (ICTY) is concerned, an agreement was prepared for signing with the United Nations on the loan of prison service staff for the Tribunal's custodial

detention centre. The Czech Republic's cooperation with this tribunal should also be broadened by the planned agreement on witness protection and relocation. The Czech Republic also follows and supports the work of the International Criminal Tribunal for Rwanda. At the end of 2005, the Czech Republic provided the aforementioned tribunals, and the recently established Special Court for Sierra Leone, with voluntary financial contributions as an expression of support for their work.

Non-ratification of the Rome Statute of the International Criminal Court remains an unresolved problem. This is one of the most important multilateral international instruments of recent years, the basis on which the first permanent international criminal court authorised to bring individuals to justice for the gravest international crimes was established. The situation of the Czech Republic as the only country in its region that is not a state party to the Rome Statute is not favourable. The Ministry of Foreign Affairs, in collaboration with other government bodies concerned, therefore went ahead with consultations, primarily with members of Parliament of the Czech Republic, intended to pave the way for the ratification of this international treaty. In 2005, the Czech Republic also attended, in an observer capacity, the 4th session of the Assembly of States Parties to the Rome Statute of the International Criminal Court, took part in the work of the Council of the European Union's sub-working group for the International Criminal Court and carried out tasks stemming from the European Council Action Plan on the International Criminal Court.

In 2005, the Czech Republic took certain important steps towards greater engagement in the operative regime of Antarctica, based on the use of Antarctica for peaceful and scientific purposes and protection of its environment. Czech representatives took part in a session of the Committee for Environmental Protection in Antarctica as fully-fledged members for the first time in 2005. That came about because in 2004 the Czech Republic ratified the Protocol on Environmental Protection to the Antarctic Treaty (Madrid Protocol); together with the Antarctic Treaty, to which the Czech Republic was already a party, the Protocol constitutes the basic instrument governing the legal regime of Antarctica. Combined with the developing scientific work done by Czech academic institutions in Antarctica, these steps will enable the Czech Republic to strive to become a consultative party to the Antarctic Treaty, i.e. a fully-fledged co-architect of Antarctica's legal regime. It is significant in this regard that Czech scientists completed the construction of the Czech polar station on James Ross Island in Antarctica.

The Czech Republic's membership of the EU has brought a demanding task in the area of treaties: completing the harmonisation of the Czech Republic's treaties with European Community and European Union law. In previous years, this task was carried out through the renegotiation of valid international treaties that are incompatible with EC/EU law; where renegotiation was not possible, these treaties were terminated, largely by agreement; where talks on terminating a treaty were not successful, by a notice of termination.

Most incompatible treaties were terminated by one of the above procedures in 2004 and 2005, but some remain in force, pending the expiry of the notice periods defined in them. The Czech Republic is holding talks on an EU exemption for several treaties, which thus remain in force for the time being.

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 MFA therefore started the process of renegotiating Czech investment agreements with non-EU countries on the basis of the Specimen Guidelines for negotiating changes to investment protection agreements that are not compatible with the commitments stemming from EU membership. The renegotiations concern approximately 50 investment agreements, the vast majority of which are operative. In 2005, expert talks were held on changes to bilateral investment agreements with Bulgaria, China, and Serbia and Montenegro. The MFA receives responses from its bilateral partners and, in cooperation with the Ministry of Finance, prepares answers or possible expert talks.

At the same time, the Czech Republic continues to deal with another task stemming from its membership of the EU – acceding to roughly one hundred treaties that the EU has concluded with third countries or multilateral treaties that the EC/EU is a party to. Czechoslovakia, and later the Czech Republic, has been gradually acceding to a large number of these treaties, even without any reference to the EU. The Czech Republic acceded to many other treaties in the context of its membership of the EU; it is gradually acceding to the remainder. Despite the enormous efforts of all concerned bodies in the Czech Republic, this process is far from finished and will continue.

The negotiation of further international treaties in the competence of individual ministries continued in 2005, reflecting the development and strengthening of cooperation with other states in a diverse range of areas.

Economic cooperation treaties are being negotiated with a number of states to replace trade treaties that had to be terminated on the grounds of the EC's exclusive authority in the area of trade policy (in 2005 economic cooperation treaties were concluded with Mongolia, the Russian Federation, Serbia and Montenegro, and Vietnam, for example). The principal goal of these agreements is to preserve the mixed commissions that deal with important mutual trade issues. In 2005, a number of double taxation avoidance treaties also entered into force for the Czech Republic (e.g. with France, the People's Democratic Republic of Korea, Moldova, Norway, and Serbia and Montenegro). In the fight against organised crime, terrorism and other forms of serious crime, police cooperation treaties were negotiated with Austria and Switzerland.

In 2005, a number of multilateral treaties entered into force for the Czech Republic. Regarding the environment, these included the International Convention for the Regulation of Whaling and the Kyoto Protocol to the UN Framework Convention on Climate Change; in transport, the Budapest Convention on the Contract for the Carriage of Goods by Inland Waterway; in the fight against terrorism the Agreement on Illicit Traffic by Sea implementing Article 17 of the UN Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.

2. Community law dimension of the Czech Republic's foreign policy

Upon the Czech Republic's accession to the EU, a new dimension, Community law, became part of Czech law. In relation to national law, Community law includes both documents that the Czech Republic is obliged to transpose into Czech law by means of legally binding regulations, and directly applicable norms that can directly impose rights and obligations on natural and legal persons.

The MFA 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*.

As a fully-fledged member of the EU, however, the Czech Republic is not merely a passive recipient of the aforementioned Community regulations – it is also their co-architect. In this regard, the Czech Republic was actively involved at all levels in the relevant working formats 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. The Czech Republic's interests in actions in the European Court of Justice are then defended by the MFA, specifically the government agent.

At the MFA, the Community Law Department monitors and analyses the development of the law of the European Communities or European Union law and draws up opinions on matters of Community law for the purposes of the Czech Republic's foreign policy. Its work in 2005 included assessing the compliance with Community law of draft national legislation and planned international treaties coming under the authority of the MFA and interpreting the relevant provisions of Community law. In 2005, the majority of the expert opinions drawn up regarding the interpretation of Community legislation concerned the EU's Common Foreign and Security Policy, the internal market, the Common Agricultural Policy, transport, and environmental protection.

The Department also coordinated the negotiation of and internal debate on the text of the Treaty on the Accession of the Republic of Bulgaria and Romania to the European Union

(hereinafter “Accession Treaty”). The ratification process has already been completed in the Czech Republic (the Senate of Parliament expressed its consent on 15 September 2005, the Chamber of Deputies on 6 December 2005 and the President of the Republic signed the ratification instrument on 2 February 2006), making the Czech Republic one of 11 EU member states to have already ratified the Accession Treaty.

