

## CEBRE WILL CONTINUE TO PROMOTE THE INTERESTS OF CZECH COMPANIES IN BRUSSELS



The CEBRE office, which stands for Czech Business Representation to the EU, has extended its contract to continue to represent and promote the interests of Czech businesses in the European institutions in Brussels. CEBRE was established in cooperation with the Ministry of Industry and Trade, the export agency CzechTrade, the Czech Chamber of Commerce, the Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic, and the Confederation of Industry of the Czech Republic.

An amendment extended the contract until the end of 2023 when a new consolidated contract is planned. It was signed by the Minister of Industry and Trade Josef Síkela, with representatives of the founding business representations, namely Radomil Doležal, Director General of CzechTrade, Roman Pommer, Vice President of the Czech Chamber of

Commerce, Jan Wiesner, President of the Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic, and Jaroslav Hanák, President of the Confederation of Industry of the Czech Republic.

CEBRE is engaged in communicating the priorities of business representations, defends Czech business interests with EU institutions, and promotes regulations adopted by the EU among Czech entrepreneurs; last but not least, it deals with the issues of the European legislative framework. The Belgian office of CzechTrade operates the CEBRE office as a specific service of this agency for business representations, and the office also manages the standard services of the agency to assist Czech exporters in entering the Belgian market.

Source: MPO.cz

## 2023 IS EXPECTED TO BE A YEAR OF STAGNATION, CZECH INDUSTRY WILL STAGNATE AND THE ANNUAL INFLATION RATE IS LIKELY TO REMAIN IN DOUBLE DIGITS DESPITE THE DECLINE IN PRICE LEVEL GROWTH

Although high inflation affects companies and households, the Czech GDP will still grow significantly this year, despite high energy costs. Next year, however, the economy will stagnate, and industry, which usually drives the economy, will slow down. Even if price growth slows down over the next year, relatively high inflation will characterize 2023. The forecast assumes stable energy supplies and a functioning energy price cap system. This follows from the results of the Czech Chamber of Commerce National Economic Forecast. The stagnation of the economy will be mainly due to two opposing factors - the positive contribution of foreign trade will be offset by a change in inventories. Slightly higher government consumption and lower household consumption will cancel each other out. Although the Chamber of Commerce expects a slight year-on-year increase, the gross fixed capital formation will not ensure GDP growth. Although the

not-very-strong koruna will not significantly dampen the imported component of inflation (high prices of imported inputs), it will have a pro-export effect.

Despite a strong migration wave and lay-offs in the business sector due to continued high prices of energy and other production inputs, the excess of labour demand over labour supply, including structural imbalances, will continue. The tight labour market situation will lead to nominal wage growth, but wages will fall in real terms. While the real wage decline will negatively affect the population, it will also have an anti-inflationary effect.

The origin of the 10% inflation rate will be both external (prices of energy, materials, components, and other inputs) and domestic - extensive fiscal policy, especially high mandatorily and quasi-mandatorily expenditures of the state budget (pensions and other

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## News FLASH

### >TWO BILLION CROWNS FROM THE TREND PROGRAMME WILL HELP COMPANIES WITH INDUSTRIAL RESEARCH AND DEVELOPMENT.

Currently, the ninth public competition of the TREND Programme is open until 11 January 2023 in sub-program 2, "Newcomers." In this competition, interested parties can submit proposals for their projects that will help them kick-start their research and development activities. The Ministry of Industry and Trade administers the TREND programme by the Technology Agency of the Czech Republic, and a total of CZK 2.3 billion has been allocated for applications for project support.

### >THE CZECH REPUBLIC AND THE PREPARATION FOR THE PRESIDENTIAL ELECTIONS

The next presidential elections are coming up with nine candidates. The first round of presidential elections will take place on 13-14 January 2023.

### >MERRY CHRISTMAS AND A HAPPY NEW YEAR!

As another challenging year is almost at an end, the CEBRE team would like to thank all partners and colleagues and wish you peaceful holidays and a successful New Year.

