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Research Article

The Inconsistency of Czech Presidential Diplomacy and the Growth of Czech Foreign Trade with China

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Abstract

This paper analyzes the relation between the diplomatic activity of Czech presidents and the economic trend of bilateral trade between the Czech Republic and China during 1993-2019. The investigation is based on a statistical survey of diplomatic steps and economic figures. Although the policy of the first Czech President Václav Havel (1993-2003) was cautious towards China, Czech-Chinese bilateral trade exchange was nevertheless consistent and relatively balanced. In the period of President Václav Klaus (2003-2013), after the accession of the Czech Republic to the EU, the trend of trade balance continued to the detriment of Czech exports despite the trade volume growth. However, the decline of exports to China was similarly observed in other Central European countries. That was also a period when Czech presidential diplomatic acts towards China became more numerous. In the period of President Miloš Zeman (2013-until now), the diplomatic activity of the Czech President increased significantly according to the number of official visits and signed documents. Simultaneously, there has been a significant decline in Czech exports and Chinese reinvested profits in the Czech Republic. The authors substantiate the findings by quantitative analysis and describe the development of Czech presidential diplomacy from the perspective of Czech-Chinese economic relations during 1993-2019 as inconsistent.

Keywords

Presidential diplomacy; Václav Havel; Václav Klaus; Miloš Zeman; Czech-China international relations

INTRODUCTION

As a result of intensifying economic and political relations in recent years between the People's Republic of China (next as China) and Visegrad group countries and Central and Eastern Europe in general, several studies dealing with this topic have emerged; for example Semerák (2012), Fojtíková et al. (2017), Vlčková (2017), or Krejčí (2019). Kopecký et al. (2016) and Li (2017) analyse the impact of the Belt and Road Initiative and the 17+1 platform bringing together China with the 17 countries of Central and Eastern Europe (CEE). The number of specific studies focusing on Czech-Chinese relations is also growing. Czech-Chinese trade and investment are analysed in papers of Fürst and Pleschová (2010), De Castro and Stuchlíková (2014), McCaleb and Szunomár (2017), De Castro et al. (2017), Fojtíková and Meng (2018). The political ties between the Czech Republic and China and their influence on mutual relations are then discussed by for example Fürst and Tesař (2013), Maher (2016), Karásková et al. (2018), Bajerová and Turcsányi (2019), Čuhlová (2019), and Turcsányi and Qiaoan (2019).

The EU approach towards China has been rather inconsistent and reactive for years (Maher, 2016) which is why the EU member states, including the Czech Republic, are often keen on developing relations with China individually. It is however important to point out that the EU's perception of China is developing, especially recently when boosting resilience can be observed. The change has been also demonstrated by reference to China as "a negotiation partner, an economic competitor and a systemic rival", which continues to define European China policy (European Commission 2019).

At present, there are few studies investigating the impact of Czech political orientation on Czech-Chinese trade and investment. Fürst and Pleschová (2010) state that there is a lack of clear evidence supporting the statement that a non-confrontationist Czech foreign policy towards China brings more benefits than a policy including human rights criticism support for Taiwanese and Tibetan claims. As Čuhlová (2019) continues, human rights are primarily negotiated on the EU level. Despite the occasional criticism from the Czech side, the effect of such a policy on bilateral economic relations with China was not significant nor damaging.

According to Fürst and Pleschová (2010), the Czech strategy of frequent visits aims to win China's favour. Table 1 lists the official visits of the five high-ranking officials from the Czech Republic and China. Namely, the President, the Vice President, the Prime Minister, the Deputy Prime Minister, and the Minister of Foreign Affairs are included. Meetings between the Czech and Chinese politicians taking place in third countries are excluded. The increasing number of delegations on both sides is notable, especially when taking into account the mutual proportions and capacities of both countries.

According to De Castro et al. (2017), a higher frequency of official visits demonstrates the evolution of positive political attitude towards China. As De Castro et al. (2017) state, political support is a suitable factor for enhancing economic activities. In the view of Karásková et al. (2018), current president Zeman stands for the most pro-Chinese voice in the Czech public discourse and the most influential resulting from his position. In July 2021, the Zeman 's Presidential Office announced its sixth visit in China in 2022.

Presidency	Czech Delegations in China	Chinese Delegations in the Czech Republic
Václav Havel (1993-2003)	1994 - Prime Minister (Klaus) 1999 - Prime Minister (Zeman)	Ministerial meetings or meetings with Chinese embassy representatives (endnote 1)
Václav Klaus (2003-2013)	2004 - Presidents 2005 - Prime Minister	2005 - Prime Minister 2009 - Prime Minister
Miloš Zeman (2013- nowadays)	2014 - Minister of Foreign Affairs 2014 - President 2015 - Prime Minister 2015 - Chairman of the Czech Parliament 2015 - President 2016 - Prime Minister 2017 - President 2018 - President 2019 - President	2014 - Vice Premier 2015 - Vice Premier 2015 - Minister of Foreign Affairs 2016 - President 2018 - Vice Premier

 Table 1: Overview of the development of the Czech-Chinese diplomatic relations: official visits of the five-ranking officials

Source: Own processing

The presented paper offers a different view on the economic diplomacy of Czech relations towards China with a link of the presidentship of three presidents: Václav Havel (1989-2003), Václav Klaus (2003-2013) and Miloš Zeman (since 2013 - until now). This article aims to compare the approaches of Czech presidential diplomacy as one of the aspects of the whole bilateral economic relationship. The political strategies are presented from the perspective of economic diplomacy based on factors such as improvement of bilateral trade balance in favour of the Czech economy, support of Czech exports to China. They guarantee the quality of Chinese investments in the Czech Republic.