In connection with the discussion on the Treaty establishing a Constitution for Europe (hereinafter “Constitutional Treaty”), the Department prepared a publication, in April 2005, titled *What Changes Will the Treaty Establishing a Constitution for Europe Bring?*, which was provided to both houses of Parliament and all central authorities. In the publication, the Constitutional Treaty is classified as an international treaty pursuant to Article 10a of the Constitution of the Czech Republic; changes to the nature of the EU that would result from the Constitutional Treaty’s entry into force are also described in detail. The publication’s aim was to provide objective information about changes brought by the Constitutional Treaty in comparison with the existing founding treaties, and thus serve as an informed basis for decision-making on the procedure for approval of the Constitutional Treaty (referendum or parliamentary ratification) and for the actual decision on whether to approve the Constitutional Treaty or not.

The Department also drew up draft Government Guidelines for the Negotiation of International Treaties in the Context of the European Union and Their Internal Debate (hereinafter “Guidelines”), approved by the Czech government as an Annex to Resolution No. 1469 on 16 November 2005. The Guidelines lay down the procedures to be followed by the Czech government and central authorities in the process of negotiations and internal debate on international treaties concluded within the EU framework. These procedures reflect the specific features of negotiations within the EU, primarily in the phase of negotiating the treaty texts; these specific features are determined by the EU Council’s system of working bodies, where 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 bodies affected by the treaty being negotiated. The Guidelines devote 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 September 2005, talks within the EU were resumed on an amendment to Council Decision 1999/468/EC, laying down the procedures for the exercise of implementing powers

conferred on the Commission (known as “comitology”). Comitology is the procedure by which the European Commission adopts implementing 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. The EP therefore demanded that it should have the same control over the adoption of implementing measures as the Council. Partial progress was reached in the autumn talks; most notably, member states agreed on a limited form of comitology reform. The scale and manner of the EP’s involvement in comitological procedures will be the subject of more talks in 2006. 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 is to discuss individual solutions proposed in response to the questions raised.

3. Consular dimension of the Czech Republic’s foreign policy

Consular affairs continued to form an integral part of the Czech Republic’s foreign policy in 2005. Within the Ministry of Foreign Affairs, consular affairs are handled by the Consular Department, which formulates the concept of the Czech Republic’s consular service and ensures its implementation. In doing so, the Consular Department cooperated with the relevant sections of the MFA and with other state administration bodies, and implemented consular policy through the consular sections of Czech embassies abroad. In 2005, maximum attention was paid to consular tasks related to:

- preparation for the Czech Republic’s integration into the Schengen system in the area of visa policy, with particular emphasis on the successful course of Schengen evaluations and completing the implementation of the Common Consular Instructions in internal consular regulations;
- implementation of the Czech Republic’s commitments stemming from EU membership in the area of introducing Czech biometric travel documents, the free movement of EU citizens and their family members, and implementation of Community protection of EU citizens and crisis management tasks;

- monitoring the international resolution of questions related to the shaping of migration policy and the fight against illegal migration;
- taking part in the preparation of generally binding regulations relevant to the consular service, particularly as regards the laws on foreigners, suffrage and travel documents;
- sound execution of constant consular service tasks in the area of services to Czech citizens, including the provision of consular protection to EU citizens.

As regards the harmonisation of the Czech Republic's visa policy with that of the European Union, visa-free agreements have essentially been aligned with Council Regulation (EC) No. 529/2001 of 15 March 2001, as amended.

The Czech Republic is highly sensitive to the problem of non-reciprocal visa requirements imposed by Australia, Canada and the USA. In accordance with Council Regulation (EC) No. 851/2005 of 20 July 2005, the Czech Republic reported these countries to the EU bodies as countries that unilaterally apply visa requirements in respect of the Czech Republic. Other, similarly affected member states did the same. In line with the said regulation, the European Commission submitted a report summarising the facts in the area of third countries' visa non-reciprocity to the JHA Council (Justice and Home Affairs Council, composed of EU member states' interior and justice ministers). After receiving this report, the JHA Council had three months in which to decide, by qualified majority, on the adoption of conclusions regarding this report. The draft conclusions contain one particularly important fact: that the JHA Council notes the lack of progress in talks with Australia, Canada and the USA and calls on the European Commission to intensify talks with these countries and to prepare specific proposals for action to be taken should the talks fail.

In 2005, the MFA Consular Department focused primarily on preparations for the Czech Republic's adoption of the full Schengen *acquis*. Czech government resolution No. 562 of 11 May 2005, regarding the Report on the Czech Republic's Preparedness to Adopt the Schengen *Acquis* I, approved the Schengen Action Plan of the Czech Republic 2005.

In the first stage of these Schengen evaluations, which took place in 2005, the Czech Republic and other evaluated member countries handed in completed evaluation questionnaires replying to questions concerning all the areas under scrutiny. Inspection

missions will be undertaken to embassies during 2006. Besides appraising embassies, the evaluations also focus on air borders, police cooperation and personal data protection.

In connection with these tasks, the MFA Consular Department participates in the work of European Council working groups. The MFA Consular Department is the coordinator of the Working Party on Consular Affairs (COCON), which mainly deals with the mutual provision of consular protection and assistance, and in the Visa Working Party (VISA), where questions related to application of the Common Consular Instructions are discussed. In this working party, the Consular Department promoted the Czech Republic's position on the Commission's draft amendment to Council Regulation (EU) No. 539/2001, as amended, which was intended to change the form of the "solidarity clause". In EU visa policy, the Czech Republic accents the promotion of reciprocity in respect of countries that unilaterally require visas for Czech citizens.

The MFA Consular Department's visa granting tasks are carried out, in line with EU standards, through the Visa Modernisation Process/Foreigners' Registration System (MVP/EVC), which is currently installed at all Czech visa-issuing posts. With the transition to a new visa sticker based on the EU specimen, the new version of the system – MVP/EVC2b – was installed in missions. This system is being further developed in connection with changes to the relevant Czech legislation and the requirements of the Ministry of Interior and Ministry of Foreign Affairs of the Czech Republic. Emphasis is also placed on the quality and speed of connection so that the visa process meets EU requirements. It is expected to include the VISION system, which makes it possible to consult visa applications with the central authorities of other states parties. Trial operation of this system is still taking place at Czech Republic's consulate general in Dresden. In the context of the tasks concerning the development of a Visa Information System (VIS), preparations for the introduction of biometric features in travel documents and subsequently visas went ahead. The MFA continued to prepare a new model biometric diplomatic passport and service passport (digital image), which should be issued in the second half of 2006.

The Consular Department was also actively involved in the implementation of a pilot project titled "Active Selection of Skilled Foreign Workers", which is being executed at the Czech Republic's embassies in Kazakhstan, Bulgaria, Croatia, Belarus and Moldova, and was extended to Canada, Ukraine, and Serbia and Montenegro in 2005. 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.

