

CZECH DIGITAL WEEK



At the beginning of November, the Czech Digital Week took place under the auspices of the Czech Presidency, focusing on new technologies, cyber security, the future of the data economy, and digital education. On 1st November, the Confederation of Industry of the Czech Republic organised a business breakfast, bringing together representatives of Czech companies, state administration, the European Commission, and senior officials from the USA. The main guests were Petr Očko, Deputy Minister of Industry and Trade, and Monika Ladmanová, Head of the European Commission Representation in Prague. Chargé d'Affaires Christy Agor represented the US Embassy, and Ruth Berry attended on behalf of the Office of Cyberspace and Digital Policy at the US Department of State. The discussion focused not only on transatlantic cooperation but also on the obstacles that Czech and European companies face when doing business in the USA.

On 4th November leading experts from across the EU discussed topics such as artificial intelligence, disinformation, and the future of the data economy at the main event of the EU Secure and Innovative Digital Future Conference. The importance of digitisation and the digital economy is enormous. The EU recognises the importance of such developments and rightly has the ambition to become a key player in this field: "The use, development, sale or export of technology depends heavily on how data is regulated. And the rules of the game by which digital transformation takes place are largely developed at the EU level. That is why we need to find the right balance between security, protection, and trust on the one hand and the ability to take risks when developing new business models, solutions, technologies, and innovation on the other," stressed Milena Jabůrková.

Source: SPCR.CZ

CZECH REPUBLIC AND A SIGNIFICANT STEP TO OBTAIN PART OF THE FUNDING FROM THE NATIONAL RECOVERY PLAN

The Czech Republic has submitted its first request to the European Commission (EC) to disburse funds from the National Recovery Plan (NRP). If the EC's assessment of the achievement of all milestones and targets is positive, the Czech Republic will receive €1,066,888,563 out of €7.1 billion. If the Czech Republic continues to implement its plan, it can draw down grants totalling €7.1 billion, spread over nine payments. The NRP was created in response to the crisis caused by the covid-19 pandemic and its economic impact. It consists of reforms and investments that have the potential to steer the Czech Republic toward a green and digital future.

The first payout is linked to reforms and investments successfully implemented across many departments. These reforms and investments include:

- A new construction law that will speed up and simplify the building permitting process,
- a new law on courts and judges as part of anti-corruption reforms,

- over four thousand secondary and primary schools have been equipped with digital devices. New educational programmes to strengthen digital literacy and computational thinking were also approved,
- transport projects have resulted in increased crossings with improved safety levels, the extension of constructed cycle paths, sidewalks, and barrier-free routes, or the completion of upgraded railway bridges or tunnels.

The main objectives of the National Recovery Plan are to increase economic prosperity and quality of life. The plan has six pillars: digital transformation, environmental transformation and physical infrastructure, education and labour market, research, development and innovation, public administration, and health. The Recovery and Resilience Instrument is at the heart of NextGenerationEU, which will provide €800 billion to support investment and reform across the European Union.

Source: MPO.cz

News FLASH

>SUBSIDIES TO HELP WITH HIGH ENERGY PRICES

Businesses can apply until 31 January 2023 for subsidies from the Large Business Assistance Programme to help with high gas and electricity costs under the European Commission's Temporary Crisis Framework. Companies whose gas and electricity prices have doubled compared to the previous year between February to October 2022 can apply for subsidies. The capping of energy prices only applies to small and medium-sized enterprises, and the larger ones use this subsidy programme under which 30 billion CZK are available.

>END OF ELECTRONIC EVIDENCE OF SALES

The Czech Republic has approved the end of mandatory electronic sales evidence (EET) at the end of 2022. The evidence was suspended in the spring of 2020 due to the pandemic of covid-19 and became voluntary. An overwhelming majority of MPs in the ruling coalition voted to abolish the EET. According to the MPs, sales evidence represents an unnecessary cost for the state and a burden for entrepreneurs. The evidence has been in force since 2016 for accommodations and restaurants and since 2017 for entrepreneurs.

>WINDFALL PROFITS TAX

The Chamber of Deputies of the Czech Republic has approved a windfall profits tax for energy companies and banks. This tax revenue will cover the state's extraordinary costs associated with the energy price cap. The tax will apply from 2023 to 2025, and the rate will be 60%. The tax is expected to raise CZK 85 billion in 2023, and it is already included in the draft budget for the following year. However, the approval of this tax poses a risk of Czech energy companies moving to other countries.

TRIPARTITE MEETING: THE STATE NEEDS TO SORT OUT HELP WITH ENERGY PRICES



image: Freepik.com

The energy crisis has brought several priority challenges requiring quick and unusual solutions. In the context of the energy crisis, the ongoing Russian military aggression against Ukraine, pressure on wage increases, and persistently high inflation, 2023 will be a critical year for Czech industry and business. The situation varies significantly between companies and especially between sectors. However, the Confederation of Industry of the Czech Republic (SP ČR) anticipates that the problems may gradually spill over into all sectors. This needs to be responded to flexibly but within the defined strategies of the government's programme statement. "We understand that the government is under a lot of pressure. However, the crisis is far from over, and quick fixes and changes will not save us. Ensuring energy stability is key, but we must move systematically in other areas. In the labour market,

education, the digital economy, support for research and development, export or, for example, construction law," says Jaroslav Hanák, President of the SP ČR. The government should thus focus on solving the current crisis situation and other priority topics, such as the transformation of the economy. It should also keep this in mind during the announced revision of the government's programme declaration, which the SP ČR is ready to cooperate in preparing. Other topics of the tripartite meeting included the impact of the EU environmental legislation on the Czech Republic, the status of the use of EU funds and the support programmes of the Modernisation Fund, the amendment of the Labour Code, and the status of the notification of the Kurzarbeit.

Source: SPCR

EESC: A DIGITAL EURO

Central banks around the world are currently discussing and deciding on whether to introduce a central bank digital currency (CBDC). Some 90% of central banks, accounting for 95% of global GDP, are currently in the process of considering the adoption of a digital currency.

More than 110 countries around the world are exploring the possibility of introducing a digital currency. Around half of the world's central banks are developing or carrying out specific trials in relation to the introduction of CBDCs. Moreover, two thirds of central banks intend to introduce a CBDC for retail transactions in the short or medium term. There is general agreement that lower costs and more efficient, faster and more secure payment

transactions can be expected following the introduction of digital currencies by central banks. This process of central banks adopting digital currencies is linked to the dynamic developments in the cryptocurrency market. Furthermore, the emergence and rapid spread of COVID-19 has further accelerated this digitalisation process.

When making decisions on introducing central bank digital currencies, it will be important to take into account the impact of such a move on macro-financial stability. States that have decided to adopt and potentially implement digital currencies are expected to see significant benefits, not only in terms of speed, efficiency, and volume of operations, but also in respect of the uninterrupted

functioning of the payment and settlement system.

Like other central banks worldwide, the European Central Bank (ECB-Eurosystem) adopted a decision in July 2021 to launch an "investigation phase" ahead of the possible introduction of a digital euro. The EESC is pleased that the ECB is continuing to work towards its introduction. However, a decision on whether to adopt a digital euro has not yet been taken.

The digital euro will constitute a new form of money. In this regard, all of the positive aspects and opportunities offered must be taken into account when considering its adoption, all of the potential risks must also be pointed out. A digital euro should be mainly used as a means of payment and not become an instrument for financial investments, in order to avoid negative consequences for the financial sector.



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CEBRE CALENDAR:

- **14th December** – Debate on Circular economy - investing in the future, Prague (CZ)