The Czech Republic is a parliamentary democracy, where the government's foreign policy is represented by the Prime Minister, possibly the Foreign Minister, or a minister responsible for a particular area. However, in the Czech situation, the character of the President position has played a considerable role in political affairs and public opinion as a non-partisan spokesperson of citizens and as a contra-balance power to the government. The President's position strengthened by the Czech direct presidential election in 2013 (Hloušek 2014). The President is not the only major figure in foreign policy and diplomacy in the Czech Republic. Czech foreign policy is represented by the Minister of Foreign Affairs and the Prime Minister. However, the Czech President is also a foreign policy figure, not directly depending on the current Czech internal political scene (Smolík - Hlušek, 2019). The Constitution of the Czech Republic defines presidential foreign policy powers. The President's decision must be countersigned by the Prime Minister or an authorized member of the government (Constitutional Law No. 1 / 1993 Coll. Art. 63, Title 4). The government takes political responsibility for the decisions taken. At the same time, the President of the Republic shall furthermore "represent the state abroad" (Constitutional Law No. 1 / 1993 Coll., Art. 63, Title 1a) therefore the President has an opportunity not only to copy with the Czech government but also to intervene in foreign policy. The President can pursue an

independent government policy, for example, in the form of public speeches, foreign visits, and meeting political persons.

The research questions addressed in the paper examine whether the Czech presidential diplomatic activities have:

- i. a positive direct effect on the annual growth of mutual trade,
- ii. a positive direct effect on Czech exports,
- iii. a positive direct effect on the growth of reinvested Chinese profit in the Czech Republic.

The article follows the analysis and interpretation of economic statistics on Czech-China relations. The term "presidential diplomacy" refers to the activities that arise from the political strategy that the Czech president represents. It could be claimed that Czech presidents often formed different attitudes towards China than the Czech government (e.g., double-track policy). Therefore, the term "presidential diplomacy" does not automatically refer to Czech diplomacy as a whole.

CZECH-CHINESE ECONOMIC RELATION

Despite the asymmetric size of economics, the Czech Republic is being considered by China as an essential partner in its "Going Global" strategy and hopes to enter the European market through cooperation (Li 2017). Overview of the economic relations between the Czech Republic and China can be analyzed based on a combination of data on Chinese outward investment and bilateral trade balance.

Investment Engagement

Although the Czech Republic has been recognized as very successful in attracting foreign capital among CEE countries encouraged by the Czech government investment incentive system since opening its borders in 1989, the number of Chinese investors in the Czech Republic was rather negligible before 2012 (McCaleb - Szunomár 2017). After that, the relation had been strengthened due to the new Czech government and the President, new Chinese strategic initiatives, especially after President Xi Jinping's visit to Prague, which led to the rise of Chinese investment. In 2016 President Zeman announced that investment from China was about to reach 2 billion USD, which was unprecedented on the market of the Czech size (Czech News Agency 2016). However, as recorded by the Czech Central Bank, the actual amount of inward Chinese investment was only 750 million USD, and in 2017 it was even less than that (Klímová 2018).

The most prominent Chinese investor has been the private-owned China Energy Company Limited (CEFC), establishing its European base in Prague in 2015. The conglomerate got strong political support, also from President Zeman. The CEFC made several significant acquisitions, including the Czech biggest private airline Travel Service, Czech largest online travel agency Invia.cz, Florentinum office buildings, Lobkowicz Group brewery, five-star hotels in Prague, a television channel Barrandov, the newspapers Týden, and Slavia Praha football club. These acquisitions had a strategic dimension and further implications for Czech-Chinese relations, as it allowed Chinese investors access to Czech media (McCaleb - Szunomár, 2017). Moreover, the company chairman Ye Jianming was even named an advisor to Czech President Zeman. Since 2018, the Chinese national conglomerate CITIC Group has been, however, gradually taking over CEFC`s assets that had large debts for almost a billion USD (Debiec - Jakóbowski 2018; Idnes 2019). According to data from the state agency CzechInvest, Chinese investors promised two projects in the Czech Republic for 881 million CZK in 2020.

We can say that the flow of Chinese investments to the Czech Republic generally increased after the EU accession. Similarly to other CEE countries, Chinese companies are attracted to invest by institutional factors, investment incentives, and visa policies but also by the nature of political relations as well as the government's willingness for cooperation (McCaleb and Szunomár 2017).

Trade Exchange

The Czech trade deficit with China has been growing since 1993. According to Fürst and Pleschová (2010), the unsuccessful Czech economic diplomacy to boost exports to China also had a damaging effect on traditionally leading Czechoslovak industries, such as textile, shoe, and leatherwear production.