Resolving crisis situations affecting Czech citizens abroad is another integral part of the Consular Department's work. At the turn of 2004/2005, a crisis situation arose in consequence of the natural disaster that hit Southeast Asia, directly endangering several thousand Czech citizens located in this area at the time. The consular service helped ascertain the number of Czech citizens in the area, mediate their contact with the Czech Republic, provided assistance for their return to the Czech Republic and helped search for missing Czech citizens. The consular service was similarly active in resolving other crisis situations that occurred in July 2005 following the terrorist attacks in London and the Egyptian resort Sharm Al-Sheikh.

In connection with the Czech Republic's consular service, the indispensable role Czech honorary consulates should be mentioned. Their number continued to increase in 2005: at the end of 2005 there were 140 honorary consulates of the Czech Republic operating in countries all over the world.

An important part of the Czech consular service that also contributes to the creation of a positive image of the Czech Republic abroad is the handling of routine consular tasks by the consular sections at Czech embassies. Part of their work is looking after Czech citizens abroad. Services are rendered both to short-term visitors and to people on long-term stays or resident in the country.

VIII. THE CZECH FOREIGN SERVICE

1. Staffing

In 2005, as in previous years, staff at Czech embassies abroad were rotated according to the Rotation Plan. In total, 314 staff were assigned to embassies, 259 of them for long-term postings and 55 short-term (up to one year). 257 staff were recalled from embassies after the end of their long-term posting abroad and 54 staff were transferred from one Embassy to another.

Under an inter-ministerial agreement between the Ministry of Foreign Affairs, the Ministry of Industry and Trade, the Ministry of Defence and the Ministry of the Interior, the necessary number of staff of trade and economic sections, Czech defence attachés and Interior Ministry liaison officers were assigned to Czech embassies.

On 15 August 2005, Minister of Foreign Affairs' Decision No. 17 on Categorisation of Embassies in Terms of Hardship entered into force; on 1 September 2005, the amendment of the Career Rules for MFA Diplomatic and Consular Staff entered into force. Combined with the relevant amendments to internal regulations concerning employment, these two internal regulations created better conditions for the work of MFA staff and, in particular, improved the position of MFA staff in hardship territories.

National Contact Point

Throughout the year 2005, 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 its website www.mzv.cz/nkm. Members of the database set up by the NCP for candidates for work in these institutions and organisations were also regularly informed of vacancies. There was one important change in the database administration in 2005. The database is now interactive and members are requested to ensure regular up-dating. The database has around 3,200 members in total, but only around 1,000 are active.

For the first time, the NCP was involved in sending EU election observers and in staffing the Czech Republic's participation in EU civilian crisis missions. NCP staff also responded to hundreds of electronic, telephone and written enquiries.

European Union

During 2005, further mass recruitment competitions for the posts of administrator and assistant took place. These were mainly recruitment competitions for interpreters/translators – more than 1,000 Czech citizens applied for these posts. Furthermore, recruitment competitions were launched in the areas of European public administration, law, audit, finance and economics/statistics. Although these recruitment competitions were primarily intended for new EU member countries, more than 500 Czech citizens applied. The NCP and Diplomatic Academy co-organised a preparatory course, primarily for candidates for administrator vacancies; almost 50 people from all over the Czech Republic took part in the course.

A series of recruitment competitions for posts in EU institutions' senior and middle management were held, including the second round of mass recruitment competitions for middle management in the following areas: internal trade, external relations, management and audit. As far as the first round of the middle management recruitment competition is concerned, 10 Czech citizens were successful and roughly half obtained jobs in the EU.

Recruitment competitions for senior management also took place; the NCP continued to inform candidates of these vacancies and provided a constant information service. Overall, two Czech citizens were awarded EU posts as deputy directors general and three as directors general. A new section, "Preparation for Recruitment Competitions to EU Institutions", was added to the www.mzv.cz/kariera website to improve the standard of preparedness.

The validity of lists of successful Czech participants in recruitment competitions to EU institutions was extended until the end of 2006. This involves all mass EU recruitment competitions declared since 2003 and already completed. That is testament to the fact that it has not yet been possible to give jobs in EU institutions to all Czech citizens who succeeded in the demanding selection processes. As regards the EU's biggest institution – the European Commission – there were 207 Czech citizens working there in various forms of employment as of 31 December 2005.

In 2005, the NCP, in cooperation with the MFA Human Rights Department, was fully involved in the sending of EU election observers; in total, 23 long-term and 28 short-term election observers were sent and 6 citizens were placed on EU election observer training courses.

For the first time, the NCP also arranged the selection and sending of Czech citizens on preparatory courses in EU civilian crisis management. 13 Czech citizens have been sent on the course to date.

United Nations

In respect of the UN, the NCP's chief task in 2005 was recruiting staff to the UN Development Programme (UNDP). Three recruitment competitions were organised, producing one staff member for the UNDP Bratislava Regional Centre and one for the UNDP office in Kishinev.

OSCE

Throughout the year, the National Contact Point arranged the nomination and consent for 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 stabilised at 12 as of the end of 2005. Ambassador P. Vacek continued to occupy the post of head of the OSCE mission in Albania.

In 2005, the NCP sent twelve, mainly short-term election observers to OSCE election missions; in one case, the Czech participant was a senior member of the election mission.

2. Diplomatic Academy

In 2005, the Diplomatic Academy (DA) concentrated on intensive work in the training of Czech diplomatic staff and in the field of international diplomatic training. After a one-year pause, the DA restarted basic diplomatic training and, in line with its mission, organised follow-up training modules for Czech diplomatic staff. In the international field, the DA actively participated in preparing and organising the European Diplomatic Programme and, in

cooperation with International Centre for European Training in Nice (CIFE), prepared and ran the EU International Summer School.

A. Basic training modules

The Diplomatic Academy ran six traditional training modules in 2005:

- I. basic diplomatic training (DA1);
- II. advanced diplomatic training (DA2);
- III. individual course for junior diplomats (DA IN);
- IV. training in EU issues pursuant to government resolution no. 965/2003 (DA EU);
- V. computer training;
- VI. diplomatic training for economic diplomats.

I. Basic diplomatic training (DA1)

In September 2005, 13 new students started basic diplomatic training; they were selected in a two-round selection process. During the intensive theoretical part of the course, students attended lectures and seminars to broaden their knowledge of international relations and practical courses to develop negotiation and psychological skills and abilities. DA1 students also took part in a diplomat's survival course for high-risk territories, organised in cooperation with the Czech army. As part of their diplomatic training, students helped MFA departments prepare and organise key events, such as a "Battle Groups" seminar, a conference titled "Berta Suttner's Ideas in the Present Day", and sessions of the Club of Madrid and Stability Pact.

II. Advanced diplomatic training (DA2)

In 2005, the DA ran the seventh year of DA2. In 2005, 33 members of the Ministry's diplomatic staff were admitted to DA2/2005 on the basis of applications. Besides four compulsory seminars required by the Career Rules, students could also choose from three optional seminars – international law, security policy and the world economy. 22 students completed their advanced diplomatic training in 2005. Since the start of advanced diplomatic training in 1999, 213 diplomatic staff have successfully completed the course.

