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A crisis in the Czech Republic's relations with China and Russia

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The past few weeks have exposed tensions in the Czech Republic's contacts with China and Russia, revealing a crisis of bilateral relations that has been worsening for years. These tensions were escalated by the symbolic gestures made by the Prague city government, which were viewed as provocative (see Appendix 1 and 2), and the harsh reactions from China and Russia, which intensified the criticism of these countries in public debate inside the Czech Republic. As a result, the position of pro-Chinese and pro-Russian circles in the country, which are focused mainly around President Miloš Zeman, has weakened. This has reduced their room for manoeuvre, and made it more difficult for them to dictate the tone in Czech foreign policy: for example, reducing the chances that companies from China and Russia will be entrusted with carrying out large orders as part of the planned development of the nuclear energy sector. The crisis in the model of Prague's relations with Beijing and Moscow which operated until recently offers a chance for the country to enhance its co-operation with the US, which is already visible in the policy of the government led by Andrej Babiš.

China and Russia as determinants of divides in Czech politics

Attitudes towards China and Russia have for years been one of the dividing lines in Czech politics. Followers of the legacy of the presidency of Václav Havel (1993–2003), whose guests included the Dalai Lama and the prime minister of Taiwan, focus much of their attention on human rights, the state's pro-Western orientation, and resisting Russia's expansive activity. Even though relations with China had already revived under the right-wing government led by Petr Nečas (2010–13), co-operation with that country has become mainly the domain of left-wing circles. President Miloš Zeman is the face of the pro-Chinese and pro-Russian circles in Czech public opinion. Supporters of closer relations with China and Russia, apart from Zeman and his inner circle, include the Communist Party of Bohemia and Moravia (KSČM) which guarantees a parliamentary majority to the minority collation formed by Babiš's ANO party and the Czech Social Democratic Party (ČSSD). The KSČM has backed the Kremlin's stance on many issues (for example, demanding that the Czech Republic should leave NATO) and maintains regular contacts with the Communist Party of China (Czech business circles sometimes rely on assistance from the Czech communists). Numerous businessmen who have good relations with Zeman, including Petr Kellner, the richest man in the Czech Republic, and Karel Komárek, the country's third richest person, have lobbied for enhanced economic co-operation with Russia and China. Škoda Auto, the

largest private employer in the Czech Republic, also views good relations with China and Russia as very desirable. Cars of this Czech brand are manufactured, amongst other locations, at five factories in China and two in Russia, usually along with other vehicles from the VW group.

The foreign policy perspective of the ČSSD, which controls the Ministry of Foreign Affairs in the present government, has undergone a profound evolution. Since 2014, the Social Democrats, including the then prime minister Bohuslav Sobotka, have been engaged in developing Czech-Chinese relations. Numerous prominent activists from the ČSSD have been employed by organisations which lobby for closer co-operation with Beijing, or by Chinese companies directly. Many of them have changed their attitude towards China, in disappointment at the lack of results from co-operation with China and in the light of intensifying criticism of the pro-Chinese approach. The party began presenting itself as a guarantor of the government coalition's pro-Western approach, which put it increasingly at odds with President Zeman. Pro-Russian circles inside the ČSSD are also losing significance, and the incumbent minister of foreign affairs, Tomáš Petříček, clearly supports maintaining the sanctions imposed on Russia.

The Czech Liberals and Christian Democrats often criticise Russian and Chinese policy, and are opposed to building closer relations with these countries. A tough stance on China and Russia has also become an important element of the political agenda of the Czech Pirate Party, which was built as a protest movement against the abuse of power, and which is now present in parliament for the first time. The anti-Chinese and anti-Russian rhetoric, and the moves made by representatives of the municipal government in Prague which Beijing and Moscow viewed as provocative, also offer an opportunity for the traditional opposition parties to regain their share of the public space in a situation where ANO led by Prime Minister Babiš has maintained a stable support level of around 30%, regardless of the numerous scandals in which he has been involved. This concerns Liberals from the TOP 09 and STAN groupings, which are balancing on the 5% electoral threshold and are members of the local government coalitions in Prague and many of the city districts. The opposition also draws upon the views of a large section of the Czech public who are critical about China and Russia: according to public opinion polls only 12% of Czechs believe that Russia has a positive influence on the global political situation (50% view it as negative), while the figures regarding China's influence are 10% (positive) and 48% (negative). These opinions have been partially affected by reports published by Czech counterintelligence shedding light on the operation of Chinese and Russian secret services in the Czech Republic, and by most of the Czech media which are predominantly critical about the policies of the Kremlin and Beijing.

