

DECARBONISATION WILL IMPACT THE WHOLE ECONOMY, NOT ONLY SOME REGIONS



In line with the 2030 and 2050 EU climate targets covered by the Green Deal for Europe from December 2019, the EU is supporting regions in transition towards a climate-neutral economy. The transformation will most affect coal and heavy industry regions emitting large amounts of CO₂. The EU support is provided through Just Transition Mechanism. One part of the mechanism is the Just Transition Fund (JTF) which will aid the regions with the transition. The condition of using the Just Transition Fund is a national commitment to reduce CO₂ emissions and stop producing coal-based energy by 2050. The transition to a carbon-neutral economy is to be socially acceptable and assure that no one is left behind in the green transition. Company closures and related job losses are a major challenge for regions in transition. Therefore, support should also focus on retraining, business support and job search assistance.

The Czech Republic is the fourth largest recipient of EUR 581 million from the JTF (7.7% of JTF). This appropriation should mobilize EUR 2000-3300 million. JTF support in the Czech Republic concerns three regions: Karlovy Vary, Ústí and Moravia Silesia. The European Commission is now negotiating the proposal for a financial envelope, which is part of the cohesion policy, with the representatives of the Member States and / or regions. On 17th February, representatives of DG REGIO discussed the rules of JTF with stakeholders in Prague. Participants pointed out that the transformation must be carried out in a way that it will not drastically jeopardize jobs in the regions concerned as it could cause serious social problems and, ultimately, environmental degradation. They also stated that the EU must not be too committed to new innovative resources but to work with already available resources as dependence on innovative technologies could increase dependence on imports. Businesses also need to know possible alternatives. Signals from the EU often change and this makes investment decisions more difficult. Business representatives who are ready to help the regions to fight climate change, pointed out that they can do it only with sufficient money. If we stifle economic growth, or competitiveness, we will not have the means to fight climate change. The EU must not be alone in the fight against climate change, as it can change little as an emitter of 9% of global CO₂. Last but not least, participants agreed that decarbonisation is not just about individual regions, but about the whole economy.

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Since 1989, some emissions have fallen by as much as 90%. However, due to the initial dramatic levels, such further reductions will not be possible. We need a sophisticated plan for alternative technologies e.g. for steel production.

Evžen Tošenovský,

Member of the Committee on Industry, Research and Energy, European Parliament

News FLASH

>PAN-EUROPEAN QUANTUM COMMUNICATION INFRASTRUCTURE

The Czech Republic joined a project aimed at building a pan-European quantum communication infrastructure. This will allow a completely secure transfer of information between all EU countries. The planned communication channels should primarily serve to secure the critical information infrastructure.

>FREE MOVEMENT OF DATA NEEDED

The Czech Republic sent a joint ministerial letter to the European Commission on the free movement of data. The letter responds to the negotiations of the Joint E-Commerce Initiative in the WTO and to the context of EU bilateral trade agreements. The aim is to encourage the Commission to adopt an ambitious approach in the area of free movement of data, ensuring concrete and clear rules in response to the challenges facing European companies in countries outside the EU.

>CZECHS ON THE WAY TO DECARBONISATION

The Czech Coal Commission is to prepare three decarbonisation scenarios for the period between 2030 and 2050. A rapid path would mean a reduction in coal use as early as 2030 to 2035, a moderate from 2035 to 2045 and a slower path between 2045 and 2050. The recommendations will be published in September so that the government can decide by the end of 2020.

EU MUST TAP THE POTENTIAL OF AI

Recently, the European Commission published its European data strategy that aims to create a single market for data, empower industrial and commercial use of data and embrace the technological change data oriented technologies bring to the society. The strategy also contains white paper on artificial intelligence that summarizes the EU's approach to this topic. According

to the Commission, the roll-out of artificial intelligence should be based on trust and excellence, give citizens the confidence to embrace new technologies and encourage businesses to develop them. Just before the launch of the strategy, the Confederation of Industry of the Czech Republic organised a meeting of 19 trade organizations and artificial intelligence platforms from

the CEE region to discuss the priorities for the possible regulation of this sector. The outcome of the meeting is a joint statement on artificial intelligence regulation that summarises the views of businesses. The signatories of the joint statement welcome
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the aim of the European Commission to create a united approach and set of core values when it comes to the development of artificial intelligence in the EU. It is a very dynamic sector and the EU can benefit greatly from its development as it shows great untapped potential. Firstly, the trade organizations stress that a thorough dialogue between all stakeholders is necessary, including policymakers, AI professionals, businesses and civil society to encompass all the aspects of artificial intelligence. It is a sector that has a potential to change the way businesses and society work, therefore policymakers should aim for a broad adoption of artificial intelligence. Furthermore, policy obstacles that would jeopardise the roll-out of AI should be avoided. The digital sector is very dynamic and the fast pace of development doesn't always correspond to the pace of policymaking. Therefore, the EU should make use of the existing policy framework before creating new and complex legislation. Also, businesses would welcome guiding principles for self-regulation and co-regulation from the European Commission. Businesses are well aware of the opportunities that artificial intelligence creates for increasing the competitiveness of the EU and business representatives from the CEE region are ready to further engage in the dialogue.