III. Individual course for junior diplomats (DA IN)

The DA continued with the third year of DA IN for junior diplomats. In 2005, there were 32 new applications for DA IN and 30 junior diplomats completed their training. Since the start of DA IN in 2003, 51 junior diplomats have successfully completed the course.

IV. EU issues training (DA EU)

In 2005, the DA organised training modules in EU issues for new senior staff, graduates of DA2, DA1 and DA IN, and other staff from the Ministry of Foreign Affairs.

Training for the senior staff took the form of a 34-hour course in spring and autumn. The courses were organised in cooperation with the International Centre for European Training (CIFE) in Nice under the methodological guidance of its vice-president Prof. F. Kinski. 96 members of the MFA's staff and 19 staff from other ministries took the courses. In 2005, this course received accreditation from the Ministry of the Interior of the Czech Republic as a training module for local self-government officials. Under support for paradiplomacy, the DA trained 3 Vysočina Region staff in 2005.

Again in collaboration with CIFE, the DA organised an intensive EU issues module. The course took place on 15 to 19 August 2004 in Horažďovice as a part of the EU International Summer School. It was particularly designed for staff members who expressed an interest in studying the given area in English. European issues training certificates were awarded to 8 members of the MFA's staff. Invitations to attend this course were also sent out to foreign partner diplomatic academies and institutions. Two diplomats from Croatia, one from Germany, a student of the DA Peru and diplomatic staff from the Mexican, Peruvian and Chilean embassies took up the invitation. The course was also attended by 7 representatives from other institutions (Office of the Czech Republic Government, Czech Centres, Chamber of Deputies of Parliament, Vysočina Region, Horažďovice Town, Ministry of Transport, Ministry of the Environment) and 5 foreign students by invitation from CIFE.

V. Computer training

A total of 612 staff of the Ministry of Foreign Affairs and Czech embassies were trained in computer use in morning and afternoon courses in 2005. 30 individual consultations also took place.

VI. Course for economic diplomats

The special training module for economic diplomats continued in its third year in 2005. The course took place from 27 April to 15 June 2005 and was attended by 15 members of the Ministry of Foreign Affairs staff and 9 members of Ministry of Industry and Trade staff.

B. Other DA training activities for the state administration

At the request of the Financial Police, the DA organised a one-day course in diplomatic protocol and etiquette for 25 Financial Police personnel.

From 12 April to 3 May 2005, the DA ran a five-day course in managerial skills, negotiations and protocol for 17 senior Ministry of Transport officials.

C. Other DA activities

In cooperation with the Institute of State Administration and the National Contact Point, the DA organised two all-day seminars on EU recruitment processes for Czech citizens interested in working in European institutions. 25 civil servants attended the seminar organised by the ISA on 30 March 2005; 58 candidates from among the general public took part in the seminar on 6 May 2005 on the DA's premises. In 2005, the DA organised two open-door days: before the spring competition on 22 April 2005 and, traditionally, on 21 December 2005. A lecture titled "The Path of the Career Diplomat" took place at Masaryk University, Brno, on 15 December 2005.

D. International training activities of the DA

In 2005, the DA Prague signed a Memorandum on Mutual Cooperation with partner institutions in Croatia and Costa Rica. In May, the DA organised a course on the transformation process in the Czech Republic for 80 participants from the American Leadership Forum.

As part of the 6th year of the European Diplomatic Programme, the DA arranged internships at the MFA for two diplomats from Germany and Italy. The DA also prepared a negotiation module, which will take place in Prague on 8 -10 March 2006.

3. The Ministry of Foreign Affairs' budget and operations

On 15 December 2004, the Chamber of Deputies of Parliament of the Czech Republic passed Act No. 675/2004 Coll., on the Czech Republic's state budget for 2005. Under this Act, the main binding indicators of budget heading 306 – Ministry of Foreign Affairs for 2005 were set as follows:

Total incomes	CZK 100 000 000
Total expenditure	CZK 4 809 784 000

In 2005, the Ministry of Foreign Affairs performed tasks set by the Czech government in respect of foreign affairs. The Ministry continued to perform tasks connected primarily with the Czech Republic's EU membership and, to a reduced degree, continued to implement ongoing measures designed to increase the security of embassies, with the emphasis on protection of staff and property. One crucial task in 2005 was the execution of further steps to increase the efficiency and cut the costs of the foreign service.

One of the specific aspects of the expenditure in the Ministry's budget heading is the high proportion of expenditure in foreign currency, so the final drawdown as expressed in Czech crowns was highly dependent on developments in the Czech koruna exchange rate with the principal foreign currencies. Other important factors influencing the budget include:

- the activity of Czech embassies in connection with the Czech Republic's membership of the EU;
- the increased cooperation with international organisations, including the honouring of financial commitments in respect of these organisations;
- support for the state's export promotion policy;
- the increased number of consular tasks and on-going modernisation of the visa process according to EU requirements and the Schengen Agreements and preparation for introducing biometric features;
- ensuring the security of embassies and personnel abroad and protecting the Ministry's classified information in accordance with Act No. 148/1998 Coll.;
- improving the security and reliability of the Ministry's information system and its certification for the handling of classified information;

- the buying or leasing of new buildings in accordance with the concept of Czech foreign policy;
- the provision of humanitarian aid to foreign countries;
- 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 2005 set a total figure of CZK 100,000,000 for income under the Ministry of Foreign Affairs heading. Total achieved incomes amounted to CZK 333,991,000, i.e. 333.99% of the target indicator.

Achieved incomes were mainly linked to the sell-off of certain embassies' surplus property (Embassy in Zagreb: CZK 39,226,000; Embassy in Beirut: CZK 18,343,000); China paid CZK 16,314,000 for the title to land in Prague. Other incomes included refunds on consumer tax, value added tax and reimbursements from the previous budget year (CZK 31,532,000) and other non-taxable incomes (CZK 36,951,000).

Diplomatic Service, a part-funded organisation, paid CZK 71,925,000 into the state budget from the sale of state property. Czech Centres, another part-funded organisation, paid CZK 33,000 into the state budget as incomes from the sale of movable property.

Besides budgeted incomes, the MFA paid CZK 565,716,685.32 into the state budget in the form of fees charged for administrative acts in 2005.

Non-investment expenditure

The total volume of state budget current expenditure in 2005 was CZK 4,964,046,000. This expenditure consisted of purchases of services (expenditure of CZK 911,119,000 on rent for buildings and housing for staff abroad, expenditure associated with top-level visits and other expenditure); purchases of material (expenditure on replacing petty tangible assets and purchasing ordinary equipment for embassies and headquarters worth CZK 204,658,000); purchase of water, fuel and energy (CZK 88,455,000); wages and remunerations for Ministry staff (CZK 559,029,000); 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 1,123,841,000); 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 501,530,000); and other non-investment expenditure (includes transfers to international organisations and contributions to organisations part-funded out of the state budget, worth a total of CZK 1,345,778,000).