During the period 2005-2012, foreign trade turnover with China increased over three times, reaching the second-highest value (higher only in 2011) since the establishment of the independent country of the Czech Republic. The above average relative increase in Czech imports from China was recorded only by machinery and transport equipment, which has been determining the dynamics of total imports from China. In the same period, imports of machinery and transport equipment grew almost four times, and more than 80% of machinery and transport products accounted for an increase in total Czech imports from China (Czech Statistical Office 2013).

Since 2012, we can observe a new period of Chinese expansion into Europe. The socalled "Warsaw initiative" in 2012 was the first meeting of the 17+1 platform (originally 16+1) that represents a very diverse group of both EU and non-EU members from CEE plus China (Čuhlová 2019). Across this region, China is gaining more influence, which represents an essential achievement of Chinese diplomacy. Another, even more critical initiative of a bigger scale was introduced in 2013 as the Belt and Road Initiative, also known as the New Silk Road project (initially known as One Belt One Road). These mentioned frameworks have been significant components of a new period of China-Czech bilateral trade and investment partnership. Simultaneously, China was listed by the Czech government as a critical market for the export strategy for the period 2012-2020.

During the period 2012-2018, the Czech-China trade turnover increased from 13 billion to 25 billion EUR. Although the amount of Czech exports to China is still relatively low, in the same considered period, it experienced 71% growth. Again, machinery and transport equipment made up for more than half of direct exports. The trade analysis reveals that the fragmentation of world production has enabled more Chinese value-added exports to reach the EU western markets through processing in the Czech Republic (De Castro et al. 2017).

China has become the third-largest trading partner of the Czech Republic, as of 2018, imports from China accounted for 14,2% of total imports. The Czech Republic has become the second-largest trading partner of China in CEE (Czech Statistical Office 2019). Despite the rapid growth of Czech-Chinese bilateral trade volume illustrated by especially significant import values displayed in Figure 1, the trade deficit remains one of the highest and is still rising.

The Czech trade deficit with China originated in 1978, reappeared in 1994, and remained until now. The Czech trade deficit with China reached 22.74 billion USD in 2018. Although we welcome the moderation of trade deficit, it is essential to realize that the overall international Czech trade balance is in surplus. In this regard should be noted that exports to China represent just over one percent of the Czech Republic's total exports, and this share has remained virtually unchanged since 2011 (Czech Statistical Office 2019). Moreover, we should consider the issue of re-export. However, the calculation of the re-export value remains challenging.



Figure 1: Trade balance between the Czech Republic and China 1993-2018 (in mil. CZK)

Source: own processing based on Czech Statistical Office (2019)

Due to is advantageous geographical location in Central Europe and relatively cheap and educated labor force as well as industrial tradition and export-oriented economy, the Czech Republic's involvement in the mostly neighboring German-led international supply chain provides trade opportunities for China (Zhou et al 2019).

VÁCLAV HAVEL 1989-2003

Václav Havel (1936-2011) was elected as the first democratic President of Czechoslovakia after the "Velvet Revolution" in December 1989. Then, he was re-elected twice by the Czech Parliament deputies in 1993 and 1998, and the period of Havel's presidential office took from 1989 til 2003. Havel's concept of diplomacy originates in his political attitudes in the time of dissidence and underground culture in 70's and 80's when he became a Czechoslovak leader of anti-communist resistance before 1989 (Kaiser 2009). In general, Havel's presidential influence is characterized as a political break in Czech-Chinese relations, when, due to his human rights policy, he interrupted the incoming development of Czech-Chinese trade. However, given the international political situation at the time, Havel's work in the 90's can be seen more as a political gesture than real policy. Moreover, the relative growth of the mutual Czech-Chinese trade was the most significant under Havel's presidency. His policy followed the policies of other post-communist countries of Central Europe of that time (i.e., Poland and Hungary) and so analogously the situation in China's bilateral contacts with other CEE countries (Tubilewicz 1998).

Havel co-authored the Petition entitled "Charter 77" from 1977, which criticized the government for human rights violations (Blažek - Schovánek 2018) and he also was a leader of the initiative aiming at monitoring unjustly politically prosecuted citizens in Czechoslovakia "The Committee for the Defense of the Unjustly Prosecuted" (Suk 2013). Havel co-founded the "Movement for Civic Freedom" in 1988, which called for the abolition of Article 4 of the Czechoslovak Constitution, guaranteeing the leading role of the

Communist Party (Glenn 2001, p. 65). In the same period, in 1989, he was the author of the petition "Several sentences," which pointed out the non-compliance with Czechoslovakia laws and was a reaction to Havel's imprisonment by the socialist regime.

Havel was a journalist, playwright, and novel-writer. He therefore performed foreign policy in an "impartial, independent way." During the post-revolutionary period and his presidency, he had great support in the citizens, and there remains strong sentiment for his personality in the Czech Republic (even after he died in 2011). He did not form his belief upon political ideology, and his attitude can be understood from his conviction of a suprapartial (impartial) president (Kosatík 2019).

"Truth and love must prevail over lies and hatred" was Havel's election slogan. He was associating "lie and hatred" with the authoritarian regimes limiting individual human rights. Terms such as "democratic" and "freedom" were the cornerstones of his politics and diplomacy. Therefore, the first president's foreign visit (except neighbors) led to the Western countries (as Germany, Austria, UK, France, USA), while representatives of the former Eastern Communist bloc countries that did not undergo political changes were outside Havel's interest (Cuba, China, the former Soviet Union). Havel even supported these regime's political opposition; no other European country experienced such enthusiastic and tireless efforts to criticize China due to Tibet and human rights issues. It involved inviting mainland Chinese dissidents and promoting non-official but very cordial relations with Taiwan (Fürst - Tesař 2013).

