

# Czech Business Today

## KEY STEPS TO PRESERVE THE EU SINGLE MARKET AND COMPETITIVENESS

The American Inflation Reduction Act (IRA) is a large-scale investment and subsidy program to reduce emissions and reindustrialize the United States. This law keeps the European Union and its member states in a state of tension at a time when it is more important than ever for transatlantic partners to work together in a spirit of trust. Trade liberalization and the fight against protectionist trade practices are in the EU's prime interest. Therefore, we should carefully consider the response to avoid escalating into an outright trade war.

This fact, as well as, for example, the Industrial Plan of the Green Agreement, or the Sovereignty Fund, were the topics of the first debate, which was organized as part of the project Representation of the European Commission in the Czech Republic and the Information Office of the European Parliament in the Czech Republic by the Brussels office of CEBRE - Czech Business Representation to the EU.

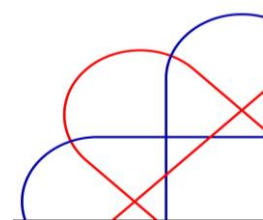
The Czech Republic is one of the EU countries for which it would be a big blow if the EU tried to trump the American IRA by further loosening state aid rules. This is the opinion of MEP Dita Charanzová, Dagmar Kuchtová, Director General of the Confederation of Industry of the Czech Republic, and Martin Hrozna, Director of the Department of Economic Analysis at the Ministry of Industry and Trade. According to Dita Charanzová, Europe must find a recipe for being as attractive as possible for companies as this is the only way to ensure that the latest technologies are created "at home".

Companies see the most crucial step as reducing regulatory burdens, such as speeding up various permitting processes, says Dagmar Kuchtová, adding: "Europe is generally perceived as an over-regulated market, even if it is often with benevolent intentions." Daniel Braun, head of the cabinet of Věra Jourová, Vice-President of European Commission assured those present that the Commission believes that the loosening of state aid should be limited in time and apply only to specific industrial sectors. However, he acknowledged that negotiations on setting new rules are very heated and that countries will need time to agree on an acceptable compromise.

However, Europe will have to invest massively to compete in the world. To this end, the European Commission has proposed the creation of a sovereignty fund to encourage investment in strategic areas, particularly in environmental issues. The Czech position is still being prepared, but it can be expected that the Czech Republic will not agree to the creation of this new fund. However, according to Dita Charanzová, the Sovereignty Fund is likely to be implemented despite the opposition of some countries. "We are not going to take it off the table, so the industry should look at it in a more positive light," the MEP said, adding that the government and companies should create a common position, which the Czech Republic will then use to negotiate at the European level. Dagmar Kuchtová concluded the debate by saying that the problem is not primarily financial aid but regulations.

A few weeks ago, Director General of BusinessEurope, Marcus J. Beyrer, also highlighted the regulation problems, saying: "We have high energy prices, heavy regulatory burden, and also lengthy, slow and burdensome procedures - these are the push factors. And on top of this comes the IRA as a pull factor. It will be important to simultaneously address all the push factors, but also the pull factor to develop an answer, and also to become better on our side of the Atlantic become and remain competitive."

*Source: EURACTIV.cz, BusinessEurope.eu*



## CONFEDERATION OF INDUSTRY OF THE CZECH REPUBLIC CZECH REPUBLIC HOSTED BUSINESS EUROPE INTERNAL MARKET COMMITTEE

The Internal Market Committee (IMCO) is a key body of BusinessEurope, the confederation of European businesses, which deals with the state of play and policy developments in the EU Single Market and has six working groups on the digital economy, transport, better regulation, public procurement and the free movement of goods and services. Its representatives were welcomed by the Confederation of Industry of the Czech Republic (SP CR) on 16 March in Prague.

The meeting was chaired by Jana Hartman Radová, who is in her second year as Chair of the Committee, and is Confederation's Permanent Delegate in Brussels. The Confederation's delegation was led by Vice President Milena Jabůrková. Both representatives of the SP CR stressed the importance of cooperation at the European level and the strong voice of BusinessEurope in Brussels,

where together we are fighting to create more favourable conditions for business, but also the need to ensure competitiveness, reduce regulatory burdens and remove barriers in the internal market.

In addition to representatives of BusinessEurope, committee members from BusinessEurope member associations across Europe and chairs of the working groups, the meeting was also attended by guests from the Ministry of Industry and Trade of the Czech Republic, namely Deputy Minister Petr Očko and Director Martin Bednář. Building on the fresh experience of the Czech Presidency, they discussed, among other things, the dynamics of the Single Market and related policy discussions in the Council, but also, for example, the overall EU legislative environment in the digital area and technological sovereignty.

The Committee's discussions also focused, for example, on developments concerning the Single Market Emergency Instrument, the Single Market Annual Report 2023 and the Commission's just published Communication on the 30th anniversary of the Single Market. The risk of fragmentation of the internal market and the need to tackle the excessive burden of ever increasing regulation on business, which hinders European companies from competing both domestically and globally, were highlighted several times. The Committee in Prague therefore also discussed further strategic steps that European business will take in the interests of the Internal Market and competitiveness.

*Source: SPCR.cz*

## PRESIDENT OF THE CZECH CHAMBER OF COMMERCE, VLADIMÍR DLOUHÝ, WAS CONFIRMED AS A NEW HEAD OF EUROCHAMBRES

Representatives of the chambers of commerce allied with the European association Eurochambres confirmed Vladimír Dlouhý, President of the Czech Chamber of Commerce, as their head during the meeting in Stockholm.

