

CZECH RECOVERY PLAN BRINGS INVESTMENT OPPORTUNITIES FOR GREEN AND DIGITAL TRANSITION



The Czech Republic received the first CZK 23 billion in pre-financing from the National Recovery Plan (NRP) at the end of September. The money from the EU's emergency recovery fund will go mainly to green and digital projects. Under the digital transformation, funds are earmarked for investments in very high capacity networks, the expansion of e-government services and the digitisation of companies. The green transition should be supported by projects aimed at switching to cleaner energy sources and increasing the energy efficiency of buildings. The aim of the debate is to inform participants about the types of projects that will benefit from the Nation Recovery Plan and how they can apply for it. The key areas of investment and the ways Czech companies will be able to have their projects funded from the NRP were discussed by representatives of the European Commission, Czech public administration and business organizations during an online debate co-organized by CEBRE. As mentioned by the representative of the European Commission Representation in the Czech Republic Josef Schwarz, the main aim of the NRP is to revive and transform the economy after the coronavirus crisis. In the Czech Republic, the NRP is intended in particular to help address challenges such as slowing growth, labour shortages, demographic developments linked to an ageing population and rising public debt. While it introduces new activities, it also builds on activities

from the previous programming period or activities that have already been implemented from the budget and will now be financed by the NRP. As mentioned by the Deputy Minister Marian Piecha, while almost all Czech ministries are involved in the NRP, the Ministry of Industry and Trade has the coordinating role. In addition, he also stressed that it will be possible to combine money from the NRP with private funds. Businesses will play a key role in the implementation of the NRP and one of the main areas the money should be used for is the green transition. For example, companies are planning investments in projects focused on heating, energy storage systems and waste heat recovery. However, as mentioned by the Vice-president of the Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic, financial resources needed for the implementation of the Green Deal for Europe are significantly higher than those available in the NRP. According to the President of the Czech Renewable Energy Chamber Štěpán Chalupa, the NRP will intensify investment in renewable energy sources and therefore he welcomed its focus on the green transition. Chief analyst of the Czech Chamber of Commerce Karina Kubelková stressed that the twin transition also requires a skilled workforce. Digital skills especially are lacking on the labour market and the NRP should provide funding for these types of projects as well.

News FLASH

>NEW PROGRAMME TO HELP COVER HIGH ENERGY COSTS

The Ministry of Industry and Trade and the National Development Bank prepared a new programme focused on small and medium-sized enterprises that have to face unexpected costs due to the sharp increase in energy prices. The programme will provide SMEs with guarantees in order to receive favourable loans from commercial banks.

>RENEWED SUPPORT FOR COMPANIES AFFECTED BY COVID

The Ministry of Industry and Trade renewed the COVID related compensation programmes for Czech companies and self-employed persons. The programmes COVID-2021 and COVID-Uncovered Costs will aim at businesses that recorded a decrease in turnover of at least 30% during the period from 1st November until 31st December 2021.

>V4 SEES NUCLEAR POWER NECESSARY FOR THE GREEN TRANSITION

During the latest V4 countries meeting (Czech Republic, Slovakia, Hungary, Poland) that took place in Hungary, the representatives signed a declaration supporting the use of nuclear power. V4 members consider it a necessary source of energy for achieving the green transition.

A PROSPEROUS ECONOMY MUST BE AT THE CENTRE OF CoFE RECOMMENDATIONS

To create a new impetus to the democratic process in the EU, the European Commission launched the Conference of the Future of Europe (CoFE) in September. The aim of the Conference is to collect views from European citizens on four broad and important areas. Those are: A stronger economy, social justice, jobs, education, youth, culture, sport and digital transformation; European democracy/values, rights, rule of law and security; Climate change, environment and health; and EU in the world and migration. For all the topics, the Conference will make concrete recommendations that will help to set the course of the EU in the coming years. Business organizations, as key stakeholders in the majority of the topics,

welcome the overall objective of the Conference, which is to discuss key areas that will form the future of the EU. However, as the nature of the discussions is informative, the recommendations formed during the process shouldn't be considered as a political recommendation that the Commission must implement in the future years. Furthermore, it is important that the recommendations suggest realistic and feasible goals, otherwise citizens involved in the process could be disappointed if the proposed goals aren't met. As social partners both on national and European level have always paid a crucial role in the consultation processes, their views need to be taken into account in this initiative as well. According

to business organizations, the overall focus of the recommendations should be on healthy economy that creates conditions for achieving further objectives. Businesses will play a vital role in this process as it is they who create wealth and jobs. Last but not least, the recommendations should also strongly focus on the role of Europe on a global scale. Europe needs to be strong internally in order to play a strong role internationally, and in this context a more effective and transparent involvement of the representatives of the European society in the process is needed.