The CEBRE office and the entire team look forward to starting our third decade of representing Czech businesses in Brussels next year.



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social benefits and salaries of public sector employees) will play a significant role.

New revenue titles of the state budget could cover compensatory measures for entrepreneurs. Despite the expected rather conservative monetary policy (we do not foresee continuous massive intervention purchases of the Czech crown by the CNB), this will not increase the competitiveness

of Czech industry and will weaken its investment opportunities, which will contribute to the stagnation of industry next year. On the other hand, the confluence of levies on market income and windfall profits tax may lead to the relocation of some large firms to countries with more favourable tax burdens. The lower intensity and effectiveness of domestic compensation measures compared to the expected state support in Germany, other EU

Member States, and the US is also a risk.

In preparing the Chamber's National Economic Forecast, the Czech Chamber of Commerce used, among other things, outputs from surveys of its more than 16,000-strong membership base.

Source: komora.cz

## CZ PRESS AGREEMENT TO FACILITATE TRADE BETWEEN THE EU AND CHILE

The Czech Presidency has managed to negotiate a political and trade agreement between the EU and Chile; it is one of the most ambitious and advanced agreements negotiated by the European Union. As part of the trade agreement, the deal will allow investment and trade on equal terms, regardless of whether traders are from the EU or Chile, deepen relations, eliminate 99.9% of tariffs and other charges, and make it easier for exporters to trade digital services. EU exports to Chile are expected to increase by €4.5 billion.

The agreement also brings benefits in political and strategic terms. The Minister of Industry and Trade Síkela says, "Chile is an important trade and strategic partner, and we must do everything we can

to develop our trade relations with such actors. In addition, Chile is also an important country in terms of its reserves of critical raw materials, especially lithium, which is essential to ensure the European Union's resilience in terms of trade and energy".

As part of its Presidency of the EU Council, the Czech Republic aims to diversify trade flows in the EU to reduce dependence on a few countries and be more flexible in the event of crises. The Czech Presidency has made this one of its priorities and, according to Minister Síkela, will continue to pursue this agenda after its presidency ends

Source: MPO.cz



## EESC: URGENT NEED TO ADDRESS LABOR SHORTAGES AND SKILLS MISMATCHES



image: Freepik.com

In October 2022, the Employers' Group of the European Economic and Social Committee and BusinessEurope organized a webinar on supporting the recovery through effective job-to-job transitions. The aim of one of the panels was to discuss the role of active labour market policies in supporting job-to-job transitions.

It was clear from the discussion that companies are facing a very difficult situation, which highlighted worsening labor shortages, skills mismatches and serious recruitment challenges. Participants came to a conclusion that there is a need to support labor market transitions between jobs and sectors, as well as transitions from unemployment to employment. Among other things, it is important to come up with

different strategies for returning people who can work back to the labor market.

Digital and green transitions must also be taken into account, as it is very important to equip workers with the skills these transitions require as soon as possible. Better anticipation, matching the skills that are needed and those that are available, as well as upskilling and reskilling are essential, especially for workers who are at risk of job loss, vulnerable or young people. In addition, cooperation between public and private employment services and career guidance are needed.

These main points were also very important for the debate with Nicolas Schmit, Commissioner for Jobs and Social Rights, which took place at the

plenary session of the European Economic and Social Committee on 15 December. The debate focused on young people and the labour market in the context of the European Year of Youth 2022 and the European Year of Skills 2023. I had the honor of representing the Employers' Group in this debate. Among other things, I emphasized the need to urgently address labor shortages and skills mismatches, that act as barriers to growth and prosperity. I highlighted that competitiveness and higher productivity based on skills and knowledge are the recipe for the well-being of our society. However, in order to be competitive and productive and to be able to create and maintain jobs in these difficult times, companies need regulatory breathing space, a favorable business environment and a workforce with the right skills, such as STEM and the skills related by the twin transitions and entrepreneurship. I also mentioned legal migration as part of the solution. While we need our youth, our youth need us and we must equip young people with the skills they need.

More information about the webinar and the plenary session can be found on the EESC's website.



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