VIETNAMESE MARKET OPENS UP FOR EXPORT OPPORTUNITIES

The European Commission has promoted the EU-Vietnam trade agreement as the most modern and ambitious agreement ever concluded between the EU and a developing country. Strategically, it is an important deal too, because Vietnam is the second largest trading partner of the EU among ASEAN countries. The deal will remove almost all custom duties between the two partners, 65% of them immediately and the rest of them gradually over the next ten years. Removal of non-tariff barriers will be also crucial to businesses, especially those related to the automotive sector, export and import licencing and customs procedures. The trade deal also focuses on services and gives EU companies access to sectors, that were before not available for them, for example in environmental, postal, banking, insurance and maritime transport services, as well as access to public procurement. As always, the European Commission put a lot of emphasis on the



protection of geographical indications, therefore 169 of them will be protected on the Vietnamese market. During the negotiations, sustainable development became an important chapter of the deal. As a result, the agreement contains legally-binding rules on climate, labour and human rights. In case of non-compliance with these rules from the Vietnamese side, the trade deal can be suspended. Last but not least, investor protection and a dispute settlement mechanism is part of the agreement as well, although this part needs to be ratified by national Parliaments in order to enter into force.

European associations such as BusinessEurope, EUROCHAMBRES and SMEUnited strongly supported this type of agreement. Vietnam is already involved in 12 trade agreements as well as in the Trans-Pacific Partnership (CPTPP) which means that an EU-Vietnam FTA will allow EU companies to gain ground and be on an equal footing with economic competitors from third countries. As for the Czech Republic, Vietnam is an increasingly important market, as exports of Czech companies to Vietnam increased five-fold in the last ten years. Vietnam is a traditional export partner with a long history of cooperation, and the turnover of mutual trade reached the highest ever levels last year. Therefore, Czech business organizations welcome the conclusion of the negotiations and the imminent provisional entry into force of the trade part of the agreement. Czech companies show continual interest in the Vietnamese market and therefore it can be expected that, thanks to the agreement, interest will increase further. The Czech Republic has a long-term record of trade deficit with Vietnam and business organizations hope that the agreement will be a tool to reverse this trend, the removal of custom duties and non-tariff barriers in the automotive sector and machinery especially have the potential to change the status quo.

EESC CORNER: ANNUAL SUSTAINABLE GROWTH STRATEGY 2020



The European Semester kicks off its 2020 exercise with the publication of the Annual Sustainable Growth Strategy. In this document, the Commission outlines the economic and employment policy priorities for the EU. Annual growth strategy for 2020 is based on the four key pillars that are the environment, productivity, stability and fairness.

1) Environmental sustainability:

Our efforts should focus on leading the transition to a nature-friendly and climate neutral continent by 2050, while ensuring that everyone can take advantage of the opportunities that this will bring.

2) Productivity gains:

By developing new technologies and sustainable solutions, Europe can be at the forefront of future economic growth and become a global leader in an increasingly digitalised world.

3) Macro-economic stability:

The Union needs to complete its Economic and Monetary Union to ensure that all economic tools are ready and available should there be a significant

adverse economic shock. The international role of the euro must be strengthened. A vibrant and resilient Economic and Monetary Union, resting on the solid foundations provided by the Banking Union and the Capital Markets Union, is the best means to increase financial stability in Europe.

4) Fairness:

The new economic agenda must ensure that the transition is fair and inclusive and puts people first. It must pay particular attention to the regions, industries and workers who will have to make the largest transitions.

The EESC welcomes the inclusion of the United Nations' 2030 Sustainable Development Goals in the Commission's strategic vision for all economic and employment policies, contributing to a European social market economy that works for all and ensuring the sustainability, inclusiveness and competitiveness of growth. More robust single market governance infrastructure needs to be put in place at EU and national level, together with thorough administrative simplification, an ambitious process of digitalisation and intensive capacity-building initiatives for all stakeholders. The EESC advocates new governance structures across a range of levels that can ensure the involvement of the local economy and civil society in designing and implementing fair measures that reflect the circumstances in which they operate.



Marie Žvolská,
EESC Member – Group I

CEBRE CALENDAR:

- 20th March – Debate on Artificial Intelligence, Prague (CZ)
- 3rd April – CEBRE founders meeting MEPs, Prague (CZ)
- 17th April – Export seminar on Belgian market, Olomouc (CZ)

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CEBRE was founded in 2002 by the three most important Czech business organizations – Czech Chamber of Commerce, Confederation of Industry of the Czech Republic, Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic with kind support of the Ministry of Industry and Trade via its Trade promotion agency CzechTrade.