Prime Minister Babiš has been doing his best to remain neutral during the increasingly serious disputes over Czech relations with China and Russia. When he took office, he did not share Zeman's and Sobotka's enthusiasm for Chinese investments (he was not engaged in any business operations in China as the CEO of Agrofert; he had also made an unsuccessful attempt to enter the Chinese market in the past). However, he does not raise the issue of human rights in China in public, and has refrained from any moves that might be viewed as demonstrating his unwillingness to develop co-operation with China. Also, Babiš's stance on Russia fits in with the ambivalent policy adopted by successive Czech governments: the Czech Republic, which wants to be viewed as a reliable partner in the EU

and NATO, supports the sanctions imposed on Russia, and Czech soldiers have participated in patrolling NATO's eastern flank. However, the issue of lost business benefits as a result of the sanctions is sometimes raised in Czech public debate. Babiš has fitted in with this trend, appealing for a resumption of dialogue with Russia. He has also emphasised that in his opinion Crimea will not be returned to Ukraine, even though his government remains critical of the Russian annexation. One of the reasons behind Babiš's dodging is his tactical alliance with President Zeman, who wants to support Czech businesses entering the Russian and Chinese markets. Another important fact is that a large part of the electorate of both the president himself and the ANO party supports co-operation with Russia.

China: the end of the co-operation model

The tension between the local government in Prague and China fits in with the increasing disillusionment with their co-operation and the intensifying criticism of the closer political bonds between the Czech Republic and China. A strategic partnership agreement was signed in spring 2016 on the occasion of the visit by the Chinese president Xi Jinping to Prague. Regardless of this, exports to the strongly regulated Chinese market have not increased significantly, nor have the hopes concerning the scale or character of Chinese investments in the Czech Republic come true. Meanwhile, numerous facts suggest that the extensive and rather inconsistent portfolio of Chinese investments in the Czech Republic – boosted by the private company CEFC from Shanghai (real estate, tourism, a brewery, as well as a football club and stadium) – has been used to a great extent as a tool for building political influence. The detention of the CEO of CEFC, who also served as an honorary adviser to President Zeman, in China in 2018 and the company's takeover by the state-controlled corporation CITIC led to investment activity being withheld. Even though as recently as the end of 2017 China's cumulative foreign direct investments in the Czech Republic were worth €576 million (third among Asian investors behind South Korea and Japan), initial data for 2018 revealed a radical cut in cumulative Chinese investments.

Zeman, who usually defends China and the Huawei company in the public debate, expressed a critical opinion about the absence of large Chinese investments in an interview for Chinese national television in spring this year. In turn, his advisor Jan Kohout, a former head of Czech diplomacy, closed the New Silk Road Institute Prague, which had been lobbying for developing co-operation with China, after four years of operation. The climate of this co-operation has also been affected by controversies over the Chinese companies Huawei and ZTE. In December 2018, the National Cyber and Information Security Agency (NÚKIB), which is independent of the government, published a formal warning against using these brands' devices and software. Last year, unlike in previous years, the Government Office did not extend its patronage to the China Investment Forum in Prague, whereas this year, this major Czech-Chinese business event will most likely not be held at all.

Russia: the lost campaign over the Konev monument

After many weeks of disputes, protests and angry reactions from Russia, the government of the Prague-6 district decided to remove the statue of the Soviet Marshal Ivan Konev (see Appendix). The disputes over the monuments commemorating Konev and the Red Army in

Prague have polarised the Czech public and political elites even further over Russia which was already clearly visible since the annexation of Crimea. However, at the same time, the potential for influence by pro-Russian circles has fallen. This was an effect of the turbulent Russian reactions, including a hysterical anti-Czech campaign in the Russian media accusing Czechs of Russophobia and attempts to distort history. Many Czechs viewed the Russian threats and hysterical reactions as further proof that the Czech state should keep its distance and refrain from co-operating with any entity linked to the Russian government (such as Rosatom), since this may open up the risk of Russian blackmail.

