

EU RESPONSE MUST BE UNDERSTANDABLE AND WELL-COMMUNICATED



Ahead of the European Council planned for 23rd April, European business organisations plead for a better EU response to the unprecedented coronavirus crisis. In their view, the EU response must be clear, efficient and translated into the new multi-annual financial framework (MFF). The new MFF will have to be more ambitious and it requests, inter alia, greater solidarity among Member States. In its letter to Charles Michel, BusinessEurope highlights that the EU response must be well-communicated; which means there is a need to intensify communication on support schemes developed by the European Union and to explain, in an accessible way, where to turn to and how to proceed to benefit from them. The business association also stresses that the schemes have to be operational rapidly, providing substantial cash support delivered at speed, with simplicity and flexibility for businesses. EUROCHAMBRES agrees that better financial liquidity of companies is required, and calls for the revision of EU state aid legal framework to reflect the recovery

process, in particular by raising the thresholds for small businesses (de minimis regulation) and widening the eligibility criteria to include commerce and services. Both organisations agree that the flow of goods and services within the single market must be ensured and that trade should be without restrictions. They also highlight the important role of digitalisation. Social distancing and working from home emphasised the importance of digitalisation and digitalised procedures, not just in terms of personal safety, but also administrative efficiency. EUROCHAMBRES in its input for the EU Recovery Roadmap recommends the Commission to consider postponing or extending the implementation of some complex rules and certain policy initiatives, particularly those that are currently or imminently at consultation stage. One thing is clear, measures leading to higher costs for companies must be put on hold and reassessed against the background of the economic shock caused by the pandemic.

News FLASH

>INVESTMENT SCREENING LAW APPROVED

The Czech Government approved a proposal on setting up an investment screening mechanism. It aims to protect critical sectors and infrastructure from investment that could potentially jeopardise the security of the State. The proposal still needs to be approved by the Parliament.

>RECORD-BREAKING INTEREST IN EUROPEAN FUNDING

In March 2020, the Ministry of Industry and Trade of the CR (MIT) allocated a record-breaking 1.377 billion CZK (approximately 51 mil. EUR) from the Operational Programme Enterprise and Innovations for Competitiveness. The Ministry approved funding of 362 demands, which is 90% more than in February and 240% more than in January 2020.

>NEW PLATFORM CONNECTING CZECHIA

MIT and the Business and Investment Development Agency CzechInvest, in cooperation with other stakeholders, launched a platform called Connecting Czechia that aims to be a marketplace for connecting stakeholders that offer or demand products or services which can help to fight the spread of coronavirus.

GREEN DEAL: LONGER CONSULTATIONS NEEDED IN LIGHT OF THE CRISIS

On 31st of March, the European Commission opened a public consultation on the increase of the EU's 2030 climate targets and actions that are necessary to achieve deeper greenhouse gas emissions cuts. The amendment of 2030 climate targets is one of the crucial parts of the European Green Deal – a key initiative of the von der Leyen's Commission that aims for climate neutrality by 2050. The goal of the Commission is to reduce greenhouse gas emissions by at least 50%, but ideally by 55%, compared to 1990 levels by 2030. According to the Commission, this step is required in order to meet the carbon-

neutral economy goal set in the European Green Deal. The public consultation is currently open until 23rd of June. However, according to the European business community, it is not a good idea to stick to the legislative plan despite the current COVID-19 crisis. The spread of the coronavirus has had an unprecedented effect on the entire world and not only European companies have to face a challenge that nobody could have expected. European economy is losing billions of euros daily due to restrictive measures and all of the companies are fully focusing on minimising the impacts of the crisis

on their business, protecting employees and avoiding bankruptcies. In the current situation, companies don't have the necessary capacity to get sufficiently involved in the consultation process. The European Green Deal is the cornerstone of the von der Leyen's Commission and one of the most important initiatives that will shape the long-term future of the whole EU. Since the publication of the European Green Deal, European businesses have

