

CZECH PRESIDENCY – AN OPPORTUNITY NOT TO BE MISSED



In the second half of 2022, the Czech Republic will hold its second presidency of the Council of the EU. Apart from dealing with COVID-19 pandemic and its consequences, the EU will intensively negotiate initiatives that will affect the competitiveness of European companies, such as the green and digital transition, improving the functioning of the single internal market, the digital agenda, social issues and industrial competitiveness. CEBRE founders issued a declaration that summarizes several main areas on which the Czech government should focus while preparing the programme of the presidency. Firstly, the Czech Republic should promote measures that support the functioning of the internal market, and reject protectionist solutions impeding the free movement of goods, persons, services, capital and data. Principles of better regulation and thorough impact assessments throughout the whole legislative process would support this goal. Crucial negotiations are awaited regarding the green transition, therefore proper discussions with stakeholders are necessary considering the global situation, technological possibilities and impact on the competitiveness of EU industry. Proper funding opportunities must be available to help companies bear

the costs of the green transition. Another important topic is the digital agenda. CEBRE founders consider free movement of data the fifth freedom of the internal market, therefore barriers to the flow of data must be removed. A proper legislative framework will have to be set up that will promote the digital transition while supporting key technologies like artificial intelligence. The potential in the digital area, however, must not be suppressed by exhaustive administrative requirements. Industry will play a key role in the recovery after the COVID-19 pandemic as well as in the implementation of the Green Deal goals. Therefore, the EU desperately needs a strong industrial policy that will embrace the key role of industry in achieving these goals and will support its competitiveness. Last but not least, labour market and employment policies are one of the biggest priorities of Czech businesses, therefore the presidency should focus on strengthening active labour market policies, the effective functioning of public employment services and the involvement of private employment agencies. Apart from that, digital transformation will require policies aimed at acquiring digital skills. The full declaration can be found on CEBRE website.

STAKEHOLDERS MUST BE MORE INVOLVED IN RECOVERY PLAN PREPARATIONS

To restore the economy after the COVID-19 pandemic, the Czech Republic should receive approximately CZK 171 billion from the Recovery and Resilience Facility in the form of grants. Further financial resources from the EU budget will be available in the form of loans. The Czech government is now working on a national recovery plan, which is a necessary condition for drawing the funds. Opinions of a broad variety of stakeholders to the Czech plan were presented at an online discussion co-organized on 10th March by CEBRE. According to the Ministry of Industry and Trade, who coordinates the preparation of the plan, funds from the national recovery plan will be distributed in accordance with the 6 pillars of the economic strategy. It pointed out that

the available resources won't be enough to satisfy all the demands that come from the public and the ministries. The main areas that the government wants to focus on are digitization (27%) in form of digitization of education, social security, justice or the construction of high-speed networks. The second important area will be the green transformation, directed to sustainable and safe transport, as well as to clean mobility, where the government aims to support alternative drives from electricity or hydrogen. An allocation of CZK 18 billion has been set aside for the area of education, and CZK 10 billion should go to the area of the labour market, including retraining, basic research (5 billion), applied research (7.5 billion), and healthcare (15 billion). CEBRE

News FLASH

>ALL COMPANIES TO TEST EMPLOYEES

It has been decided that in addition to large and medium-sized companies, smaller ones are also now to be obliged to test their employees for COVID-19. The rule applies to businesses with 10 employees or more as of 26th March. As of 6th April, all companies with at least one employee join testing too, including self-employed persons.

>NEW SME STRATEGY APPROVED

Czech Ministry of Industry and Trade presented the new SME support strategy 2021-2027, that aims to increase the competitiveness of Czech SMEs. The areas that the strategy is focusing on are business environment, access to finance and markets, labour force, skills and education, digitization, resource management, low carbon economy, and research, development and innovation.

>NATIONAL PLAN ON VERY HIGH CAPACITY NETWORKS

The Czech government approved a new national plan on very high-capacity networks that should help with the development of the digital economy and gigabit society. According to the Ministry of Industry and Trade, robust infrastructure is a necessary precondition for uptake of smart cities, transport, healthcare and services for companies and citizens.

founders stressed that the money from the facility must be used to kick-start economic growth and at the same time help to implement reforms and investments that will help transform the economy, especially in the green and digital areas. They also pointed out that the plan must not prioritize the public sector over the private sector, which is the engine of economic recovery. Last but not least, it is absolutely necessary to involve businesses, as well as other stakeholders, in the preparations of the recovery plan, which has not been the case so far. The plan should be forwarded to the European Commission by the end of April.