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, had a fundamental and positive influence on the drawdown of finances in the budget heading in 2005, as a major portion of expenditure in this heading is paid in USD. Consequently, although many costs incurred abroad and in foreign exchange rose in real terms (in nominal terms), after conversion into CZK they remain at approximately the same level as in 2004 or are even lower.

Expenditure on financing asset replacement programmes

Overview of drawdown of finances for the Ministry of Foreign Affairs' asset replacement programmes in 2005:

CZK thousands (not including transfers to the reserve fund)

	2005 adjusted budget	2005 actual	%
total expenditure	1.358.663	1.057.780	77,85
expenditure on programme 206 010	1.131.087	867.472	76,69
expenditure on programme 306 020	227.576	190.308	83,62

The drawdown of finances for asset replacement programmes in 2005 was based on the allocated funds and the implementation plan for two programmes under the Ministry of Foreign Affairs budget heading (programmes nos. 206 010 and 306 020). The final limit was CZK 1,358,663,000. Largely due to the delayed implementation of several key projects, allocated funds of just CZK 1,057,780,000 were used.

Subordinate organisations part-funded out of the state budget

In 2005, there were five organisations under the Ministry of Foreign Affairs which received investment and non-investment contributions from the Ministry for their work. In 2005, the MFA provided these organisations with a contribution of CZK 292,029,000 for

operations and a contribution of CZK 136,343,000 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 operations of Czech Centres in 2005 was CZK 106,250,000.

International Relations Institute

The Institute is an organisation part-funded out of the state budget and devoted to the study of international relations; the Diplomatic Academy is part of the Institute. The contribution to the Institute in 2005 amounted to CZK 47,591,000.

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 2005 was CZK 98,788,000; the Office also drew an individual investment subsidy of CZK 68,583,000.

Diplomatic Service

In 2005, Diplomatic Service was allocated a contribution for operations of CZK 34,000,000 and a system investment subsidy of CZK 27,000,000.

Štiřín Castle

The 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 congress services. In 2005, it received a contribution of CZK 5,400,000 for operations and a further sum to cover losses from previous years. A system investment subsidy of CZK 40,760,000 was provided.

Research and development support

Every year, funds from the Ministry's budget heading are earmarked for research and development support. In 2005, funds of CZK 6,886,000 were drawn.

Institutional funds of CZK 14,000,000 were drawn down for research and development by the International Relations Institute.

Humanitarian aid expenditure

For 2005, a sum of CZK 58 million was earmarked in the Treasury Administration heading of the state budget, humanitarian aid item, for the provision of the Czech Republic's humanitarian aid to foreign countries. During the year, an extra CZK 100 million was added from the Government Budget Reserve, making the total sum for humanitarian aid to foreign countries in 2005 CZK 158 million. Actual drawdown amounted to CZK 125.9 million; the remainder was transferred to the reserve fund and will be used for government-approved purposes in 2006.

Financial or in-kind humanitarian aid was provided out of the MFA's budget heading in 2005. In-kind aid consisted primarily of foodstuffs, medicines and healthcare articles. In the provision of humanitarian aid, the Ministry of Foreign Affairs often cooperates with Czech non-governmental humanitarian and charitable organisations, such as People In Need.

A total of CZK 189,007,000 was released to the MFA budget chapter during 2005 for humanitarian aid; CZK 100,000,000 of this sum was for extraordinary humanitarian aid out of heading 398 – Treasury Administration, Government Budget Reserve item.

Of the total sum of CZK 36,867,000 allocated towards addressing the consequences of the Kosovo crisis, only CZK 7,545,000 was drawn down. In this context, the MFA contributed CZK 3,575,000 to international organisations assisting the region (SECI, NATO, OSCE) 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. CZK 26,822,000 was transferred to the Ministry of Foreign Affairs' reserve fund.

Additionally, a total of CZK 40,000,000 was released to the Ministry's budget heading for the work of Czech experts in Iraq and transformation assistance to Iraq. CZK 14,000,000 of these funds was earmarked for transformation aid to other countries under government resolution no. 188 of 9 February 2005. In view of the security situation in the area and the delay or postponement of certain projects for 2006, the MFA drew down a total of CZK 11,933,000 for transformation cooperation in 2005. The remaining CZK 28,067,000 was transferred to the MFA reserve fund, partly to cover projects being elaborated under contract and for further transformation aid.

Expenditure on foreign development cooperation

In 2005, CZK 41,126,000 was drawn down from the MFA budget heading for foreign development cooperation. In total, the Czech Republic spent CZK 2.9 billion on foreign development cooperation; CZK 400,000 of this sum was used for the implementation of bilateral foreign development cooperation projects.

The territorial structure of Czech foreign development cooperation remained much the same as in 2004 – it continues to be dominated by the Middle East region. That is followed by Europe (the Balkans) and, slightly behind, Central and East Asia.

Besides Iraq and Afghanistan, the biggest individual beneficiaries included Serbia and Montenegro, Vietnam, Bosnia and Herzegovina.

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 the Czech Republic is a member of and money donations to Czech expatriate clubs abroad. CZK 1,021,595,000 was earmarked in the Treasury Administration heading for the MFA budget heading for these purposes. On the basis of budget measures, funds worth CZK 999,800,000 were released from the Treasury Administration; a total of CZK 905,242,000 was drawn down.

Non-investment subsidies to civic associations

In 2005, the Ministry of Foreign Affairs provided civic associations with non-investment subsidies worth a total of CZK 20,636,000 to support activities of Czech expatriates, such as printing and distributing bulletins and books, organising cultural events involving Czech artists, etc.

Non-investment subsidies to enterprises

Funds worth CZK 5,809,000 were drawn down for research and development projects in 2005.

International broadcasts by Czech Radio

Funds to finance international broadcasting by Czech Radio are released from heading 398 – Treasury Administration to heading 306 – Ministry of Foreign Affairs. In 2005, CZK 62,500,000 was drawn down for these purposes.

Top-level state visits

A total of CZK 52,227,000 was drawn down for foreign visits by top-level representatives of the Czech Republic and top-level visits to the Czech Republic (that sum constitutes 59.21% of the approved budget of heading 398 – Treasury Administration that was earmarked for these purposes for the Ministry of Foreign Affairs).

Final evaluation of the execution of the Ministry of Foreign Affairs' budget

Incomes were achieved to 333.99 % in 2005. Total expenditure was exceeded in the item of expenditure on consultancy, legal and advisory services by CZK 9,170 in heading 6180. This excess is covered by a transfer from the reserve fund. The overstepping of current expenditure by CZK 21,964,450 is also covered by a transfer from the MFA reserve fund (at the end of the year, CZK 45,000,000 was transferred to strengthen the MFA's deposit account for financing embassies in line with Letter of the Minister of Finance no. 06/85 224/2005-143).

