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FIT FOR 55 PACKAGE MUST ENSURE COMPETITIVENESS OF EU COMPANIES

In mid-July, the European Commission presented its eagerly awaited Fit for 55 package, one of the most important parts of the Green Deal for Europe. While the overall aim of the Green Deal is to make the European economy carbon neutral by 2050, the Fit for 55 package increases the ambition in the area of reduction of greenhouse gas emissions to 55% by 2030 compared to 1990 levels. The package focuses on many parts of EU energy systems: the EU Emissions Trading System (EU ETS), to promote the application of emissions trading to new sectors; directives on Energy Efficiency and Renewable Energy, to increase the use of renewable energy; faster roll-out of low emission transport modes; infrastructure and fuels for low emission transport; and taxation of energy. Apart from that, the package has an international impact as well, as the Commission proposed to set up a new Carbon Border Adjustment Mechanism that would incorporate the price of carbon into the imports from third countries, with less strict climate action rules. In general, the European business community supports the idea of transformation of the European economy to climate neutrality. Companies all over the EU are dedicated to help the transition and turn Europe into the first climate-neutral continent in the world. However, these ambitions must not undermine the competitiveness of European businesses at the global level and therefore, the necessary enabling conditions and supporting tools are needed to help companies with the transition. For example, businesses agree that the allocation of free allowances should not be reduced as it would potentially destabilize the investment outlook for certain sectors. The package contains a broad variety of legislative proposals. In this context, it will be extremely important to get all the details of the proposals right and find a good balance between climate ambition and economic and technological challenge. It is also crucial that double regulation of European industry be avoided. Given that Europe can't win the global fight against climate change alone, the EU must ensure that other countries increase their levels of ambition as a level playing field in this area is key to preserving the competitiveness of European companies.

DATA ACT – A KEY INITIATIVE FOR DIGITAL TRANSITION

In February 2020, the European Commission presented its European strategy data which aims to make the EU a leader in a data-driven society, create a single market for data and ensure free flow of data within the EU and across sectors from which business, researchers, public administrations and citizens can benefit. One of the pillars of the strategy is the Data Act that aims to foster business-to-government data sharing for the public interest, support business-to-business data sharing, untap the potential of smart contracts, address issues related to usage rights for co-generated data (such as IoT data in industrial settings) etc. Recently, a public consultation dedicated to the Data Act has been closed and the final proposal by the Commission is due to be published in the fourth quarter of 2021. In general, European businesses welcomed the idea of providing legal certainty for voluntary data sharing and data exchange, because data are the fuel of modern economy and they will allow start-ups and other companies make the best out of digital transformation. The Data Act is a crucial one as it focuses on B2B data sharing. The main principles that should be embraced by the Commission are the principles of voluntariness and freedom of contract, leaving the companies with a choice about whether to share the data as long as it is in line with the legal framework. Instead of imposing further obligations, incentives should be made in order to support the companies to share data. In general, the companies shouldn't be forced to share data with governments either, it should be a choice. In cases where B2G exchange of data is necessary, robust security measures should be in place, including protection of commercially sensitive information, specific rules on proportionality and reasonableness of the request, transparent reporting on how the public authority has used the data and also limitations on how long the public bodies may use or store specific datasets. A big potential to facilitate data sharing are smart contracts. However, many companies are still not using them mainly due to a lack of legal certainty but also due to lack of interoperability and data protection issues. To increase the use of smart contracts, further legal certainty is needed, especially in the form of standards, guidance and other tools. To sum up, as the Data Act will focus on B2B and B2G data sharing, it will be a crucial legislative document for the development of a true digital society. The principle of voluntariness should be kept, together with the focus on avoiding unwanted localisation of data and duplications with current and future legislation.

News FLASH

>CZECH NATIONAL RECOVERY PLAN APPROVED

The Council of the EU approved the Czech national recovery plan at the beginning of September. The Czech Republic will be able to obtain 13% of the total budget of EUR 7 billion in the form of pre-financing. The two main areas the recovery plan focuses on are digital and green transition.

>CZECH GOVERNMENT PRESENTED NEW HYDROGEN STRATEGY

At the end of July, the government approved the hydrogen strategy of the Czech Republic prepared by the Ministry of Industry and Trade. It's based on 4 pillars – production of low-carbon hydrogen, use of hydrogen, transport and storage, and hydrogen technologies. The strategy will significantly add to the goals of the Green Deal for Europe.