Havel, in his first New Year's presidential speech in 1990 on Czechoslovak television, concluded his wish to strengthen the authority of the state abroad and to Pope John Paul II or Tibetan Dalai Lama to visit Czech country (Havel 1990). Tibetan Dalai Lama came to Prague in February 1990. However, the Czech President re-evaluated his attitude under diplomatic pressure and, unlike the Pope (who arrived at an official state visit in April 1990), Dalai Lama came only for a private visit, when he met President Havel and issued a "Common Declaration" that included the desire to achieve liberation from oppression, spiritual and material poverty (Havel - Dalai Lama, 1990). In the context of Dalai Lama's honor of receiving the Nobel Peace Prize in 1989 and China's deep political crisis after the events in Tiananmen Square, this "private" visit caused loud protests from the Chinese circles and formed China's deep caution towards Czechoslovak foreign policy. In the same year, President Havel also supported the commemoration of the events at Tiananmen Square and expressed his wish to overcome the "bamboo curtain" (Fürst 2010, p. 42). Mutual official relations were therefore held at a lower level for further four years. In particular, the Deputy Czech Minister of Foreign Affairs Martin Palouš was formally consolidated and proposed opening another Czechoslovak consulate in Hong Kong. President Havel received a visit by the Chinese Foreign Minister Oian Oichen in September 1991 (Fürst 2010). The Chinese side was motivated by an effort to break international political isolation and even offered the Czech Ambassador to China personally visit Tibet (Československá zahraniční politika 1991).

As presidential powers were to some extent titular and limited by the Czechoslovak Constitution, Havel tried to promote his "idealistic" political philosophy based on his international reputation mainly through public speeches, statements, and lectures. In this context, it is also worth mentioning the activities of his first wife Olga Havlová as President Havel, for example, unofficially visited Taiwan on behalf of her foundation "Committee of Goodwill."

In political reality, Havel was pushed from idealistic foreign policy to so-called "realpolitik." The tension between government policy and "castle" (presidential) policy was the most significant issue of the Czech Republic's diplomatic relations with China. The lack of unified Czech policy towards China was a significant obstacle to the development of further economic relations. Both countries maintained a formal relationship without further development. Nevertheless, political stagnation and cooling did not have such a significant impact on the development of cultural relations between the two countries at a very high level. President Havel, as a playwright and artist, contributed in his name to their development.

Double-track relations to China began to be significant in Czechoslovak foreign policy and diplomacy. Czechoslovak Prime Minister Marian Čalfa had a pragmatic policy towards China (he was a member of the Communist Party of Czechoslovakia before the Velvet Revolution). On the other hand, Deputy Prime Minister and Minister of the Foreign Affairs Jiří Dientsbier senior (a dissident before the Velvet Revolution, a signatory of Charter 77, and a close friend of President Havel) held a more critical attitude.

Dientsbier senior had a marginal political influence on the first official government visit of the Czechoslovak delegation to China under Prime Minister Marian Čalfa in 1991. The delegation signed general memoranda on "Agreement on Promotion and Mutual Protection of Investments" (Agreement on Promotion and Mutual Protection of Investments 1991).

With the establishment of the independent Czech Republic state and the re-election of Havel to the post of Czech President (1993), his critical diplomacy towards China continued. The embassies in both countries were maintained, but the bilateral exchange continued "only" at the ministerial level. Klaus made the first official visit of the Czech Prime Minister in 1994 (in office 1993-1997). Klaus followed a pragmatic economic attitude and stood in opposition to Havel that continued mentioning the possibility of independent Taiwan several times, most notably at the press conference in New York in 1995 (Havel, 1999).

Most Czech governments were led by Prime Minister Klaus (1993-1997) or Zeman (1998-2002) with higher power established by the Czech constitution who pushed for "realpolitik" against President Havel's "idealistic" policy. Klaus and Zeman even made a special political deal for mutual support. The "Treaty on creating a stable political environment in the Czech Republic" (know better as "Opposition Agreement") was made between Czech Social Democratic Party and Civic Democratic Party, signed by two Chairmen - Zeman (Prime Minister, 1998-2002) and Klaus (Chairman of Chamber of Deputies of the Czech Parliament, 1998-2002). Paradoxically against this type of strategic policy, Havel gained support in the newly established Senate of the Czech Republic, which adopted an official resolution in 1998 criticizing human rights violations in China (Senat ČR 1998). In that time, the majority of the directly elected senators was promoting Havel 's foreign policy. Thanks to Havel's presidential activity, diplomatic relations were "conserved" in the formal frame.

Among the most significant progress in Czech-China relations was the visit of Prime Minister of the Czech Republic Zeman in December 1999 to China, where a formal "Joint Communiqué of the Government of the People's Republic of China and the Government of the Czech Republic" was signed (Foreign Policy of the Czech Republic, 1999). However, developing diplomatic relations stagnated again when President Havel invited Tibetan spiritual leader Dalai Lama and Taiwanese President Lee Teng-Hui to attend the "Forum 2000", which is the conference in Prague, entitled "Education, Culture and Spiritual Values." Dalai Lama participated eight times in the conference despite the Chinese official protests (Forum 2000, 2019).