Vladimír Dlouhý's priority is the competitiveness strengthening of the European companies and levelling conditions to the same as those of their global trading partners during this crisis period. "The European business environment faces much stronger regulation compared to the US or Asian market. To make the European and Czech economy more competitive, we need to promote measures that do not put Europe at a competitive disadvantage in the global market. In particular, I refer to the EU's climate targets or the growing pressure on ESG," says Vladimír Dlouhý.

Vladimír Dlouhý replaces Luc Frieden,

President of the Luxembourg Chamber of Commerce, who decided to return to national politics. He is an economist, the former Czechoslovak Minister of Economy and Czech Minister of Industry and Trade, remains President of the Czech Chamber of Commerce until the end of May and, at the same time, will lead Eurochambres until the end of this year. During his nearly 9-years of work for Eurochambres, Vladimír Dlouhý has chaired several working committees of the organization and has been the Deputy President for three years. Currently, he chairs the Eurochambres Sustainability Committee, which comments on European energy and environmental proposals.

Eurochambres has 45 members, including 43 national chambers of commerce and industry from each country and two supranational chamber organizations.

The Czech Chamber of Commerce joined Eurochambres as an associate member in 1994 and became a valid member after the accession of the Czech Republic to the EU on the 1st of May 2004.

*Source: komora.cz*



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.

## EESC

# ENERGY CRISIS: IT'S TIME TO MOVE FROM EMERGENCY TO STRUCTURAL MEASURES

The energy crisis, mainly triggered by Russia's invasion of Ukraine, revealed and identified some of the substantial weaknesses and disruptions in the EU economic system which has to be structurally approved and adjusted so that it can face similar exogenous shocks more effectively, mainly in terms of resilience, efficiency and strategic autonomy. The impact of the energy crisis has been damaging in many aspects. These days, the EESC is analysing the cause and impact of the energy crisis on the European economy and is drafting recommendations for EU policy-makers how to ensure sustainable growth.

In 2022, the energy crisis directly contributed to the all-time inflation high in the recent history of EU integration, with average EU inflation at 9.2%, which is expected to fall to 6.4% in 2023 and 2.8% a year later. The high inflation had been the most visible phenomenon in the 2022 economic performance, with a knock-on effect on other elements of the consumer basket, and a strong impact on consumption and consumer behaviour. This has had an enormous impact on households and businesses. The very high level of bankruptcy declarations in the EU also shows the seriousness of the situation.

The energy crisis has impacted the economy in terms of high inflation, weak economic growth, strong pressure on public finances and a loss of external economic competitiveness. Europe should do its best to move beyond emergency fiscal responses and focus on structural changes to allow it to decouple from fossil fuels more quickly. For its smooth and competitive economic development, the EU needs reliable and secure deliveries of affordable energy based on an integrated energy market with a high

and able to face disruptions and shocks. All policy steps should lead to inflation reduction over the course of this year and support economic recovery based on investments in the green, digital and strategically important sectors and industries, supporting the EU industrial base and global competitiveness, while using all advantages of the single market. All future interventions should be tailored, targeted and transition-proof.

Adding to the impact of the energy crisis were the previous negative consequences of the COVID-19 pandemic, which strongly weakened the EU's economic performance after the biggest drop in GDP growth decline for many decades. Some sectors might suffer more from this cumulative effect. It also makes difficult to have an accurate overall picture of the impact of the energy crisis on the economy, as some effects still stem from the COVID-19 pandemic. The fact that today's statistical data in some areas such as employment are rather positive, certainly does not mean that the situation is perfect. Concrete analysis of the impact on the economy can only be carried out when the crisis is over and when all detailed data are available.

*Alena Mastantuono, Member of Employers' group, rapporteur for the opinion on the impact of the energy crisis on the European economy*



## FLASHNEWS

### FAQ - CAPPING ELECTRICITY AND GAS PRICES

A collaborative workshop was held by the Ministry of Industry and Trade, EY, the Confederation of Industry of the Czech Republic, and the Czech Chamber of Commerce on the mechanism of electricity price capping for large enterprises for 2023. The members - large enterprises, asked many questions. The Confederation of Industry asked MIT to publish practical questions and answers to guide companies that did not participate in the workshop.

### UP TO CZK 300 MILLION FOR THE DEVELOPMENT OF 5G NETWORKS IN RURAL AREAS

The Ministry of Industry and Trade has announced a call from the National Recovery Plan to support the construction of 5G network base station infrastructure. Applications for subsidies (in total 300 mil. CZK) must be submitted until 5 June 2023. This program is supposed to cover rural locations where a 4G or 5G connection is neither provided nor the construction planned.

### THE CHAMBER OF DEPUTIES APPROVED THE GOVERNMENT AMENDMENT TO THE BUILDING ACT

Along with the amendment to the Building Act, the law proposal on the unified environmental statement and the related amendment law were approved.

Key (reserved) constructions will be newly authorized by the specialized Transport and Energy Construction Office (DESÚ - in power since the 1st of January 2024) subordinated to the Ministry of Transport. The accepted proposals will now go to the Senate and, if approved, will be signed by the President. The actual acceleration and simplification of the process will be shown over time.

## CEBRE CALENDAR

24.04.2023 Debate: „Due Diligence“ (Prague)



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