

## STATE OF THE UNION PROPOSALS MUST REFLECT THE NEEDS OF BUSINESSES



On the 16<sup>th</sup> of September, President of the European Commission, Ursula von der Leyen, gave her annual State of the Union speech in front of Members of the European Parliament, in which she presented her vision of the patch the EU should take in the future. Von der Leyen addressed a number of areas, promising, for example, that the Commission would propose a legal framework for the introduction of a minimum wage at the European level, update the industrial strategy, including the competition framework, and present initiatives to promote and deepen the EU single market as well as social aspects of the EU. She also paid close attention to environmental aspects and the flagship Green Deal for Europe as she mentioned that the Commission will propose to increase the 2030 targets for reducing greenhouse gas emissions to 55%, compared to the originally indicated 40%. In the area of digital policy, von der Leyen called for a plan with binding targets for 2030, whether in terms of connectivity, skills or the digitization of public services. For the EU business community, the State of the Union was a highly anticipated event, as it would show the way EU policies should evolve in the coming years and, of course, with a significant impact on EU companies. EU bu-

siness organizations agree that companies shouldn't be burdened with additional costs and red tape and that any new legislation or policy measures must take this into consideration. The two major EU business organizations, BusinessEurope and EUROCHAMBRES agree that the Commission must make every Euro from the recovery package and the next Multiannual Financial Framework count. Proposals must be turned into effective programmes as soon as possible in order to give European companies the boost they need to recover. Furthermore, both organizations agree that the key to a successful recovery is the EU single market. Companies of all sizes would benefit hugely from removing barriers and enabling the full functionality of the market. Digital transformation will be another factor that will influence the pace and speed of the recovery. Therefore, business organizations support the idea of preparing suitable conditions for deployment of new technologies, especially 5G and artificial intelligence. Last but not least, international trade should be another factor that helps EU growth get back on track. Therefore, the EU should aim to revert to the pre-COVID export conditions as soon as possible and continue to strive for more ambitious free trade and investment agreements.

## CZECH GOVERNMENT AND INDUSTRY CALL FOR REALISTIC CLIMATE TARGETS

A substantial part of the State of the Union presented by European Commission's President Ursula von der Leyen was dedicated to climate change and the Green Deal for Europe. The EC President presented her vision of a climate neutral EU by 2050, mentioning that current climate goals set for 2030

need to be revised in order to be on track to meet this goal. Therefore, she proposed to increase the target in the area of reduction of greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. The ultimate goal is to reach climate *continued on next page*

## News FLASH

### >TELEMEDICINE SAVES LIVES

In June, the Czech app Zachranka (Rescue) started testing video transmissions for emergency services to help in the case of car accidents. Operators on the emergency line thus gets an overview of the whole situation. The EENA (European Emergency Number Association) organization has confirmed that the Czech Republic is the first country to implement video transmissions.

### >CZECHIA AS A GREAT INNOVATOR

The Czech Republic ranks 24<sup>th</sup> in the Global Innovation Index-GII. Out of 131 global economies, the Czech Republic gets the best results in knowledge and technological outputs, creative outputs, infrastructure and trade sophistication.

### >COROVENT CAN BE USED IN THE US

The Czech lung ventilator CoroVent has been approved by the U.S. government agency FDA for emergency use in medical facilities for the treatment of patients with Covid-19, under the Emergency Use Authorization.

## MEP CORNER



*"I have serious concerns that the target of reducing CO<sub>2</sub> by 55% by 2030 is terribly high, not to mention changing the target parameters every year. I very well remember how we discussed the parameters for long hours a while ago when adopting so-called winter package, and now everything is different again."*

