



CENTRUM TRANSATLANTICKÝCH VZTAHŮ
Prague Centre for Transatlantic Relations

PCTR Newsletter

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PCTR Bulletin

On 11th June 2015, the Prague Centre for Transatlantic Relations (PCTR) and the European Conservatives and Reformists Group (ECR) organized a public lecture entitled „The Future State of the Eurozone and its Effects on European Economy“. The event took place on 11th June 2015 in the atrium of the CEVRO Institute. The public lecture was opened and moderated by the President of the CEVRO Institute, prof. Josef Šíma.

The first speaker was the Vice-Governor of the Czech National Bank, prof. Vladimír Tomšík. In his speech, entitled "Supervision and Financial Sector in the Czech Republic", he spoke, among other things, about the stress test of the Czech banking sector. Prof. Tomšík said that the Czech Republic is able to withstand a large banking shock. In his presentation mentioned also that for Euro area countries, Banking Union membership makes much more sense: 1) single monetary policy + 2) single lender of last resort + 3) single supervision + 4) single resolution (SRF) + 5) single backstop (ESM) and maybe single fiscal policy in the future. Prof. Tomšík further stated: *"If I look at the situation in the Eurozone, it is ideal if everything is unified. It makes sense to have a banking union in the future and think about a common fiscal policy, and therefore have, for example, common taxes."* He added that the CNB should not be part of supervision, but only oversee the domestic market. *"If a country is a member of the common currency area, it makes sense to have a banking union,"* said prof. Tomšík.



The second speech was presented by Dr. Andreas Dombret, member of the Executive Board of Deutsche Bundesbank. He began with a short excursion into the history of the Eurozone (e.g. what preceded the formation of the Eurozone), and then focused on its main current issues. Dr. Dombret claimed that a fiscal union could be one of the *"therapy measures/medicaments"*, with national fiscal sovereignty transferred to the EU level. He added: *"For this step, it is extremely necessary to have not only support from national governments of the EU members, but also public support, and such support does not exist at this moment."* It is more realistic to create a banking union or a capital markets union. Dr. Dombret concluded the lecture by saying: *"Having a stable monetary union is in the interest not only of EU members, but also in the interest of all states around the World."*

The speakers' presentations can be found [here](#) and audio record [here](#). Drinks for speakers were provided by MATTONI.

Events in Euro-Atlantic relations (June 2015)

The controversial Patriot Act, which allows the secret services to store US citizens phone calls' records, should end at the end of May. On 2nd June the US Senate passed the so-called "Freedom Act", which maintains the possibility to preserve metadata of all American citizens (and for example their phone calls), but restricts access of the Secret Service (NSA) to it – now the data can be accessed only by court decision.

<http://www.reuters.com/article/2015/06/02/us-usa-security-surveillance-passage-idUSKBN00I2I920150602>

President Barack Obama promised on 3th June in Warsaw, on the occasion of a meeting with the presidents of the ten countries of Central and Eastern Europe, not only to strengthen the US military presence in the region, but also extended cooperation with non-NATO countries such as Georgia. President Obama at the meeting with outgoing Polish President Bronislaw Komorowski, remarked: "I begin my visit to Poland, because Poland's security and our allies in Central Europe and Eastern Europe are the cornerstone of our security and it is sacred." The Russian Foreign Ministry, according to Echo24.cz, stated that the US strategy on the eastern border won't be anchored in reality and political interests of European nations and also said that the US escalate passions and carefully nourishes anti-Russian phobia among the European allies to take advantage of the current difficult situation to further expand its military presence and its influence in Europe. In connection with the Baltic countries appeared a worrying public opinion poll. Citizens of European NATO countries, with the exception of Poland, were not willing in case Russia attacked the Baltics states to apply the common defense. Apparently, behind this are fears of military conflict with a nuclear power. Strongly negative attitude is in Germany, where refusing military aid to allies contested 58% of the population, in Italy it was 51%. It is also interesting to look at German view of Russia - in the eastern part of the country which belonged to the Soviet zone it is much more favorable than in the former "West Germany". The greatest willingness to defend allies shared Americans and Canadians (56% and 53%), from Europe Poles (48%) and British (49%). In contrast, 53% of French respondents opposed providing military assistance to a NATO country attacked by the Russian Federation.