Developments in each quarter of 2005 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	not designated
Angola	1975	1993	Luanda	Berlin
Antigua and Barbuda	no diplomatic relations	1993	Caracas	London (working)
Argentina	1924	1993	Buenos Aires	Prague
Armenia	1992	1993	Tbilisi	Vienna
Australia	1972	1993	Canberra	Warsaw (HC Prague)
Austria	1920	1993	Vienna	Prague
Azerbaijan	1992	1993	Ankara	not designated
Bahamas	no diplomatic relations	2005	Havana	not designated
Bahrain	no diplomatic relations	1993	Riyadh	not designated
Bangladesh	1972	1993	Delhi (HC Dacca)	Berlin
Barbados	1977	1996	Caracas	London (working)
Belarus	1992	1993	Minsk	Prague
Belgium	1919	1993	Brussels	Prague
Belize	no diplomatic relations	1996	San José (HC Orange Walk Town)	not designated
Benin	1962	1993	Abuja	Berlin
Bolivia	1935	1993	Lima (HC La Paz)	Vienna
Bosnia and Herzegovina	no diplomatic relations	1993	Sarajevo	Prague
Botswana	1968	1997	Pretoria	London
Brazil	1920	1993	Brasilia	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
Brunei	1992	1995	Jakarta	not designated
Bulgaria	1920	1993	Sofia	Prague
Burkina Faso	1968	1993	Accra	Vienna
Burundi	1963	1993	Nairobi	Berlin
Cambodia	1956	1993	Bangkok	Warsaw
Cameroon	1990	1993	Abuja	Moscow
Canada	1942	1993	Ottawa	Prague
Cape Verde	1975	1993	Accra	Berlin
Central African Republic	1970	under negotiation	Kinshasa	not designated
Chad	1967	1994	Abuja	Moscow
Chile	1924	1993	Santiago	Prague
China	1949	1993	Beijing	Prague
Colombia	1934	1993	Bogotá	Vienna
Comoros	1977	1995	Nairobi	Moroni
Costa Rica	1935	1993	San José	Berlin
Croatia	1992	1993	Zagreb	Prague
Cuba	1920	1993	Havana	Prague
Cyprus	1960	1993	Nicosia	Prague
Democratic Republic of the Congo	1960	1993	Kinshasa	Prague
Denmark	1920	1993	Copenhagen	Prague
Djibouti	1977	1997	Addis Ababa (HC Djibouti)	not designated
Dominica	no diplomatic relations	1996	Caracas	not designated
Dominican Republic	1942	1993	Caracas (HC Santo Domingo)	Berlin (CG Prague)
East Timor	no diplomatic relations	2002	Jakarta	not designated
Ecuador	1935	1993	Bogotá (HC Guayaquil)	Warsaw (HC Prague)
Egypt	1922	1993	Cairo	Prague
Equatorial Guinea	1970	1993	Abuja	not designated
Eritrea	no diplomatic relations	1993	Addis Ababa	Berlin

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
Estonia	1928	1993	Tallinn	Prague
Ethiopia	1944	1993	Addis Ababa	Berlin
Fiji	1970	1996	Canberra	not designated
Finland	1921	1993	Helsinki	Prague
France	1918	1993	Paris	Prague
Gabon	1976	1993	Abuja	Libreville
Gambia	1972	1993	Accra	Brussels
Georgia	1992	1993	Tbilisi	Vienna
Germany	GDR 1949 FRG 1973	1993	Berlin	Prague
Ghana	1959	1993	Accra	Prague
Greece	1920	1993	Athens	Prague
Grenada	1979	1993	Caracas	not designated
Guatemala	1927	1993	Mexico (HC Guatemala City – temporarily closed)	Vienna (HC Prague)
Guinea	1959	1993	Accra (HC Conakry)	Berlin
Guinea Bissau	1973	1994	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
Iceland	1946	1993	Oslo (HC Reykjavik)	Vienna (HCG Prague)
India	1947	1993	Delhi	Prague
Indonesia	1955	1993	Jakarta	Prague
Iran	1925	1993	Tehran	Prague
Iraq	1933	1993	Baghdad	Prague
Ireland	1947	1993	Dublin	Prague
Israel	1948	1993	Tel Aviv	Prague
Italy	1918	1993	Rome	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
Ivory Coast	1984	1993	Accra	Berlin
Jamaica	1975	1993	Caracas	Berlin
Japan	1920	1993	Tokyo	Prague
Jordan	1964	1993	Amman	Vienna (HC Prague)
Kazakhstan	1992	1993	Almaty	Prague
Kenya	1964	1993	Nairobi	The Hague
Kuwait	1963	1993	Kuwait City	Prague
Kyrgyzstan	1992	1993	Almaty	Vienna
Laos	1962	1993	Bangkok	Warsaw
Latvia	1927	1993	Riga	Prague
Lebanon	1946	1993	Beirut	Prague
Lesotho	1982	1993	Pretoria	Rome
Liberia	1972	1993	Accra (HC Monrovia)	not designated
Libya	1960	1993	Tripoli	Prague
Lithuania	1927	1993	Vilnius	Prague
Luxembourg	1922	1993	Luxembourg	Prague
Macedonia (FYROM)	no diplomatic relations	1994	Belgrade	Vienna
Madagascar	1976	1993	Addis Ababa	Moscow
Malawi	1991	1993	Harare	Bonn
Malaysia	1971	1993	Kuala Lumpur	Prague
Maldives	1975	1993	Delhi	not designated
Mali	1960	1993	Algiers	Moscow
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	Prague
Micronesia	no diplomatic relations	2004	Manila GC Sydney (consular)	not designated
Moldova	1992	1993	Chisinau	Budapest

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
Monaco	no diplomatic relations	1993	Paris (HC Monte Carlo)	not designated
Mongolia	1950	1993	Ulaanbaatar	Prague
Morocco	1959	1993	Rabat	Prague
Mozambique	1975	1993	Harare	Berlin
Myanmar	1955	1993	Bangkok	Berlin
Namibia	1990	1993	Pretoria (HC Windhoek)	Berlin
Nepal	1959	1993	Delhi (HC Kathmandu)	Berlin
Netherlands	1919	1993	The Hague	Prague
New Zealand	1958	1993	Canberra (HC Auckland) (HC Wellington – temporarily closed)	Berlin (HC Prague)
Nicaragua	1930	1993	San José (HC Managua)	Vienna (HC Prague)
Niger	1975	1995	Accra (HC Niamey)	Bonn
Nigeria	1961	1993	Abuja	Prague
North Korea	1948	1993	Beijing	Prague
Norway	1921	1993	Oslo	Prague
Oman	no diplomatic relations	1993	Riyadh	Vienna
Pakistan	1950	1993	Islamabad	Warsaw
Palau	no diplomatic relations	2003	Manila CG Sydney (consular)	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	1988	1995	Jakarta (HC Boroco)	not designated
Paraguay	1936	1993	Buenos Aires	Berlin (HC Prague)
Peru	1922	1993	Lima	Prague
Philippines	1973	1993	Manila	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
Poland	1919	1993	Warsaw	Prague
Portugal	1920	1993	Lisbon	Prague
Qatar	no diplomatic relations	1993	Kuwait	Bonn
Republic of Congo	1964	2003	Kinshasa	Berlin
Romania	1919	1993	Bucharest	Prague
Russia	1934	1993	Moscow	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	Prague
Senegal	1967	1993	Rabat	Berlin (HC Prague)
Serbia and Montenegro	1919	1993	Belgrade	Prague
Seychelles	1976	1993	Nairobi (HC Victoria)	Victoria (HC Prague)
Sierra Leone	1963	1993	Accra	Moscow
Singapore	1973	1993	Singapore	Singapore (HC Prague)
Slovakia		1993	Bratislava	Prague
Slovenia	1992	1993	Ljubljana	Prague
Solomon Islands	no diplomatic relations	1996	Canberra	Brussels (working)
Somalia	1960	2002	Nairobi	not designated
South Africa	1991	1993	Pretoria	Prague
South Korea	1990	1993	Seoul	Prague
Sovereign Order of the Knights of Malta	1939	1993	Vatican	Prague
Spain	1919	1993	Madrid	Prague
Sri Lanka	1957	1993	Delhi (HC Colombo)	Vienna (HC Prague)
Sudan	1956	1993	Cairo (HC Khartoum)	Vienna
Suriname	1976	1996	Caracas	not designated

