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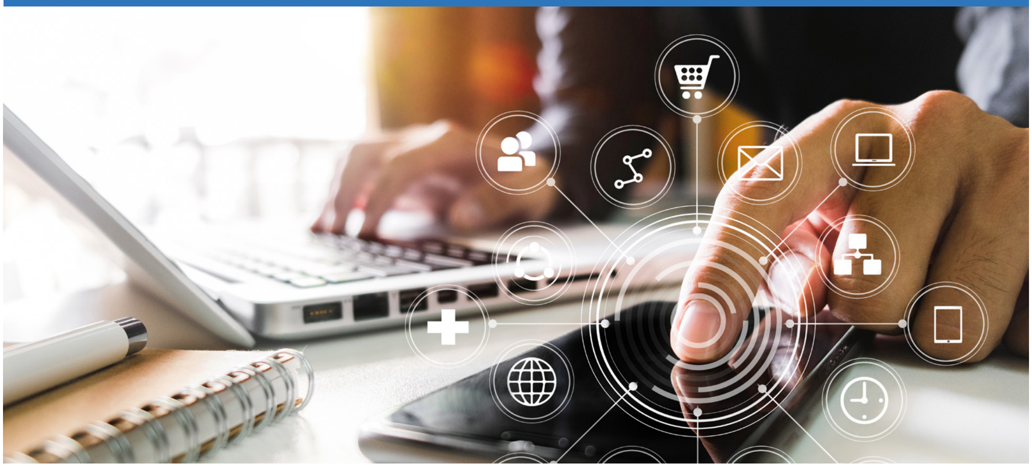
CZECH BUSINESSES WANT MORE EMPHASIS ON DIGITAL TRANSFORMATION IN THE NATIONAL RECOVERY PLAN



Member States can submit their recovery and resilience plans to the Commission until 30th April. The Commission will have up to two months to assess the plans and subsequently the Council will have four weeks to adopt its decision on the final approval of each plan. Representatives of Czech businesses who are involved in the discussion on the national recovery plan with the Government believe that it does not sufficiently reflect the priorities which have a higher potential to increase the competitiveness, resilience and future growth of the Czech economy. They want to see more emphasis on the digital transformation of Czech companies. Investments in the digital transformation of companies are clearly investments in the further development of the economy. In the draft of the Czech national recovery plan, the allocation for the digitization of companies is 0.5% of the total allocation. The Ministry of Industry claims that it has set aside CZK 44 billion from the National Recovery Plan for digital transformation. According to the Confederation of Industry, 80 percent of this amount will be swallowed by the public sector or will be spent in areas that are not related to digitization. The Czech Government has only set aside CZK 1 billion for the important digital transformation of companies, i.e. half a percent of the total CZK 172 billion from the EU. The Confederation of Industry of the CR asks to increase this amount to CZK 10 billion and enable companies to finance investments in the digitization of production processes and to open access to digitization funds to large companies without major restrictions. The companies should be able to use the funding to educate workers and increase their digital skills, to invest in cybersecurity, to transform their data architecture and to use digital solutions to implement advanced automation and robotics.

News FLASH

>5.6% DROP IN CZECH GDP IN 2020

The decline in Czech GDP in 2020 is tentatively estimated at 5.6%. This is significantly less than the original spring estimates. The results for the last quarter also confirmed the importance of exports. In the last quarter of 2020, Czech GDP fell by a preliminary 5% yearly, and increased slightly by 0.3% compared to previous quarter, mainly thanks to foreign demand.

>CZECH COMPANY DOCTORS ALLOWED TO VACCINATE

From May, company doctors and healthcare providers are allowed to help with vaccinations. The aim is to contribute to faster vaccination of people in the Czech Republic.

>SIMPLE AND STABLE SYSTEM IS A GOOD GUARANTEE OF SORTING WASTE

Czechia ranks second in the EU in terms of sorting waste. 73 percent of the Czech population is actively involved in sorting waste. The reason behind the success is mainly the simplicity of the sorting system, which has remained unchanged for a long time.

BASIC PRINCIPLES OF THE E-COMMERCE DIRECTIVE SHOULD BE MAINTAINED

The Digital Services Act is a key legislative proposal for European businesses and citizens alike. Given the importance of this topic and the forthcoming European Presidency, the Czech Republic considers the Digital Services Act to be one of the priority policy areas. Government and industry actors from the D9+ countries agree that the act is an opportunity to clarify the roles of online intermediaries and support the innovative potential of the European economy - the act should modernize rather than replace the e-commerce directive, which has enabled innovation to grow. However, we should maintain its basic principles and avoid over-regulation. Thus, the Digital Services Act will be a compact horizontal tool for the cross-border provision of digital services. Czech businesses deem we need a precise regulation that will solve specific problems. A one-size-fits-all model - general legislation with an unclear scope - would cost time and money that many of our companies, especially SMEs, simply do not have, especially in view of the ongoing pandemic and economic crisis.