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been supportive of the idea of reaching climate neutrality. It is an important initiative that aims to mitigate the undisputable impacts of climate change. European companies share the idea that the EU needs to be the pioneer in this transformation, and that the competitiveness of the companies will be the key to success in this process. Given the importance of the legislative files related to the European Green Deal and the current COVID-19 crisis, the business community believes that it is necessary to postpone the consultation process of the proposals that have been recently published. Czech business associations also share this point of view. The Czech Republic has a long and successful industrial tradition and the shift to a carbon neutral economy will affect it significantly. Therefore, the ways of reaching the 2030 and 2050 targets need to be thoroughly discussed with stakeholders in order to make this transition possible without jeopardising the competitiveness of Member States. While the recently opened consultation on the increase

of the EU's 2030 climate targets is one of the most crucial, other important consultations are soon to be closed. These include, for example, the Inception Impact Assessment on Industrial Emissions Directive and the feedback period on the European Climate Law proposal, among others. There have already been some good examples of postponements of other proposals unrelated to the environmental policy, for example, that of the deadline of the consultation on Non-Financial Reporting Directive, therefore others should be considered. While European businesses hope that the return to "business as usual" will happen as soon as possible, it is clear that the impacts of the COVID-19 crisis will influence the whole economy for quite some time. Therefore, business representatives call on the European Commission to take the above mentioned recommendations into consideration, give companies enough time to recover from the shock the whole world is experiencing right now and provide all the relevant stakeholders enough time to express their views on important legislative proposals that will shape the future of the whole EU.



COVID-19: SUPPORT FOR BUSINESSES NEEDS TO BE LONG-TERM



On 14th April, the Czech Government approved a plan for relaxing the current restrictive measures. As of 20th April, some new shops can be opened, namely crafts shops, farmers' markets and car dealerships. A week later, all shops of a size of 200 m² or smaller, except those in malls and shopping centres, can reopen again and as of 11th May, all shops of the size of 1000 m² or smaller can join them as well. The HORECA sector will have to wait longer for the relaxation of the restrictive measures, but as of 25th May, restaurants and pub gardens could reopen also. The last wave of relaxation is planned for 8th June as malls and shopping centres will be able to operate again. The proposed plan depends on the developments related to the spread of the coronavirus. Since the outbreak of the COVID-19 crisis, the measures implemented by the Czech Government have been aimed mainly at containing the spread of the disease and supporting both self-employed persons and businesses in order to mitigate the negative impacts of the crisis. However, business associations stress that the support for companies needs to be long-term; otherwise it will only have minor effects that would help companies to survive the immediate shock. The same goes for

the EU Recovery Plan which should reflect the need for financial liquidity in the long-term, saving jobs and for deployment of a secure digital infrastructure.

The Czech Government applies these forms of support for businesses:

- The support for self-employed persons in a form of a one-off financial aid of 25 000 CZK (approximately 900 EUR), that would cover the period between 12th March and 30th April. The self-employed persons have to prove that they have suffered economic damage because of the application of extraordinary measures issued by the Government. The Government recently announced that it would continue to pay the aid to self-employed persons for the month of May and is also ready to pay the same amount for the month of June.
- Antivirus programme, which allows the State to financially contribute to companies in order to cover the payrolls. The total budget of the programme is 1.2 billion CZK (approximately 43 million EUR). This is one of the measures Czech employers' and entrepreneurs' organizations

supported strongly, as it will allow companies to keep their employees even when production slows down, reducing unemployment.

- Technology COVID 19, which is a programme focused on SMEs that would either acquire new devices and equipment for the production of medical devices and personal protective equipment, would expand their existing production to produce such products, or would transform their production lines for this purpose. The budget of the programme is 300 mil. CZK (approximately 11 mil. EUR) and financial support will range from 250 000 to 20 mil. CZK (9 000 to 725 000 EUR).
- Czech Rise Up, which is a programme which will support acquisition of material for the production of protective and medical devices or reimbursement of labour costs for implementation of new solutions that can be immediately put into practice, but of which mass production hasn't started yet. Furthermore, it will support selected non-investment expenditures on the use of existing technologies to bring new medical and non-medical solutions, and development of new products that could be used for new medical and non-medical solutions against COVID 19 into practice. The budget of the programme is 200 mil. CZK (approximately 7.2 mil. EUR) and the financial support will be up to 5 mil. CZK (approximately 180 000 EUR).

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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.