COP26: BIGGER COMMITMENTS BY EU TRADING PARTNERS EXPECTED BY BUSINESSES

During the first two weeks of November, the COP26 UN Climate Conference took place in Glasgow with the aim of discussing and agreeing on the next steps in the implementation of the 2015 Paris Agreement. The COP26 conference was a highly anticipated meeting by governments, business and the general public overall, as its aim was to review the commitments by the parties. While the Paris agreement, signed by 195 countries, set a target to keep average global temperature change below 2°C and as close as possible to 1.5°C, the projections presented during COP26 showed that the planet is on a path to between 1.8°C and 2.4°C of warming. One of the main outcomes of the COP26 was that parties have agreed to revisit their commitments, as necessary, by the end of 2022 to put the planet on track for 1.5°C of warming. In order to meet this goal, COP26 parties also agreed for the first time to accelerate efforts towards the phase-down of coal power and inefficient fossil fuel subsidies, and recognised the need for support towards a just transition. Apart from that, during the technical negotiations, parties agreed on a so-called Paris Agreement Rulebook that sets

the transparency and reporting requirements for all parties to track progress of their emission reduction targets. In addition, parties approved texts that ensure an increase in financial commitments ensuring that the previously agreed \$100 billion annual goal of financial aid by developed countries for 2021-2025 will be reached as soon as possible. As for the EU, European Commission President Ursula von der Leyen pledged €1 billion in funding for the Global Forests Finance, announced a Just Energy Transition Partnership with South Africa and launched the Global Methane Pledge, a joint EU-US initiative that aims to cut their collective methane emissions by at least 30% by 2030, compared to 2020 levels. European businesses were highly interested in the outcome of the negotiations as it is mainly them who are and will be leading the green transition process in the EU and worldwide. The EU is a global front-runner in this area and managed to cut greenhouse gas emissions significantly in recent years, currently accounting only for 8% of GHG emissions. However, the EU can't be left alone in this endeavour and especially the main world polluters need to step up their



commitments. In this context, European businesses are disappointed with the outcome of COP26 as it failed to increase the ambitions of EU's largest trading partners. While some countries showed progress in terms of long-term ambitions, they didn't set 2030 targets like the EU. On the other hand, businesses welcome that COP26 managed to achieve agreement on Paris Agreement Rulebook and it is crucial to have the framework in place as soon as possible.

EESC CORNER: EU MEMBER STATES NEED MORE FLEXIBILITY IN REACHING EU CLIMATE GOALS



The energy efficiency is key to achieving full decarbonisation of the EU economy and society. It helps saving the energy and therefore the greenhouse gas emissions. The European Commission proposal on the energy efficiency recast from July 2021 will help to mobilise the investment needed for the transition and particularly speed up investment in areas such as renovation that have great potential to create jobs and implement new technologies. At December plenary, the European Economic and Social Committee adopted its opinion on this important proposal being part of the Fit for 55 package. The EESC welcomes the leading role of the public sector and positively assesses that the

Commission has not included in the proposal mandatory obligations for audits, as this would impose conditions on companies' investment plans. It also appreciates the greater emphasis on informing and empowering consumers in the proposal. However, it points out that the green transition will require massive investments from the public and private sector. The EESC acknowledges that the COVID-19 pandemic had a big impact on the European economy and undermined the EU's collective efforts in terms of meeting higher targets - and will certainly have further consequences. The EESC realises that the increasingly demanding efficiency targets at the EU level, with Member States required to reduce energy consumption

by 9% in 2030 compared to the projections of the 2020 reference scenario, are challenging and ambitious. Hence, it recommends that indicative national targets take into account the different starting-points, specific national circumstances such as the share of industry in GDP and emission reduction potential.

The right balance needs to be struck so as to meet the EU targets at minimum total cost. The cost-efficiency of energy-saving measures typically decreases as the volume of energy saved increases: initial measures are easy to apply, but further measures are costlier and yield a smaller result. The same goes for the energy efficiency principle which should not be taken as dogma. The aim should be to achieve the greatest possible reduction of greenhouse gas emissions at the lowest possible socio-economic cost, and the Committee is worried that ambitious targets for district heating/cooling may worsen the conditions of social housing.

Last but not least, the Committee calls on the European institutions to ensure synergies among the initiatives under the Fit for 55 package. In the event of substantive amendments to the package, the EESC asks the EU institutions to draft an impact assessment.



Alena Mastantuono,
EESC Member of Employers'
Group and EESC rapporteur
on the EED recast