<http://www.ceskenoviny.cz/zpravy/usa-planuji-rozmistit-na-vychode-nato-tezke-zbrane/1227254>,
http://www.natoaktual.cz/obama-slibil-posily-pro-evropu-dzy-na-zpravy.aspx?c=A140604_121842_na_zpravy_m00,
<http://echo24.cz/a/wVMX7/kaliningrad-vojensky-trumf-kremlu-uprostred-evropy>,
<http://echo24.cz/a/iFm8A/rusko-varuje-usa-neposilejte-vojaky-na-vychod-evropy>,
<http://www.pewglobal.org/2015/06/10/1-nato-public-opinion-wary-of-russia-leary-of-action-on-ukraine/>

Jens Stoltenberg, NATO Secretary General, on 4th June described the ceasefire in Ukraine as a "very fragile" and according to him, the Russian Federation has a special responsibility for this state, because it "supports the separatists, gave them heavy weapons and uses there its own troops." The fragility of the truce can be seen in the events of the past 24 hours. According to Stoltenberg, NATO also doesn't see any danger in case that any nation of NATO would be attacked by troops of Russian Federation.

<http://www.defensenews.com/story/defense/2015/06/04/nato-chief-ukraine-truce-very-fragile/28485263/>

On 10th June Romania announced that it will participate in financing of a new version of the Global Hawk 40 observation drone. The Republic of Romania will contribute 25 million Euro to the common fund. Then it will be able to use these drones as necessary. The total cost of the drones of which NATO will buy five pieces will amount to 6 billion Euro.

http://www.natoaktual.cz/na_media.aspx?r=na_media&c=A150610_144345_na_media_m02

The engines of US strategic bombers have been again rumbling over Europe. The legendary Boeing B-52 Stratofortress and Northrop B-2 Spirit took part in the exercise "BALTOPS" and "Sabre Strike" in the Baltic region and the Baltics. Deployment of strategic bombers to an exercise, especially the precious B-2 bombers, is relatively rare. The last time these bombers influenced Europe was last year, after the annexation of the Crimea.

http://www.natoaktual.cz/americke-bombardery-znovu-v-evrope-du4-na-zpravy.aspx?c=A150610_134415_na_zpravy_m00

Deliberations on the Transatlantic trade and investment partnership (TTIP) between the EU and the USA took place in the European Parliament on 10th June. MEPs, however, were unable to agree on the agreement form. One of the sticking points is uncertainties about the possible establishment of arbitration and the arbitration court. The proposal was therefore returned to the Committee on International Trade for reprocessing.

<http://archiv.ihned.cz/c1-64141200-euoparlament-odlozil-hlasovani-o-dohode-ttip-poslanci-se-hadaji-o-arbitraze>

Lithuanian Member of European Parliament Gabrielius Landsbergis submitted a resolution in which it says that Russia is no longer a strategic partner for the EU and the EU should reconsider its relations with the Russian Federation. This resolution was adopted on 11th June by an overwhelming majority.

<http://www.europarl.europa.eu/news/en/news-room/content/20150604IPR62878/html/Russia-is-no-longer-a-strategic-partner-of-the-EU-say-MEPs>

The Kingdom of Norway June announced on 11th that it is considering its participation in the planned missile defense shield. Norwegian Prime Minister Erna Solberg believes that the involvement of her homeland in the missile defense project is - for a loyal member of NATO - necessary. Missile shield, however, raises reluctance by the Russian Federation, because it takes it as an attack on its nuclear deterrent capability. The Federal Republic of Germany announced that it plans to upgrade its missile defense against medium-range missiles. The existing Patriot system, which was recently purchased by Poland, should be replaced by a new missile defense system MEADS which is being partially developed in Germany and one of the countries contemplating its purchase is for example Italy.

http://www.natoaktual.cz/norsko-se-zapoji-do-protiraketove-obrany-f1u-na-zpravy.aspx?c=A150615_125804_na_zpravy_m00

US Congress, the House of Representatives, according to the radio station Voice of America on 12th June, referring to the initiator addendum to the law on foreign assistance democratic deputy John Conyers of Michigan, clearly prohibited participation of American instructors in the training of the Ukrainian volunteer battalion AZOV. It is in this Appendix branded as Nazi and racist. According to the Washington Post, there are fears that if the Ukrainian government has decided for a diplomatic rather than a military solution to the crisis in the east of the country, this flag may turn against itself. Members of the battalion that was linked to the association with Right sector are using symbolism of III. Empire (Das Reich) and they are openly professing neo-Nazi ideals.

http://www.tyden.cz/rubriky/zahranici/amerika/usa-zakazaly-vojensky-vycvik-ukrajinskych-neonacistu_345872.html#.VYato0ZIPpE

From 1st June to 12th June was conducted a Vigorous Warrior exercise 2015 focused on the training of military medical services. One of the goals was the preparation for a biological threat to population in the event that a highly contagious disease such as Ebola began to spread. Exercise not only deepened the cooperation among soldiers from NATO countries, but also those countries involved in the Partnership for Peace program.