The end of President Havel's mandate at the beginning of 2003 coincides with the Czech foreign policy 's results on accession to the EU and the change in Czech foreign policy in line with international interests and commitments of the EU. The idealistic policy of presidential diplomacy ends with the arrival of the new president, former prime minister of Czechoslovakia and the Czech Republic, Václav Klaus, who held the presidency in 2003-2013.

When evaluating the presidency of Havel, it is necessary to count also unrealized activities. Despite his critical attitude towards Chinese politics, there is information that Havel's visit to China has been intended and slowly prepared; even the Chinese government reportedly

expressed interest (Fürst 2010). When judged from the perspective of Czech economic interests, Havel's presidency term remains the most favorable for the ratio between Czech import and export. For the last time in 1993, Czech exports exceeded imports from China. Table 2 below shows how the negative economic trade balance between the Czech Republic and China has gradually increased in time.

	The arithmetic mean of the Trade Balance (year-on- year)	Trade Balance (absolute value)	Czech export to China (absolute value)	Chinese Investment to Czech Republic (absolute value)
Václav Havel (1993-2003)	-16 546	-165 463	29 829	1 540 814
Václav Klaus (2003-2013)	-176 512	-1 765 129	158 414	4 577 809
Miloš Zeman, act. (2013-2017)	-387 482	-2 324 896	284 928	22 607 872

Table 2: Trade balance of the Czech Re	epublic with China 19	993-2017 (in mil. CZK)

Source: Own processing based on the Czech Statistical Office (2019), Czech National Bank (2019)

As illustrated by figures, the balance of the economic exchange between the Czech Republic and China has been the most advantageous for the Czech side so far during the Havel's Presidency (Furst and Tesař 2013). During the period of Havel's presidency, the yearly arithmetic average of growth of the total trade balance between the Czech Republic and China was the highest 127.7 % so far; for comparison with President Klaus (119.2 %) and Zeman (111.3 %) the yearly average. At the same time, the export of Czech goods to China recorded comparable values to two other presidents Klaus and Zeman (in %). On average, exports of Czech goods to China amounted to 103 % per year during President Havel (compare to 122.6 % during President Klaus, and 109.7 % during President Zeman). The average increases per year of Czech exports to China are shown in the following figure 2.

In terms of economic indicators, it can be confirmed that despite Havel's critical policy towards China, mutual trade in relative numbers for the Czech side was more effective and valuable in some indicators compared to Klaus's and Zeman's presidential diplomacy performed afterward. It mainly concerns two monitored criteria: lower negative trade Czech balance and the most significant relative average trade exchange growth in year-on-year (in percentage).

It was declared that Chinese investment in the Czech Republic was the lowest in absolute values during Havel's period. This situation related to the late 1990s and the beginning of the 21st century when China and the EU set the background for the future rapid growth of economic relations. Chinese investment was higher for presidents Klaus and Zeman, especially. In the following chapters, the extent of Chinese reinvestment in the Czech Republic is analyzed in more detail.

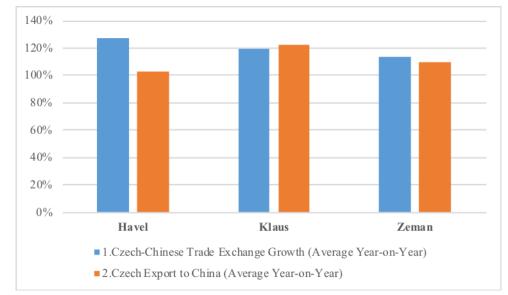


Figure 2: Year-on-year index (in %) of mutual trade exchange growth (1) and exports from the Czech Republic to China (2)

Source: Own processing based on the Czech Statistical Office (2019) and Czech Trade (2004)

VÁCLAV KLAUS 2003-2013

Václav Klaus (*1941) was elected the Czech Republic President in 2003, re-elected in 2008 (in the second round of the election). He was an economist by education (as next President Zeman) and worked at the Prognostic Institute of the Czechoslovak Academy of Sciences in the '80s. Klaus was neither a dissident (not signing the informal civic initiative "Charter 77"), nor a member of the Communist Party of Czechoslovakia. During the communist era, he had menial jobs due to his activities. He was one of the prominent figures of the Velvet Revolution, where he held the post of Minister of Finance in Czechoslovakia. In 1993-1997, Klaus was the Prime Minister of the Czech Republic and Chairman of the most influential right-wing liberal party Civic Democratic Party (1991-2002). As a co-creator of the Czech Republic's free-market economic system, he was considered a pragmatist and a politician focusing on economic-political relations (Pehe 2010).

At the time of the first Havel's mandate, he was considered as Havel's political opponent from his Prime Minister position (Kopeček 2012), demonstrated by Klaus's different approach towards China. He no longer emphasized the issue of human rights and minorities in China. Given the rapid development of the global world, he understood China as an economic opportunity and economic partner for the Czech Republic. Although Klaus took office in 2003 to understand his political philosophy, we must return to his relationship with China in the '90s. As already mentioned, he was the first Prime Minister of the independent Czech Republic who visited China with the government delegation in October 1994. The monitoring report of the Ministry of Foreign Affairs clearly shows that he primarily focused on Czech businesses in the Chinese market (Fürst 2010). Shortly after he was elected the President, Klaus met briefly with the Chinese President in 2003 during the EU and Russia summit in St. Petersburg (Ministry of Foreign Affairs of the Czech Republic 2004).