>NEW SUPPORT FOR START-UPS AND SPIN-OFFS

At the beginning of September, the government adopted a document that aims to improve investment in start-ups and spin-offs in the Czech Republic. The idea is to help to create new companies in areas where there are unfavourable market conditions, e.g. due to sectoral regulation. This goal is part of the Czech innovation strategy 2019-2030 and also of the national recovery plan.

EU-US SUMMIT: FIRST CONCRETE OUTCOMES GIVE BUSINESSES HOPE FOR RENEWED COOPERATION

Before the summer break, on 15th June, Brussels hosted the first EU-US summit after the change of the US administration. Not only was it the first mutual summit that the newly elected President of the United States attended but it was also the first EU-US summit since 2014 and the first visit to the EU institution by an American President since 2017. Needless to say, expectations of the EU Member States, general public but also businesses were very high. And from the businesses' point of view, the summit brought hope that the renewed transatlantic partnership will go in the right direction. The main business-related outcome of the summit was the decision to end the dispute between the two sides in the area of airplane manufacturing. The infamous Airbus-Boeing case was the longest trade dispute in the history of the WTO and resulted in tariffs that negatively impacted exporting companies on both sides of the Atlantic. The result of the dispute that had been dividing both sides for 17 years is that the EU and the US will suspend all the tariffs worth USD 11.5 billion for a period of 5 years. In the meantime, they will work on a solution at the ministerial level that would benefit both sides in a newly established Working Group on Large Civil Aircraft. However, the Airbus-Boeing case wasn't the only topic that created tension in recent times, another being the tariffs and differences on measures on aluminium and steel. The partners agreed that they will try to find a solution by the end of the year. Furthermore, they will also engage even more intensively in the multilateral discussion regarding this topic, as the main reason for the restrictive measures is the global overcapacity of aluminium and steel. Apart from that, leaders of both parties agreed to cooperate in the areas of: vaccines and support of sustainable global recovery; a rule based multilateral trading system; establishing a joint experts' working group on resumption of non-essential travel between the EU and the US; further engage in delivering the commitments of the Paris Agreement; support green development; and foster a fair, sustainable and modern international tax system that would be based on global consensus. European businesses see all these commitments as a very positive sign and a much-needed impetus to the future of EU-US relations. It will be necessary to turn all the commitments into concrete actions. A very positive signal in this context was the recent inaugural meeting of the Trade and Technology Council that took place at the end of September in Pittsburg, Pennsylvania.

EESC CORNER: RRF – AN EXTRAORDINARY OPPORTUNITY BUT HUGE CHALLENGE

The Recovery and Resilience Fund is the centrepiece of NGEU, with EUR 672.5 billion in loans and grants to support reforms and investments undertaken by EU Member States. The elaboration of National Recovery and Resilience Plans was a fast and dynamic process. At the beginning of September 2021, the current situation is as follows: 25 plans were submitted, all requesting the maximum amount of grant. 18 plans were approved by the COM, 10 countries have already received pre-financing and the implementation has started in many member states. A positive assessment of the Czech NRRP was adopted by the Commission on 19 July 2021. The Commission recommends the Council to endorse the disbursement of €7 billion in grants under the RRF over the period 2021-2026. The investments and reforms introduced in the Czech plan will support both the green and the digital transitions, effectively addressing the challenges identified in the European Semester and will strengthen the growth potential, the job creation and the economic and social resilience in Czechia. Obviously, there are certain risks in this new adventure, particularly for the Czech public administration, considering the immense workload in the 2022 – 2026 period when all the traditional and new funds have to be properly invested, controlled and certified by the COM. In the light of the fact, that 40% of 2014-2020 MFF structural funds in Czechia had not been spent by the end of July 2021 and should be spent in the next years, the whole implementation process of NRRP must be smooth and fast. Nevertheless, rapid spending is not to be the main goal. Efficient and effective investments and support for reasonable reforms stand for the key objectives. The EU support through MMF and NGEU is an extraordinary opportunity but a huge challenge at the same time.

David Sventek,
EESC Member,
Group I – Employers

CEBRE CALENDAR:

- 15th October – online debate on Czech recovery plan (tbc)

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.