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
St Kitts and Nevis	no diplomatic relations	1993	Caracas	not designated
St Lucia	no diplomatic relations	1996	Caracas	not designated
Sao Tomé and Príncipe	1975	1993	Luanda	not designated
St Vincent and the Grenadines	no diplomatic relations	1995	Caracas	not designated
Swaziland	1991	1993	Pretoria	Copenhagen
Sweden	1920	1993	Stockholm	Prague
Switzerland	1919	1993	Bern	Prague
Syria	1946	1993	Damascus	Prague
Tajikistan	1992	1993	Tashkent	Prague
Tanzania	1961	1993	Nairobi	Berlin
Thailand	1974	1993	Bangkok	Prague
Togo	1960	1993	Accra	not designated
Trinidad and Tobago	1979	1997	Caracas (HC Port of Spain)	not designated
Tunisia	1959	1993	Tunis	Prague
Turkey	1924	1993	Ankara	Prague
Turkmenistan	1992	1993	Moscow	Vienna
TUVALU	no dipl. relations	2005	Kuala Lumpur	not designated
Uganda	1962	1993	Nairobi	Copenhagen
Ukraine	1992	1993	Kiev	Prague
Uruguay	1921	1993	Montevideo	Prague
United Arab Emirates	1988	1993	Abu Dhabi	Vienna
United Kingdom	1918	1993	London	Prague
USA	1919	1993	Washington D.C.	Prague
Uzbekistan	1992	1993	Tashkent	Vienna
Vanuatu	no diplomatic relations	2002	Canberra	not designated
Vatican	1920	1993	Vatican	Prague
Venezuela	1929	1993	Caracas	Prague
Vietnam	1950	1993	Hanoi	Prague
Yemen	PDRY 1956 YAR 1968	1993	Sanaa	Prague

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
Zambia	1965	1993	Harare	Berlin
Zimbabwe	1981	1993	Harare	Vienna

NB:

- 1) The table does not give information about periods during which diplomatic relations were suspended.
- 2) The missions listed are the highest-ranking resident missions. Resident missions headed by honorary officials are shown in brackets, beneath the respective non-resident mission accredited to the given country. Accordingly, in the case of the Dominican Republic the non-resident Embassy and resident consulate general are listed. Abbreviations used: HC – consulate headed by an honorary consular officer, HCG – consulate general headed by an honorary officer.
- 3) The table shows the state as at the end of 2005.

Ambassadors Extraordinary and Plenipotentiary of the Czech Republic as at 31 December 2005

seat official country name	n a m e
EMBASSY, PERMANENT MISSION (PM)	
Abu Dhabi United Arab Emirates	JEŘÁBKOVÁ Věra
Abuja Federal Republic of Nigeria <u>competence:</u> Nigeria, Benin, Chad, Cameroon, Equatorial Guinea, Gabon	KARYCH Alexandr
Addis Ababa Federal Democratic Republic of Ethiopia <u>competence:</u> Ethiopia, Republic of Djibouti, Eritrea, Madagascar	DOBIÁŠ Zdeněk
Almaty Republic of Kazakhstan <u>competence:</u> Kazakhstan, Kyrgyzstan	SEDLÁČEK Milan
Amman Hashemite Kingdom of Jordan	LANĚ Tomáš
Ankara Republic of Turkey	FILIPÍ Eva
Athens Hellenic Republic	BULENOVÁ Jana
Baghdad Republic of Iraq	VOZNICA Petr
Bangkok Kingdom of Thailand <u>Competence:</u> Cambodia, Laos, Myanmar	ŠITLER Jiří
Belgrade Serbia and Montenegro <u>competence:</u> Serbia and Montenegro, Former Yugoslav Republic of Macedonia	JESTŘÁB Ivan
Beijing People's Republic of China	GREPL Vítězslav

Berlin Federal Republic of Germany	LAZAR Boris
Bern Swiss Confederation	KREUTER Josef
Bogotá Republic of Colombia <u>competence:</u> Colombia, Ecuador	RYCHTAR Josef
Brasilia Federative Republic of Brazil	HUBINGER Václav
Bratislava Slovak Republic	GALUŠKA Vladimír
Brussels Kingdom of Belgium	HAVLÍK Jiří
Brussels Permanent Representation to the EU	KOHOUT Jan
Brussels Permanent Delegation to NATO	FÜLE Štefan
Bucharest Romania <u>competence:</u> Romania, Moldova	PECH Radek
Budapest Republic of Hungary	HUBÁČKOVÁ Hana
Buenos Aires Argentine Republic <u>competence:</u> Argentina, Paraguay	PADĚLEK František
Cairo Arab Republic of Egypt <u>competence:</u> Egypt, Sudan	KARFÍK Jakub

Caracas Republic of Venezuela <u>competence:</u> Venezuela, Dominican Republic, Grenada, Barbados, Guyana, Trinidad and Tobago, Surinam, Jamaica, Antigua and Barbuda, Dominica, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines	JIRÁNEK Jiří
Canberra Commonwealth of Australia <u>competence:</u> Australia, New Zealand, Fiji, Samoa Solomon Islands, Vanuatu	PAŽOUREK Karel
Copenhagen Kingdom of Denmark	JANČÁREK Ivan
Damascus Syrian Arab Republic	KOUTSKÝ Josef
Delhi Republic of India <u>competence:</u> India, Bangladesh, Maldives, Nepal, Sri Lanka	NOVOTNÝ Jaromír
Dublin Republic of Ireland	HAVLAS Josef
Geneva Permanent Mission to the Office of the UN and other international organisations based in Geneva	SLABÝ Alexander
Hanoi Socialist Republic of Vietnam	ŽDÁREK Ivo
Harare Republic of Zimbabwe <u>competence:</u> Zimbabwe, Angola, Malawi, Mozambique, Sao Tomé and Príncipe, Zambia	OLŠA Jaroslav
Helsinki Republic of Finland	PROUZOVÁ Alena
Islamabad Islamic Republic of Pakistan <u>competence:</u> Pakistan, Afghanistan	LANGER Alexandr
Jakarta Republic of Indonesia <u>competence:</u> Indonesia, Brunei Darussalam, Papua-New Guinea, East Timor	VESELÝ Jaroslav