The Czech Republic's accession to the EU opened up opportunities for Czech economic cooperation with China, supported by a particular treaty "EU-China comprehensive strategic partnership in 2003", and Klaus could afford to base the economic policy on the strength of the EU (Maher 2016).

In 2004, President Klaus, accompanied by Czech business representatives (PPF, Skoda Auto, Chemoprojekt, Czech Export Bank, and others), visited China and stated in the Czech press that it was necessary to distance himself from the policy of "exalted mentoring and political provocations" because "let us not forget the economic side of things. Whether we like it or not, we live surrounded by Made in China products" (Klaus, 2004). The EU membership has strengthened the status of the Czech Republic in the eyes of a large international environment and the Chinese perception. It was even demonstrated by the visit of Chinese Premier Wen Jiabao in Prague that happened after the long-lasting lack of interest of Beijing in Prague's affairs only a year after the country joined the EU. The development in absolute economic figures between the Czech Republic and China changed significantly as well, and the bilateral trade increased several times. Therefore generally accepted interpretation says the growth in trade correlates with Klaus's presidency (Fürst 2010).

The role of pragmatic presidential diplomacy in China has manifested from 2006. At that time, the Czech general public was strongly anti-Chinese (Fürst 2010), and most media portrayed Chinese politics as authoritarian and anti-Tibetan, which was also reflected in Czech domestic policy. A group of "Friends of Tibet" was set up in Czech Parliament as a response to the increasingly popular "Tibet Days." Moreover, the display of the Tibetan flag in public offices was generally accepted, and local politicians demonstrated their political philosophy. There was a slight provocation from the parliament deputies who had taken pictures with the Tibetan and Taiwanese flags on an official visit to the Chinese Chamber of Deputies in 2008. The apparent result was that Czech diplomacy had the opportunity to get a non-permanent member of the UN Council in 2008, but this diplomacy was awarded to Croatia due to Chinese anti-Czech reactions. Before the Beijing Olympics in 2008, some Czech legislators protested against the games as, in their opinion, China used the games to market the communist regime.

Klaus did not involve the topics of Tibet and Taiwan to the official matters. However, during Klaus's Presidency, Dalai Lama came to the Czech Republic five times. None of these meetings happened with Klaus. Each time Dalai Lama visited former President Havel and privately also other executives, such as then Prime Ministers Miroslav Topolánek and Jiří Fisher. He did not criticize the Chinese regime, nor did he openly support it, balancing between the domestic political situation and foreign economic interests. He did not take any particular policy towards China, and, to a certain extent; he followed and copied the EU policy (as mainly Poland or Hungary). Klaus opened the 11th China-EU Summit held in Prague because of the Czech EU presidency, but the role of Czech organizers and president was rather formal (Vogt 2012).

In general, Klaus's approach towards China can be summed up as a non-conflicting pragmatic attitude, but it also emphasizes Czech independence from foreign policy. Figure 3 demonstrates the continuity of Klaus' economic policy compared with other Central European states (Austria, Hungary, Slovakia, Poland).

Pragmatic but neutral attitude can be observed in Klaus's appointment of a new Czech ambassador to China Libor Sečka (in office 2009-2015), who contributed by his management to a direct air connection between Prague and Beijing from 2015. Klaus's approach to China in presidential diplomacy meant consolidating relations and coordinating Czech diplomacy with the interests of the Czech economy and with the European economic interests in China. Although the bilateral trade developed, so did a negative trade balance to the disadvantage of Czech exports.

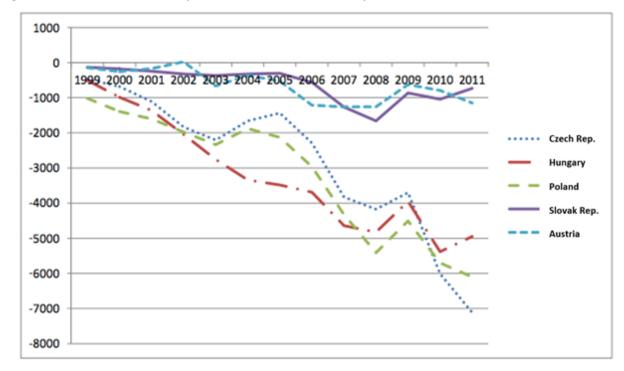


Figure 3: Trade balance development between Central European countries and China (in mil. EUR)

Source: Semerák (2012)

MILOŠ ZEMAN (2013-PRESENT)

Miloš Zeman (*1944) was elected as the third President of the Czech Republic in 2013, with 54.8 % votes when the historically first direct presidential election in the Czech Republic took place. He was re-elected in 2018 in the second round and holds the post until now (footnote 2).