CARBON BORDER ADJUSTMENT MECHANISM MUST WORK FOR EU BUSINESSES

The Green Deal for Europe is one of the key EU flagship initiatives that aims to make the European economy carbon neutral by 2050. The implementation of various legislative proposals under the Green Deal is significantly changing the business environment in the EU, and also increases the risk of production being transferred to countries outside the EU that do not impose as strict rules regarding the emissions reductions (so-called carbon leakage). Another risk is that companies could decide that the EU isn't a favourable place to invest and decide rather to focus on countries outside the EU (so-called investment leakage). The EU is constantly seeking ways to promote ambitions in the fight against climate change outside its borders also and, therefore, decided to prepare the Carbon Border Adjustment Mechanism (CBAM) that should react to the risks of carbon and investment leakage. The introduction of such a mechanism will be very challenging. For the CBAM work properly for European compa-

nies, it needs to respect several principles. First of all, the mechanism risks to unlevel the level playing field vis-à-vis international competitors of EU companies. While the CBAM would apply to companies that want to sell their products on the EU market, it decreases competitiveness of EU companies outside the EU, where they would compete with companies that produce in markets without carbon pricing. Therefore, it is of utmost importance to maintain existing mechanisms like the free allowances under the ETS to maintain European companies' competitiveness, specifically on third markets. Furthermore, the CBAM needs to be WTO compatible, otherwise EU companies risk retaliation measures that would be harmful to them. Overall, the priority should be to create a well-functioning international carbon markets, as mentioned in the Paris Agreement. Such a measure would ensure a level playing field for companies worldwide without the need to create the CBAM in the EU at all.



EESC CORNER: A RENOVATION WAVE FOR EUROPE – MODERNISING OUR BUILDINGS, CREATING JOBS, IMPROVING LIVES



As Europe seeks to overcome the COVID-19 crisis, renovation offers a unique opportunity to rethink, redesign and modernise buildings to make them fit for a greener and digital society and sustain economic recovery. The Commission has proposed in the Climate Target Plan 2030 to cut net greenhouse gas emissions in the EU by at least 55% by 2030 compared to 1990. It is therefore urgent for the EU to focus on how to make buildings more energy-efficient, less carbon-intensive over their full life-cycle and more sustainable. Applying circularity principles to building renovation will reduce materials-related greenhouse gas emissions for buildings. Renovation can open up numerous possibilities and generate far-reaching social, environmental and economic benefits. The objective is to at least double the annual energy renovation rate of residential and non-residential buildings by 2030 and to foster deep energy renovation, resulting in 35 million building units renovated by 2030. With nearly 34 million Europeans unable to afford to keep their homes heated, public policies to promote energy efficient renovation are also a response to energy poverty, support the health and wellbeing of citizens and help reduce their energy bills. The Commission

has also published a Recommendation for Member States on tackling energy poverty.

Investing in buildings can also inject a much-needed stimulus in the construction ecosystem and the broader economy. Renovation works are labour-intensive, create jobs and investments rooted in often local supply chains, can generate demand for highly energy and resource-efficient equipment and bring long-term value to properties.

The EU must adopt an integrated strategy involving a wide range of sectors and actors on the basis of the following key principles:

- energy efficiency, as a horizontal guiding principle to make sure we only produce the energy we really need;
- affordability, making energy-performing and sustainable buildings widely available, in particular for medium and lower-income households and vulnerable people and areas;
- building renovation should speed up the integration of renewables in particular from local sources, and promote broader use of waste heat. It should integrate energy systems at local and regional levels helping to decarbonise transport as well as heating and cooling;

- life-cycle thinking and circularity; ensuring high air quality, good water management, disaster prevention and protection against climate-related hazards, removal of and protection against harmful substances, fire and seismic safety. Furthermore, accessibility should be ensured;
- smart buildings can enable efficient production and use of renewables at house, district or city level;
- renovation must respect design, craftsmanship, heritage and public space conservation principles.

The EESC supports the renovation wave strategy, as it is a “win-win-win” strategy for the European Union – a threefold win for the climate, for the recovery thanks to the local jobs created, and finally for the fight against the pandemic and energy poverty and in favour of sustainable housing for all, including vulnerable people.



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EESC Member, Vice-President
of Group I – Employers

CEBRE CALENDAR:

- 16th April – CEBRE founders' meeting with Czech MEPs

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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.



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