<http://www.coemed.org/news-a-events/news/313-vigorous-warrior-2015>

US Vice President Joe Biden spoke by telephone with Ukrainian President Petro Poroshenko on 12th June. They not only discussed the situation in the east of Ukraine and the Ukrainian reform

agenda, but they also agreed on the need to fulfil the Minsk Agreement. Both also agreed on further possible sanctions against Russia, if it tries to continue escalating the conflict in the east of the country. Ukrainian president acknowledged that his country's GDP growth will not be possible without comprehensive economic reforms and implementation of the rule of law.

<https://www.whitehouse.gov/the-press-office/2015/06/13/readout-vice-presidents-call-ukrainian-president-petro-poroshenko>

The New York Times announced on 15th June that there is - so far unofficial - US plan to deploy heavy weapons, including tanks in the Baltics. Lithuania, Latvia and Estonia are concerned about last year's annexation of Crimean peninsula by the Russian Federation and thus require a more permanent presence of allied troops on their territory. According to the journal about 5,000 men should be deployed in the region. Finally, the information of NYT journal proved to be true. US Secretary of Defense Ashton Carter announced on 23th June after a meeting with the ministers of defense of Lithuania, Latvia and Estonia the deployment of 250 pieces of military equipment, including armored vehicles, Abrams tanks and self-propelled howitzers not only in the Baltics, but also in Romania, Poland and Germany. Two days later, at the meeting of NATO in Brussels, was announced an increase in rapid response force from 14 000 to 40 000 men, mainly due to events in Ukraine and growth of the Islamic state. NATO Secretary General Jens Stoltenberg declared that "NATO would not be drawn into an arms race".

http://www.natoaktual.cz/na_media.aspx?r=na_media&c=A150602_165442_na_media_m02,
<http://www.rozhlas.cz/zpravy/evropa/zprava/spojene-staty-rozmisti-na-vychode-evropy-250-kusu-bojove-techniky--1504967>,
<http://www.mocr.army.cz/informacni-servis/zpravodajstvi/nato-zajisti-bezpecnost-svych-clenu-112088/>

On 15th June, Vladimir Putin announced that the Russian strategic forces will be this year equipped with a new intercontinental missile (ICBM). These new missiles (this year will be delivered 40 pieces) should be able to, according to the words of the Russian president, penetrate any missile defense. US Secretary of State, John Kerry, said: "Russia is sliding to the rhetoric of the Cold War." This was shortly after the New York Times announced so far unofficial intention to deploy heavy weapons in the Baltics.

<http://www.reuters.com/article/2015/06/16/us-russia-nuclear-putin-idUSKBN0OW17X20150616>

On 16th June, the Senate of the Czech Parliament approved the sending of Czech military mission in Mali and the Golan Heights. The Czech army will be able to send there up to 30 soldiers, including soldiers from the 601st Special Forces Group of General Moravec, who will work in the north, where the fighting with Islamic radicals takes place. Czech army in Mali has been operating under the auspices of the European Union mission.

<http://domaci.eurozpravy.cz/armada-a-policie/123540-ceska-armada-se-zapoji-do-misi-v-mali-a-na-golanech/>,
<http://domaci.ihned.cz/c1-63903590-cesko-vysle-vojaky-do-mali-a-na-golanske-vysiny-budou-bojovat-proti-islamistum>

US President Barack Obama commented on 18th June the encyclical of Pope Francis, dealing with environmental problems and leading to climate change. President Obama stated that the United States should lead by example in order to preserve the Earth habitable for future generations as well. Ecology will be one of the points of negotiations between the US President and His Holiness during the papal visit to the US in September this year. The day before, on 17th June, US President had greeted all Muslims on the occasion of the beginning of Ramadan.