Kiev Ukraine	ŠTINDL Karel
Kuala Lumpur Malaysia, Tuvalu	HUŇÁTOVÁ Dana
Kuwait State of Kuwait <u>competence:</u> Kuwait, Qatar	BLAŽEK Antonín
Lisbon Portuguese Republic	ŠKEŘÍK Ladislav
Ljubljana Republic of Slovenia	HLAVSOVÁ Ivana
London United Kingdom of Great Britain and Northern Ireland	WINKLER Jan
Luxembourg Grand Duchy of Luxembourg	ŠEPELÁK Pavol
Madrid Kingdom of Spain	KOŠATKA Martin
Manila Republic of the Philippines <u>competence:</u> Republic of the Philippines, Republic of Palau Federated States of Micronesia	LUDVA Jaroslav
Mexico United States of Mexico <u>competence:</u> Mexico, Guatemala	EISENBRUK Vladimír
Moscow Russian Federation <u>competence:</u> Russia, Belarus, Turkmenistan	KOSTELKA Miroslav
Nairobi Republic of Kenya <u>competence:</u> Kenya, Burundi, Comoros, Rwanda, Seychelles, Tanzania, Uganda, Somalia, UNEP, UNCHS	KOPŘIVA Petr
New York Permanent Mission to the United Nations Organisation	KMONÍČEK Hynek
Nicosia Republic of Cyprus	VÁVRA Martin

Oslo Kingdom of Norway <u>competence</u> : Norway, Iceland	HORÁK Jaroslav
Ottawa Canada	VOŠALÍK Pavel
Paris French Republic	FISCHER Pavel
Paris Permanent Mission to the Organisation for Economic Cooperation and Development (OECD) and United Nations Educational, Scientific and Cultural Organisation (UNESCO)	MACEŠKA Jiří
Pretoria Republic of South Africa <u>competence</u> : South Africa, Botswana, Lesotho, Mauritius, Namibia, Swaziland	SIRO Jaroslav
Rabat Kingdom of Morocco <u>competence</u> : Morocco, Mauritania, Senegal	URBANOVÁ Eleonora
Riga Republic of Latvia	FINFERLE Jan
Riyadh Kingdom of Saudi Arabia <u>accreditation</u> : Saudi Arabia, Bahrain, Oman	POLÁČEK Zdeněk
Rome Republic of Italy <u>competence</u> : Italy, Malta	SEČKA Libor
San José Republic of Costa Rica <u>competence</u> : Costa Rica, Honduras, Nicaragua, Panama, Salvador, Belize	JAKOBEC Milan
Santiago de Chile Republic of Chile	HLADÍK Lubomír

Sarajevo Bosnia and Herzegovina	KUDĚLA Jiří
Seoul Republic of Korea	SMETÁNKA Tomáš
Sofia Republic of Bulgaria	DOKLÁDAL Petr
Stockholm Kingdom of Sweden	CHATARDOVÁ Marie
Strasbourg Permanent Mission to the Council of Europe	ŠTĚPOVÁ Vlasta
Tallinn Republic of Estonia	LEXA Miloš
Tashkent <u>competence</u> : Uzbekistan, Tajikistan	FOJTÍK Aleš
Tbilisi Georgia <u>competence</u> : Georgia, Armenia, Azerbaijan	VRABEC Jozef
Tel Aviv State of Israel	ŽANTOVSKÝ Michael
The Hague Kingdom of the Netherlands	KUBERNÁT Petr
Tirana Republic of Albania	ŠINDELÁŘ Miroslav
Tokyo Japan	ŽEBRAKOVSKÝ Karel
Tripoli Great Socialist People's Libyan Arab Jamahiriya	ŠTRAUCH Dušan
Tunis Republic of Tunisia	PŘÍVRATSKÝ Jaromír
Ulaanbaataar Mongolia	NEKVASIL Jiří

Vatican
Holy See
competence: Holy See, Sovereign Order
of the Knights of Malta, San Marino

JAJTNER Pavel

Vienna
Republic of Austria

JINDRÁK Rudolf

Vienna
Permanent Mission to the
Office of the UN, OSCE and other
international organisations based in Vienna

POČUCH Ivan

Vilnius
Republic of Lithuania

BUCHTA Alois

Warsaw
Republic of Poland

KOPECKÝ Bedřich

Washington D.C.
United States of America

KOLÁŘ Petr

Zagreb
Republic of Croatia

BURIÁNEK Petr

EMBASSIES HEADED BY A CHARGÉ D'AFFAIRES

Havana Republic of Cuba	KORSELT Vít
Luanda Republic of Angola	KOPECKÝ Robert
Kinshasa Democratic Republic of Congo	FILIPENSKÝ Jan
Minsk Republic of Belarus	RUML Vladimír
Sana Republic of Yemen	MATOUŠEK Václav
Singapore Republic of Singapore	ZAHRADNÍČEK Luděk
Tehran Islamic Republic of Iran	ČERNÝ Michal

LIAISON OFFICE

Ramallah Palestinian Autonomous Territories	ŽIGOVÁ Eliška
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Consulates General

Bonn Federal Republic of Germany	HLOBIL Josef
Cape Town Republic of South Africa	PERNICKÝ Tomáš

Chicago United States of America	SKOLIL Marek
Dresden Federal Republic of Germany	PODIVINSKÝ Tomáš
Hong Kong People's Republic of China	HYKL Rudolf
Katowice Republic of Poland	BYRTUS Josef
Los Angeles United States of America	FUCHSOVÁ Margita
Lviv Ukraine	JANDERA Milan
Milan Republic of Italy	BERAN Karel
Munich Federal Republic of Germany	BORŮVKA Karel
Montreal Canada	JAREŠOVÁ Viera
Mumbai Republic of India	KRASNICKÁ Irena
New York United States of America	POSPÍŠIL Aleš
St. Petersburg Russian Federation	MURGAŠ Antonín
Sao Paulo Federative Republic of Brazil	MARŠÍČEK Josef
Shanghai People's Republic of China	HUPCEJ Milan
Sydney Commonwealth of Australia	DOLEČEK Jaroslav
Yekaterinburg Russian Federation	CHARANZA Karel

CZECH ECONOMIC AND CULTURAL OFFICE

Taipei
Taiwan

KRÁL Michal
Head of the Office