CEBRE – Czech Business Representation, protects the interests of the Czech business community in relation to EU institutions, informs Czech businesses about EU legislation affecting them, trains Czech entrepreneurs in Brussels and represents Czech business associations at European business federations. Contact: Avenue des Arts 19 AD, 1 000 Brussels, Tel:+ +32 2 502 0766/+32 2 502 8091, e-mail: brussels@cebre.cz, www.cebre.cz

EU-CHINA INVESTMENT AGREEMENT: AN IMPORTANT FIRST STEP

During the last days of 2020, the EU and China managed to reach the political goal set earlier and concluded the negotiations of a Comprehensive Agreement on Investment (CAI). Although the reactions to the conclusion of CAI varied, it is an important agreement, mainly because of the commitments promised by the Chinese government that should help rebalance the relationship. First of all, China has committed to improve market access for companies and investors from the EU and has opened several new areas as well, especially in the field of manufacturing, which is strategic for China. EU companies already have a strong manufacturing presence in China, especially in sectors like automotive and production of basic materials. Apart from that, China promised to make other sectors more accessible for European companies as well, including financial services, cloud services, private healthcare, transport related services and environmental services. CAI should improve the level playing field for European investors and increase predictability and certainty on the market. Secondly, the agreement is important, because it binds China to respect sustainable development principles and it's the first time China actually agreed to include these provisions in an agreement with a trade partner. For example, China will undertake commitments in the areas of labour and environment, promote responsible business conduct, pursue the ratification of fundamental International Labour Organization (ILO) conventions on forced labour among others, implement the Paris Agreement and not lower the standards of labour and environmental protection in order to attract investment. Apart from that, both sides agreed to further cooperate on setting up a state-to-state dispute resolution system. The implementation of the agreement should be overseen at the highest levels, meaning by the Executive Vice President of the European Commission and the Chinese Vice President. As for European businesses, the agreement is an important step towards rebalancing the relationship between the EU and China, but it's a first one of many. It is clear to companies that the agreement will not change the business environment in China overnight. However, every endeavour leading to improvement of the conditions on the market is welcomed. Further increase of legal certainty and investor protection is crucial for European businesses; therefore the EU should continue to push China to create a dispute resolution mechanism as soon as possible.

EESC CORNER: EMPLOYERS ARGUE THAT NATIONAL RECOVERY PLANS MUST BE DRAWN UP IN PARTNERSHIP WITH CSOS AND SOCIAL PARTNERS

The situation on the ground is very serious. Many companies are collapsing, others are struggling to survive. People are losing their jobs, and uncertainty is on the rise. We are facing a flood of unilateral and uncoordinated measures being taken by the member states, which have huge consequences both for employers, individuals and the single market as a whole. Therefore, it is crucial that business is provided with the best possible support in order to survive, grow and embark on the twin – green and digital – transition.

EU leaders have given the green light to the EU's unprecedented budget deal to overcome the worst recession in a century due to the COVID-19 pandemic. Up to €1.8 trillion will be spent by 2027 to boost the EU economy whilst making it more sustainable and digital, partly thanks to the €750 billion Next Generation EU recovery instrument.

In this regard, the Employers´ Group of the European Economic and Social Committee released a statement in December 2020, emphasizing that the EU Recovery and Resilience Facility must be implemented properly and in a timely fashion and that National Recovery Plans must be drawn up in partnership with Civil Society Organisations and Social Partners.

Financial support from the EU Recovery and Resilience Facility will be channelled to the member states after the adoption of their National Recovery Plans, which are currently being prepared. In this regard, it is essential that relevant stakeholders, including social partners and civil society organisations, are involved in the consultation on the National Recovery Plans at all stages of their development, drafting and implementation. The reality on the ground must be reflected in the National Recovery Plans. If this is not the case, we cannot expect light at the end of this very long and dark tunnel. The manner in which the National Recovery programmes are designed and implemented will determine how well we overcome the crisis, how businesses can survive and how our economies can grow in the future.

Jana Hartman Radová
EESC Member,
Group I – Employers

CEBRE CALENDAR:

- 10th March – Debate on Czech National Recovery Plan, online
- 15-16th March – Meeting with Czech exporters, online

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.