<https://www.whitehouse.gov/the-press-office/2015/06/17/statement-president-occasion-ramadan>,
<https://www.whitehouse.gov/the-press-office/2015/06/18/statement-president-pope-francis%E2%80%99s-encyclical>

From 5th to 19th June take place in Poland, in the training area Żagań, an exercise of rapid reaction forces of NATO, Very High Readiness Joint Task Force (VJTF), which was also attended by members

of the 43rd Parachute Battalion from Chrudim in the strength of 150 men. Czech soldiers were visited by NATO Secretary General Jens Stoltenberg at the end of the exercise in static demonstrations attended. Britain would like to be, according to a statement from 8th of June, more involved in building these forces, despite savings, reported Reuters.

<http://www.acr.army.cz/informacni-servis/zpravodajstvi/cviceni-noble-jump-ukazalo-profesionalitu-sil-velmi-rychle-reakce-nato-111694/>, <http://uk.reuters.com/article/2015/06/08/uk-britain-nato-idUKKBN0001YC20150608>

Former governor of Florida and a member of "The Bush Dynasty," John Ellis Bush, publicly known by his nickname Jeb, was nominated by the Republican Party on 24th June in primaries and can compete for the office of the US president. Mr. Bush visited the CEVRO Institute at the invitation of the director of PCTR Alexandr Vondra in 2014.

<http://www.usatoday.com/story/news/politics/2013/11/26/jeb-bush-2016-president-republican-nomination/2066867/>

Russian President extended anti-Western sanctions and extended the embargo to imports of goods from the EU and other countries of Western civilization. Penalties will mostly concern food. Extension came into force on 24th June and will be valid for one year. At the same time, he announced that Russian Federation will no longer provide Ukraine as big relief for gas consumption as before. It is likely a reciprocal measure, because the EU has extended the validity of its anti-Russian sanctions also by a year – they should come to an end in June 2016. The newly include the Crimea, which cannot be now a destination for any European cruise ship and EU citizens and even European business players may not invest there.

<http://zahranicni.ihned.cz/c1-64195220-evropska-unie-prodlouzila-sankce-proti-krymu-potrvasi-do-cervna-pristihro-roku>, <http://zahranicni.ihned.cz/c1-64217440-putin-odsouhlasil-odvetu-za-sankce-zapadni-potrvasi-do-ruska-nesmi-jeste-rok>, <http://zahranicni.ihned.cz/c1-64218460-putin-ukrajine-uz-nehodlame-poskytovat-tak-vysokou-slevu-na-plyn>

US laws do not punish those people who are trying to rescue their kidnapped relatives and decide to negotiate with kidnappers or pay ransom on their own. Existing law allowed the American justice system to prosecute such behavior. President Barack Obama considered such behavior too cruel to the families of abductees. Therefore, he makes sure that no one will be prosecuted (and nobody has been). Families should also receive more assistance from the authorities. Eventhough the US government itself still holds the policy of "not negotiating with terrorists", the citizens themselves can try it.

<http://zpravy.e15.cz/zahranicni/politika/obama-umozni-rodinam-americkyh-rukojmich-platit-vykupne-1202812>

The US State Department report from 25th June, dealing with human rights, criticized the Czech Republic for "discrimination against Roma" (such as in education, where there is disparity in attending special schools between Roma children and children of the majority), to which contribute even "political leaders". Americans also criticized Czech President Milos Zeman for his "remarks about Islam" which he "does not intend to take back".

http://www.tyden.cz/rubriky/domaci/nenavist-k-romum-podnecuji-uz-i-cesti-politici-vadi-americanum_347338.html#.VZLdKEZiPpF

The defense ministers of the Czech Republic, Slovakia, Croatia and Hungary approved the creation of MATC (Multinational Aviation Training Centre). Czech Republic will play in this center a leading role - both ground and flying personnel not only from the countries mentioned above, but also other states will train here. MATC headquarters will be located at the Military Academy. The main objective of the MATC for now will be training in operation of Russian helicopters from the Mil Design Bureau (presumably multipurpose Mi-8/17/171 "Hip" and fighter Mi-24/35 "Hind", used in large numbers also

in ACR). The resort itself will not have any own machinery and training will be always done on machines of the participating countries.