Possible developments

The crisis in relations with China does not mean the end of Czech ambitions to improve economic co-operation. Czech entrepreneurs have appealed for more emphasis in talks with Beijing on increasing Czech exports to China, rather than on Chinese investments in the Czech Republic. In August the Czech minister of foreign affairs presented a new vision for bilateral relations, stating that it is necessary to find a balanced view on China, rejecting both an overly 'romantic' vision and negative anti-Chinese stereotypes. The formula for further co-operation with Russia will probably look similar; however, pro-Russian circles will find it more difficult to separate issues of economic co-operation from challenges linked to politics and security. For example, this will affect discussions concerning the development of the Czech nuclear energy sector, and will significantly complicate the position of Rosatom as a potential contractor for constructing the new blocks.

The crisis in relations with China and Russia has been accompanied by intensified contacts with Washington, one sign of which was the Czech prime minister's visit to the White House thisspring: this was the first bilateral meeting at this level since 2011. The USA appreciated the Czech criticism of Huawei and the choice of US Bell helicopters as part of the programme to modernise the Czech army. However, the Czech Republic, given its strong economic ties to Germany, is concerned about the strained trade relations between the US and the EU, in particular, the possibility that President Trump will impose customs duty on EU-made cars.

Appendix 1

The anti-Chinese campaign by the local government in Prague

A new coalition took power in Prague, and a representative of the anti-corruption Czech Pirate Party, Zdeněk Hřib, won the mayoralty of Prague after the local elections in autumn 2018. He became the face of the major change in Prague's local government's policy towards China. He announced that the clause concerning recognition of the 'one China' policy (officially accepted by the Czech government) would be deleted from the partnership agreement between Prague and Beijing, and even suggested that the agreement could be terminated. In March this year, Hřib resumed the tradition of hoisting the Tibetan flag over Prague City Hall on the anniversary of the 1959 Tibetan Uprising, and received the prime minister of the Tibetan government in exile. He also provoked a diplomatic scandal by

inviting representatives of the People's Republic of China and Taiwan to a meeting with the diplomatic corps. As a consequence, the Chinese diplomat ostentatiously left the meeting. In response to these moves, China cancelled its agreement to a series of concerts by several orchestras and bands whose names include the word 'Prague', including a three-week tour of China by the Prague Philharmonic Orchestra.

The Czech Ministry of Foreign Affairs has admitted that the moves by the Prague local government have visibly cooled relations with China, and have also complicated talks over the past few months on launching a direct air link between Prague and a fifth Chinese city. Even President Zeman, who is viewed as pro-Chinese, has admitted that the Chinese reaction was 'exaggerated'. In turn, the minister of culture, Lubomír Zaorálek of the ČSSD, who had been one of the main architects of the rapprochement with Beijing when he served as the minister of foreign affairs, , recently ostentatiously ended a meeting with the Chinese ambassador, accusing him of lying in public.

Appendix 2

The conflict over symbols commemorating Marshal Konev

The monument to the Soviet Marshal Ivan Konev located in Prague (Konev led the Soviet troops which entered Prague in May 1945 one day after the Wehrmacht's surrender to local insurgents) has become the main subject of the Czech-Russian dispute. Over the past few years, this monument has been regularly stained with paint and covered with inscriptions. In 2018, the local government placed a plaque on the monument describing, among other things, the role played by Konev in the pacification of the Hungarian Uprising in 1956, which met with a harsh reaction from the Russian embassy. In 2017, a plaque devoted to Konev was removed from a historic building in the centre of the capital city. The Prague government stated in August 2018 that the plaque would not be returned to its previous place because it belittled the role played by the residents of Prague themselves in liberating their city. It was also announced that a discussion on changing the name of Konev Avenue (*Koněvova třída*) would be launched. On 12 September, Prague-6 district authorities decided to remove the statue of Konev and replace it in the future with a more general work commemorating the liberation of Prague. The Russian ministry of foreign affairs firmly protested against these moves, and the Russian media waged an anti-Czech campaign.

In the subsequent Czech-Russian diplomatic exchange of opinions, both sides referred to the provision on the mutual protection of 'military monuments' included in the 1993 bilateral agreement on friendly relations and co-operation, which the Kremlin accused the Czech Republic of violating. In turn, the Czech side insisted that their intention was not to destroy the Konev statue (it was made in 1980, and therefore in their opinion it can hardly be recognised as a military monument) or the memorial plaque, but to move them to a different, 'appropriate place'. In the case of the plaque this would be the City of Prague Museum, while in the case of the statue the Olšany Cemetery in Prague is one of the places under consideration.