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

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neutrality by 2050, meaning that EU Member States would neutralize more CO<sub>2</sub> emissions than they produce. In reaction to the proposal, the Czech government and business representatives issued statements that refuse the idea of changing the intermediary climate goals. The Ministry of Industry and Trade of the Czech Republic sees the idea as unrealistic. While it agrees that the path to climate neutrality is the correct one, an increase of 15 pp is drastic and can't be met as long as the Czech Republic wants to remain energy self-sufficient. The Ministry also questioned the process of presenting the new targets. According to the Deputy Prime Minister, Karel Havlíček, the Commission should consult Member States representatives first, before presenting such a crucial proposal. The same arguments were presented by Czech business organizations. The Confederation of Industry of the Czech Republic stresses that any change in agreed targets needs to come with a thorough impact assessment and must reflect current situations in Member States. Also, such a significant increase will necessarily put additional burden on businesses that are already struggling due to the current COVID pandemic and other events, such as Brexit. Furthermore, the increase of the emissions target goes hand in hand with other targets of increasing energy efficiency and the share of energy coming from renewable sources. Czech businesses therefore call on the European Commission to thoroughly consult all the relevant stakeholders before setting such an ambitious target as it could significantly jeopardize Czech and European industry.

## CHINA NEEDS TO ALLOW "REBALANCING OF THE ASYMMETRY" IN ACCESS



During the September virtual summit, the leaders of the EU and China agreed to speed up negotiations to conclude a long-standing investment deal. They stressed their wish for more fairness and balanced relationship, in other words for reciprocity and a level playing field. Commission President Ursula von der Leyen revealed that an agreement on three important issues has been reached. The agreement concerns the disciplines regarding the behaviours of state-owned enterprises, technology transfer, and transparency of subsidies. Progress has also been made on issues such as forced technology transfer. However, access to sectors such as telecoms, IT, health, financial services and manufacturing remain difficult. More discussion is also needed in the area of market access and sustainable development. According to the chief of the Commission, China needs to allow "rebalancing of the asymmetry" in access and convince Europe

that it's worth having an investment agreement. Ahead of the discussions, the two sides signed an agreement to protect each other's exported food and drink items from usurpation and imitation. According to the deal, they pledged to respect the names, or geographical indications (GI - a label used on a product to specify its origin) of 100 European regional food designations and 100 Chinese equivalents. Concerns over Beijing's respect for human rights and its treatment of Hong Kong have also been raised by the Europeans. In the light of the EU climatic discussion, the EU representatives pressed the Chinese to aim for climate neutrality by 2060 or eventually face punitive carbon tariffs. German Chancellor Angela Merkel, who represented the German presidency in the Council at the meeting, announced that the next EU-China summit will take place in Brussels next year.

## EESC: SMES AT THE HEART OF THE RECOVERY

**EESC September plenary, for some Members the last plenary during the mandate, was rich in interesting opinions.**

*In an opinion on **SME strategy for a sustainable and digital Europe**, the EESC pointed out two ways in which the EU can help SMEs recover from the COVID-crisis and face the digital future. In the Committee's view, SMEs should be placed at the heart of all of Europe's key political decisions - the Green Deal, the Industrial Strategy, the EU budget and the Recovery Plan for Europe. EESC advises the European Commission to make the Small*

*Business Act and its principles legally binding. This must be accompanied by swift, carefully-designed, coordinated joint actions by the European Union, the Member States - including at regional and local levels - and business associations, aimed at improving the situation for SMEs in real terms. EESC also calls for better policy-making and more effective delivery. It also states that without an evidence-based approach and practical actions to support SMEs, it will be difficult to achieve the goals of the strategy.*

*At the September plenary, EESC Members also adopted an opinion on **Decent minimum wages across Europe**. It gives its input to the debate on the need for EU action on minimum wages launched by the Commission. The EESC says the majority of its constituents see such action as necessary to ensure a decent standard of living for all EU workers. The EESC Employers' Group has voiced its opposition, supporting the view that the EU has no competence over pay and that setting minimum wages is a matter for the national level. While recognising the complexity of the issue, the EESC believes that social partners are the best placed actors when it comes to determining wages, and would like to see measures promoting collective bargaining included in the EU action.*



**CEBRE founders thank the EESC Members whose mandate ends in September 2020, namely Vladimíra Drbalová, Vladimír Novotný and Petr Zahradník, for their devoted work and great cooperation. At the same time, they welcome new Members who will join on their behalf the Group I - Employers, i.e. Jana Hartman Radová and David Sventek (Confederation of Industry of the Czech Republic) and Alena Mastantuono (Czech Chamber of Commerce). The newcomers will represent Czech business' interests in the EESC Group I together with Marie Zvolská from Confederation of Employers' and Entrepreneurs' Associations.**