<http://www.mocr.army.cz/informacni-servis/zpravodajstvi/ctyri-staty-vcetne-cr-budou-spolecne-cvicit-piloty-vrtulniku-112057/>

The European Parliament rejected obligatory quota of refugees on 26th June. Now it is voluntary, and if e.g. the Czech Republic received more refugees from Ukraine, the Czech Republic must accept fewer refugees from Africa. Also, it will be much harder preceded against economic migrants who are returned to their country of origin. Each country also will choose who it will receive - priority can be given to students or people with diseases whose treatment can be done in one of the Czech Republic specialized departments, instead of uneducated farmers

<http://zahranicni.ihned.cz/c1-64228960-debata-o-uprchlicich-byla-bourлива-povinne-kvoty-nebudou-rekli-premieri-na-summitu-eu>

Lithuania, Latvia and Estonia, Sweden and Finland have announced substantial increases in their defense budgets in response to the military strengthening of Russian Federation. As Lithuanian Defense Minister Juozas Olekas announced, his country would like to reach 2% of defense expenditure of the total GDP, as recommended by NATO by 2020. The Lithuanian defense spending this year amounted to 476 million USD, 285 million USD in Latvia and in Estonia about 463 million USD. Estonia is from the Baltic republics the only one that gives to the defense budget around 2.1% of GDP.

<http://www.defensenews.com/story/defense/policy-budget/2015/06/27/finland-sweden-russia-nato-baltics-tensions-budgets-gdp/29289941/>

President of Ukraine Petro Poroshenko said on 27th June that in the "anti-terrorist operation" in the east of the country are now involved sixty thousand members of the Ukrainian army - which is double the number in comparison with the current situation. According to agency DPA against these sixty thousand Ukrainian soldiers are forty thousand insurgents supported by the Russian Federation. Both sides of the conflict are accusing each other of failures to keep the ceasefire on the basis of the Minsk agreements. Two days earlier, on 25th June, another humanitarian convoy from Russia had arrived to Ukraine, specifically from the Rostov region. Russian agency TASS had reported it. Ukraine thinks that these stocks are used not by civilians, but by insurgents.

<http://zahranicni.ihned.cz/c1-64221370-rusko-vyslalo-dalsi-konvoj-se-zasobami-ukrajina-si-stezuje-na-pomoc-separatistum>, <http://zahranicni.ihned.cz/c1-64236160-porosenko-na-vychode-ukrajiny-je-uz-60-tisic-vojaku-vladnich-sil>

British Prime Minister David Cameron warned after the tragic events, where a pair of terrorists from the Islamic Republic killed on the beaches in Tunisia several tourists, mostly British that there is a significant risk that there will be other more sinister terrorist attacks not abroad but on home (British) soil and in other Western states. He also called upon the British Muslim community to seek and defend against the radicalization of young Muslims. According to David Cameron, the Islamic State literally represents an existential threat to the Western civilization. Britain, according to British Prime Minister, should strengthen its cooperation with the opposition in Syria, which is fighting against not only to the country's President Assad but also the Islamic state.

<http://zahranicni.ihned.cz/evropa-slovensko/c1-64242570-islamiste-chystaji-desive-utoky-na-velkou-britanii-tvrdi-premier-cameron>

General Petr Pavel, the incoming chairman of NATO's Military Committee and former Chief of the General Staff, took up his functions in alliance headquarters in Brussels on 26th June. He replaced the outgoing Danish General, Knud Bartels. He was awarded the Cross of Merit of the Minister of Defence, in Brussel 's Prague House, granted him by Czech Defense Minister Martin Stropnický.

<http://www.mocr.army.cz/informacni-servis/zpravodajstvi/general-petr-pavel-se-ujima-funkce-ve-veleni-nato-112142/>

The European Commission approved of June closure of Greek banks on 29th, which prevents the free movement of capital. Banks in Greece should be closed until the 6th July and ATM withdrawals are limited to 60€ per day. Greece failed to reach an agreement on the extension of financing its debts with creditors. EU finance ministers basically ended the funding rescue program. Greece does not have means how to pay its debts and the so called Grexit cannot be ruled out- exit from the Eurozone countries or the EU. Greek Prime Minister Tsiparas also announced that the country should hold a referendum on 7th July to tell whether Greeks accept or do not accept the proposal from creditors.

<http://zpravy.e15.cz/zahranicni/udalosti/eu-dala-recku-souhlas-s-docasnym-uzavrenim-bank-1204402>