Zeman graduated from the University of Economics and joined the Communist Party of Czechoslovakia in 1968. His membership was revoked after he disapproved of the arrival of the Warsaw Pact troops of Czechoslovakia. He entered the political scene in 1992 when he joined the Czech Social Democrat Party as a member of the Federal Assembly. After the establishment of the independent Czech Republic, Zeman became a Chairman of the Czech Social Democratic Party that developed into a major political party. From 1996 to 1998, Zeman held the position of the Chairman of the Chamber of Deputies of the Czech Parliament. In 1998, he was elected to Prime Minister of the Czech Republic and served one term.

Zeman ran for the presidency in 2003 presidential elections when Klaus won the majority votes. Although Zeman was asked to run for the presidency again in the next elections, he decided not to and left the Czech Social Democratic Party in 2007.

When Zeman became President in 2013, he has abandoned the previous Czech Republic's critical approach of a "Defender of Values" and positively encouraged Czech-Chinese relations as one of a "Faithful Ally of China" (footnote 3) (Bajerová and Turcsányi 2019). He visited China as the first Czech President in the past ten years in 2014. This step made a significant change in the Czech-Chinese relations and unofficially "reset" mutual relations. Moreover, Zeman explicitly stated that Tibet and Taiwan are integral parts of China. About that time, China began to be proactive in foreign policy, re-establishing itself as a pro-reform and open country.

President Zeman was the only EU president to participate in the celebration of the 70th anniversary of the victory in the Chinese-Japanese War in 2015, and this diplomatic act officially established the Czech Republic as a Chinese ally. Chinese President Xi Jinping visited Prague in 2016, and it was the first time of Chinese President in the Czech country ever and thus undoubtedly the most important event in the history of the Czech-China relations. It was also the first visit of President Xi in a country of CEE region since his inauguration. Together with President Zeman, they attended the China Investment Forum in Prague, where a series of critical economic agreements and memoranda of understanding between Czech and Chinese partners were signed.

Since Zeman's presidency, several essential developments in the strategic partnership with China have happened at both the political and economic levels. Simultaneously, President Zeman has raised doubts about the value orientation of the Czech Republic. In the beginning, he loudly subscribed to the EU but questioned it for the rest of the mandate. He tried to make foreign policy a pragmatic instrument of economic policy. As pointed out (Turcsányi - Qiaoan 2019), Zeman bases his friendship with China on effective Chinese state performance, investment opportunities for the Czech Republic, and diversification of Czech foreign policy.

President Zeman claims the highest share in opening up a relationship with China, which is perceived quite critically by part of the Czech society (Hospodarske noviny 2018), and it is a frequent medial topic. For instance, the case when the Czech Information Security System, in its annual report, pointed out the existence of Chinese spies operating under diplomatic cover. According to this report, China has been trying to disrupt the EU policy through "Czech entities" via targeting energy, telecommunications, finance, logistics and healthcare sectors (BIS 2018). However, President Zeman has considered these findings without evidence (iRozhlas 2018).

Figure 4 illustrates the reinvested profit in relation to Chinese direct investment during the period 1998-2017. Despite the growing amount of Chinese direct investment, the statistics show that Chinese outflow investment in recent years is outnumbering the inflow investment (Czech National Bank 2019). Moreover, Chinese investors do not often create new greenfield investments but acquire strategic areas such as energy, transport infrastructure, or hi-tech businesses.

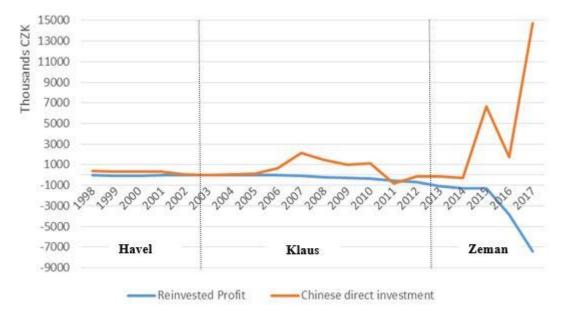


Figure 4: Reinvested Profit and Chinese Direct Investment 1998-2017 (in thousands CZK)

Source: Own processing based on the Czech National Bank (2019)

Following the findings of the previous research (Fürst - Pleschová 2010; Bajerová - Turcsányi 2019), China-oriented change of Czech Republic's positioning did not bring significant economic results as expected.

Simultaneously with Zeman's presidency, China put forward 16+1 Cooperation and Belt and Road Initiative. These frameworks launched by China have been actively used by both sides as a platform to promote mutual cooperation. According to Kowalski (2017), the Czech Republic is one of the Central and Eastern European countries that is receiving economic returns thanks to its political compliance with China. It supports the argument of indirect relation between the Czech-Chinese economic development and presidency diplomacy that is for its diplomatic role one of the factors. As Kowalski (2021) continues, Czech diplomatic ties with China encouraged by Zeman's presidency were strongly considered by China's "mask diplomacy" while transferring strategic medical supplies to Europe in spring 2020. The physical presence of Czech representatives, Prime Minister and Interior Minister, together with Chinese Ambassador welcoming the medical transport of equipment purchased from China was one of very few cases of this approach among European countries.

