

## INDUSTRIAL STRATEGY MUST INCREASE COMPETITIVENESS OF EUROPEAN COMPANIES



On 5<sup>th</sup> May, the European Commission updated the 2020 industrial strategy in the light of the ongoing COVID-19 pandemic. The updated strategy aims to support European industry in developing strategic capacity needs, finding alternative solutions for dependencies of supplies, but also tackling unfair practices and foreign subsidies that distort the level playing field in the single market and it was discussed by representatives of EU institutions, Czech Ministry of Industry and Trade and employers' organizations at an online debate co-organized by CEBRE on 25<sup>th</sup> May. Speakers agreed that the EU must stay an open market because that is one of the biggest competitive advantages of the single market, and needs to focus on creating high value-added products. There must be a level playing field for all companies regardless of whether they are European or not. Czech business organizations welcomed the updated version of the strategy and stressed that businesses will play a crucial role in the two main policies of the European Commission, which are green

and digital transition. Special attention needs to be paid to small and medium-sized enterprises that were hit hard by the current crisis, and provide them with instruments to grow without overloading them with administrative burdens. Furthermore, there are huge opportunities for Czech companies to get involved in the industrial alliances, for example in the area of batteries or cloud computing. Especially small and medium-sized companies should participate in the alliances in order to boost their growth. Businesses also stressed that the concept of the open strategic autonomy that the European Commission presented in the updated strategy will be an important one not only from the point of view of the internal market, but it will have an impact on the EU trade policy as well. The EU can't be naïve in the global context, but it would also be naïve to think that the EU can prosper without strong ties to its trade partners. Last but not least, all the speakers agreed that a skilled workforce is an essential prerequisite for the industrial strategy to be a success.

### MEP CORNER



*"I welcome the updated industrial strategy. It is a step in the right direction, especially its focus on the internal market and digitalization. Industry is, and will continue to be, a key player in the green and digital transformation of the EU. A special attention needs to be paid to the support of SMEs that were hit hard by the current crisis. Therefore, the EU must ensure sufficient financial support will be available for these companies."*

Ondřej Kovařík, Member of the Committee on Economic and Monetary Affairs, European Parliament

## BUSINESSES SUPPORT SUSTAINABILITY, BUT FLEXIBILITY IS NEEDED

Recently, the European Parliament adopted two own initiative reports, one of them focused on sustainable corporate governance and the other one on corporate due diligence. The European Commission plans to publish a proposal that would merge ideas from both reports. However, from the perspective of businesses, this is not the way ahead and there is a significant risk of overburdening companies. Businesses fully support efforts to increase sustainability and companies themselves prove that the idea of sustainable corporate governance is strongly anchored in their strategies. More importantly,

the efforts in this area are voluntary and tailor-made to the needs of individual companies. Therefore, business organizations support a solution that would create appropriate, proportionate and workable tools that would take into account the needs of EU businesses. While businesses share the objectives of the sustainable corporate governance agenda, they do not agree with the idea of the European Commission to present both sustainable governance and due diligence obligations into one proposal. It is true that both topics share certain common elements; however, they are not interchangeable

and each of them needs a specific legislative approach. The indication that the proposal of the European Commission does not intend to go in the right direction is the recent negative opinion given by the Regulatory Scrutiny Board that will oblige the Commission to considerably redraft the proposal. Business therefore call on the European Commission to present a proposal that would clearly distinguish the two topics and to apply an evolutionary, rather than a radical approach in this area.

## News FLASH

### >CZECH RECOVERY PLAN FINALIZED

On 2<sup>nd</sup> June, the European Commission officially received the Czech Recovery Plan. The Czech government requested a total of € 7.1 billion in grants, with investments focusing on six main areas, namely digital transformation, green transition and physical infrastructure, education and the labour market, R&D and innovation, public administration and health.

### >COVID CERTIFICATES ISSUED IN CZECHIA

The Czech Republic joined 6 other Member States that started issuing EU Digital COVID Certificates as of 1<sup>st</sup> June one month ahead of the official application of the regulation governing the certificate system. It will prove that a person has been vaccinated against COVID-19, tested negative, or recovered from an infection.