Of course, developing bilateral relations also happen on subnational level. The success of the foreign activity of the regions is to some extent determined by the overall Czech foreign policy towards China. In 2005 the Central Bohemian Region concluded the first Czech regional partnership with the Chinese province shortly after the conclusion of the Agreement on economic cooperation between China and the Czech Republic. Furthermore, after 2013 when Zeman's presidency has started, several partnerships were concluded at the regional level. The contrary cases can also be found. In 2010 and 2012, the period of colder relations between the countries, two regional partnerships were also concluded, and the regions were basically one of the few intermediaries in the implementation of Czech-Chinese relations that time. The intensity of Czech-Chinese paradiplomatic relations is given by the extend of the same politic orientation of regional leaders and government (Böhm, 2018).

CONCLUSION

The paper investigates different types of presidential diplomacy in the broader context of contemporary political and economic changes during the presidency of Václav Havel (in office 1989-2003), Václav Klaus (in office 2003-2013), and Miloš Zeman (in office 2013 - nowadays). The analysis observes the relationship between a level of diplomatic activity of the three presidents of the Czech Republic (i.e., presidential diplomacy) and the Czech-Chinese economic development during the examined period of 1993-2019.

The findings are based on research questions stated in the first part of the paper investigating the positive direct effects of the independent activities of Czech presidential diplomacy and: (i.) the continual growth of mutual Czech-Chinese trade; (ii.) the Czech-Chinese trade balance in favor of Czech exporters; and (iii.) the growth of reinvested Chinese profit in the Czech Republic.

Findings show that (i.) presidential diplomacy has a positive effect on mutual trade in absolute numbers, but the growth of economic development is higher by lesser presidential activity (Havel) in relative percentage. The time of Havel presidency meant sharp and critical policy to the Chinese regime in the name of human rights, but although Havel never met with a Chinese president, he fulfilled his diplomatic duty to China accordingly, and created standard international relations. In terms of economic diplomacy, Havel's period contributed to minimal negative aspects of mutual trade (i.e., lowest trade deficit), and even to the highest growth of trade exchange by statistical year-on-year average. Relative percentage (year-on-year) growth of trade exchange was highest in the period of presidential activity following the interests of other CEE countries and EU membership

(Klaus). We can state that the role of presidential diplomacy has increased due to the Czech Republic's accession to the EU in 2004 since the Czech-Chinese trade has started to develop in absolute figures steeply. The Presidency of Klaus (2003-2013), led by economic pragmatism, coincides with that period. The lowest growth of mutual trade occurred during very active presidential diplomacy (Zeman). We can summarise that there was no direct positive influence between Czech presidential diplomacy and the Czech-Chinese economic growth of mutual trade (in percentage year-on-year).

In terms of the relationship between presidential diplomacy and support for Czech exports (ii.), there is an indirect relationship in relative as well as absolute economic data. The Czech trade deficit with China decreases most sharply (Tab. 1, Fig 1) in the period of the most significant presidential diplomacy concerning China (Zeman's period). This trend is caused by significantly increasing imports from China, incomparable with the growth of Czech exports to China.

The rate of reinvested profit of Chinese investment in the Czech Republic (iii.) is also inversely proportional to the activity of presidential diplomacy, and thus no positive direct effect was found. Despite the frequency of meetings between President Zeman and representatives of the Chinese government, during his presidency, there is the lowest rate of numerical reinvested investment in the Czech Republic in comparison with other presidents (Fig. 4).

Based on the comparison of economic statistics and history of diplomatic activity, authors argue that there is an indirect link of inconsistency between the Czech presidential diplomacy and the mutual Czech-Chinese economic development. In all three declared areas, the relation between the activity of presidential diplomacy and economic results cannot be documented. This inconsistency is evidenced by a numerical representation in the text (Tab. 2, Fig. 1, 2, 3, 4), which does not correspond to political activity (Tab. 1).

Despite the argument that Zeman's Presidency has evolved China-Czech relations into the strategic partnership, it is presumable that without EU membership, China would not pursue such intense relations with such a small economy and a small player in the global political context as the Czech Republic is. Czech partnership in other initiatives, such as the 17+1 platform and the Belt and Road Initiative, also increased the interest in cooperation from the Chinese side. The President Zeman has a reputation for being one of the most China-friendly politicians in Europe however other Czech political personas such as Senate Speaker Vyskočil demonstrate their friendship towards Taiwan. Through the history, this is quite typical case of division of attitude regarding to the relation. Although the presented analysis did not confirm any direct positive links between Czech presidency diplomacy and Czech-Chinese economic exchange in Czech foreign policy approach towards China.

When looking into future, the Czech parliamentary elections may shape the Czech stance again. Since President Zeman is not eligible to run for another term, the next presidential elections will have an even more significant impact.

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ENDNOTES

1. For example, Havel's meetings with Ambassador of the P.R.C. in 1993 and 1995; reception of the Chinese Foreign Minister in 1996; farewell to Chinese Ambassador in 1999; reception of Ambassador of the P.R.C. in 1999; farewell to Chinese Ambassador in 2002; Reception of Ambassador of the P.R.C. in 2002 (The President's Office Archives, 2019).

2. The next presidential election will be held in 2023. According to the Constitution of the Czech Republic, Zeman can no longer stand for president as the election is impossible for three consecutive elections.

3. The term "Defender of Values" expresses the human rights-related discourse in comparison with later "Faithful Ally of China" standing for China-friendly and non-critical approach (Bajerová – Turcsányi, 2019)

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