### >ALL SERVICES ARE UP AND RUNNING

As of 31<sup>st</sup> May, all remaining services that were limited due to pandemic reasons are able to open again. Those are for example restaurants, swimming pools, saunas or music clubs, including indoor areas. Customers will need to have a COVID test or a certificate proving vaccination or immunity.

# EUROPE ALWAYS WAS AND MUST REMAIN OPEN

In recent policy documents, the European Commission often reflects on the concept of open strategic autonomy. This is the case especially in the proposal for revision of the EU trade strategy but also in the recently updated industrial policy. Europe has always been an open market and it has always been a strong competitive advantage of the single market. However, given the global situation in recent years, the European Commission had to adopt the open strategic autonomy concept. While the words "open" and "autonomy" may sound contradictory, for the Commission the concept means acting together wherever possible and acting alone when necessary. The principle of openness is more and more important also for the digital agenda. Therefore, 16 European business federations from 11 countries, including the Confederation of Industry of the Czech Republic, issued a joint statement that calls on the European Commission and European leaders to strive for open strategic autonomy. According to the federations, the

EU should pursue secure ambitious rules on digital trade and data flows in free trade agreements with EU's trading partners and in the WTO negotiations on e-commerce. EU trade policy should further promote Europe's interests in industrial and services sectors and avoid protectionist tendencies that are likely to have a detrimental impact, not only on the European economy, but also on the global influence of the EU. Furthermore, the EU should develop cooperation with partners that share the same values and standards in the areas like data protection, security and privacy. On the other hand, the EU must have adequate mechanisms to cope with possible situations of economic and political coercion. For these, the EU should have a strong competition policy in place that would lower the risk of creating dependencies on few suppliers of strategically important products and technologies. In this context, the strategic role of WTO is of utmost importance, both in harmonizing international trade rules and setting global standards.



## EESC CORNER: SOCIAL SUMMIT IN PORTO: A WAKE UP CALL TO STRENGTHEN COMPETITIVENESS



On 28<sup>th</sup> April 2021, The European Economic and Social Committee (EESC) organized a debate with Nicolas Schmit, Commissioner for Jobs and Social Rights, on the Action Plan for the European Pillar of Social Rights (EPSR) and the Social Summit in Porto. During the discussion, I emphasized that new proposals must not undermine the competitiveness of European companies because economic progress is the basis for social progress. I also highlighted that any regulation in the social field must respect national competences and the autonomy of the social partners. While I said „yes“ to Social Europe, I said „no“ to a Social Union with harmonised social policies that would jeopardize well-functioning national systems.

On the same day, the EESC as a whole also adopted its contribution to the Social Summit in Porto, a resolution entitled European Civil Society Working in Partnership for our Sustainable Future. At the Porto Social Summit itself, which took place on 7<sup>th</sup> May 2021, the EESC participated in a dialogue between the European institutions and the Member

States on how to implement the EPSR and at the same time ensure a European recovery centred on people's well-being.

With regard to the Porto summit, the EESC Employers' Group has pointed out the wakeup call for strengthening competitiveness. Employers emphasize that the recovery from the COVID-19 pandemic must strengthen Europe's competitiveness, its role on the global stage as well as its resilience. They are also convinced that without a sound economic base, there is no social dimension. Economic growth, a well-functioning single market as well as dynamic labour markets are prerequisites for strengthening the social dimension of the EU.

They further emphasize the need to respect the principles of subsidiarity and proportionality, the different socio-economic environments, the diversity of national systems and the role and autonomy of the social partners. Any initiatives and measures contained in the action plan must respect the competences, powers and clearly defined roles of various stakeholders. In addition, all new EU initiatives

must be based on a thorough impact assessment, including a specific competitiveness check.

The Employers' Group also places great emphasis on introducing and implementing national reforms and on jobs and skills. Employers are convinced that adaptable and flexible national labour markets and social security systems, and quality education systems, will be crucial. With regard to changes related to digitalisation and artificial intelligence, among other things, it is necessary to open up opportunities rather than create barriers to new economic models and innovation.

In conclusion, we must avoid putting additional burdens on companies, as this would undermine Europe's economic recovery and reduce means for job creation and investment in green and digital transition.



Jana Hartman Radová,  
EESC Member,  
Group I – Employers

### CEBRE CALENDAR:

- 23<sup>rd</sup> – 24<sup>th</sup> June – Meeting with Czech exporters, online

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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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