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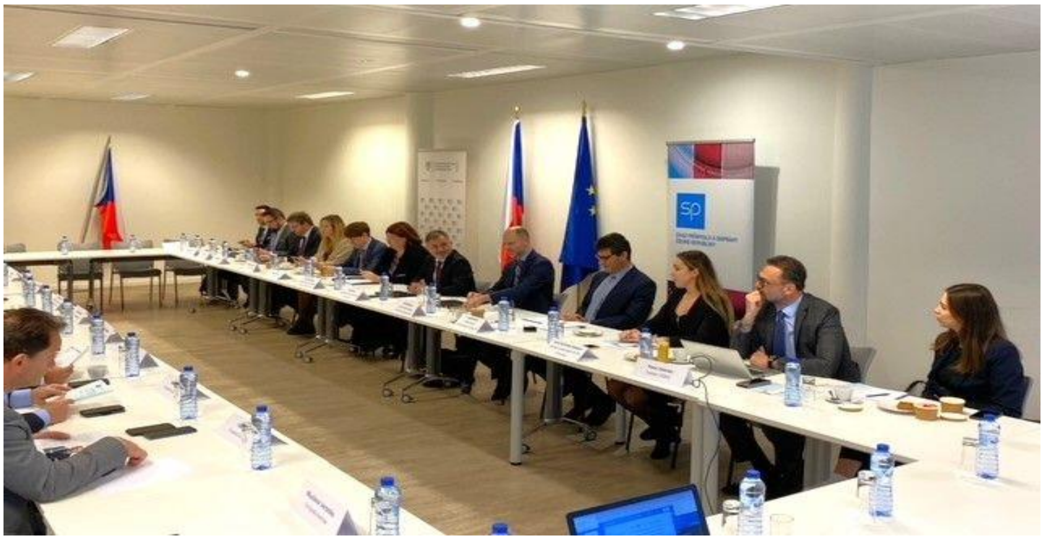
CONFEDERATION OF INDUSTRY OF THE CZECH REPUBLIC INTRODUCED EU PRIORITIES FOR 2024-29

President Rafaj of the Confederation of Industry of the Czech Republic (SP ČR) presented the priorities of Czech industry for European institutions in 2024-29 to high-level Czech officials in Brussels. Rather than after the European parliamentary elections in 2024, right now is the right time to strive for setting realistic European political goals for the next mandate.

As President Rafaj stated, SP ČR intends to get much more involved in the consultation process in Europe. At the same time, it plans to become the key positive vehicle of the idea of European integration, including participation in the ERM II. According to J. Rafaj, competitiveness in the EU will not be for free. As he put it, we have to provide a realistic answer to the question of to what extent we should keep our markets liberal and open, and which risks this approach brings about.

„Competitiveness is not just a global issue – EU vs. the rest of the world, but also a national one. There are serious disruptions in the Single Market that are damaging the level playing field, which is something we witness ourselves in the Czech Republic today due to the local high energy prices," said J. Rafaj.

As he added, we need to lift our companies higher within value chains. Although the Czech Republic keeps increasing its total investments into research and development, it is the exact opposite when it comes to applied research. The Czech Republic lacks courage to make any mistakes in research, but without mistakes there is actually no way how you can do research. And without tangible technological improvements investors naturally tend to move their investments out of the Czech Republic.



The position of our companies within the value chains also needs to be addressed while talking our investment incentives, said President Rafaj. Furthermore, we are currently lacking a comprehensive systemic approach to investment incentives – ad hoc approvals on the government level are administratively demanding and therefore causing problems to SMEs (esp.). However, and this is the crucial change we need, there is no point in evaluating investment projects according to the number of jobs they can create in the Czech Republic, as was the case in the past, since our demographic development goes against this attitude. Instead, we should aim at setting up a system of investment incentives for projects with high added value. To increase competitiveness, the Czech Republic needs – besides finding a solution for its disadvantageous position regarding energy prices – to create the best possible climate to encourage innovation investments in companies.

Vice-president Radek Spicar informed that SP ČR had decided to get involved in the multinational pre-EU-election initiative Europe Unlocked of the Swedish confederation, which aims at highlighting and explaining measures necessary to increase competitiveness and growth in Europe. However, as R. Spicar pointed out, without finding a swift solution to our unfair energy prices, sophisticated long-term strategies for the Czech Republic will not be able to achieve much.

Source: SPCR.cz

CEBRE – Czech Business Representation, protects the interests of the Czech business community in relation to EU institutions, informs Czech businesses about EU legislation affecting them, trains Czech entrepreneurs in Brussels and represents Czech business associations at European business federations. Contact: Avenue de Cortenbergh 168, 1000 Brussels, Tel:+ +32 2 502 0766/+32 2 502 8091, e-mail: brussels@cebre.cz, www.cebre.cz

CZECH REPUBLIC LAUNCHES AMBITIOUS CALL TO PROMOTE ELECTROMOBILITY: PURCHASE OF ELECTRIC VEHICLES AND CONSTRUCTION OF CHARGING STATIONS WILL RECEIVE A FINANCIAL INJECTION OF CZK 1.95 BILLION

The Ministry of Industry and Trade of the Czech Republic (MIT) has published a call from the National Recovery Plan (NRP) to support the purchase of electric vehicles and the construction of charging stations. Financial support will be provided through a bank guarantee and a financial contribution through the National Development Bank (NDB). Applications from small, medium and large enterprises will be accepted from 1 January 2024 to 30 September 2025.

The initiative aims to keep pace with the development of electromobility, which plays a crucial role in the Czech economy. The total amount of CZK 1.95 billion is intended to support the purchase of electric vehicles (CZK 1.65 billion) and the construction of charging stations (CZK 300 million). The support consists of a bank guarantee for a commercial loan and a financial contribution depending on the vehicle type.

The funding for the call comes from the European funding of the National Recovery Plan, aimed at rebuilding the economy after the COVID-19 pandemic. The initiative is intended to support the construction of charging stations and increase the share of alternative fuels in the vehicle market. The challenge is in line with the strategic documents of the European Union and the Czech Republic, including commitments to achieve zero greenhouse gas emissions by 2050.

The promotion of electromobility includes a bank guarantee for a commercial loan and a financial contribution. The amount of the guarantee can be provided by the NRB up to 70% of the principal amount of the guaranteed loan. The financial contribution for purchasing an electric vehicle can be up to CZK 200,000, while trucks and hydrogen vehicles can receive up to CZK 300,000.

The call is part of an effort to promote green projects in the EU Member States' recovery plans. In order for the Czech Republic to benefit from the EU's Recovery and Resilience Facility, businesses must purchase at least 4,555 electric cars, which is the NPO's binding target. Support applications will be accepted from 1 January 2024 to 30 September 2025 at NRB offices. Details of the call are available on the MIT website

Source: mpo.cz

PRIVATE CAPITAL WILL PLAY AN INCREASINGLY IMPORTANT ROLE IN FOREIGN DEVELOPMENT COOPERATION

In the current debate on Ukraine's reconstruction, the issue of financial resources is paramount. Public subsidies are not a panacea. Moreover, their volume is slowly shrinking from the days of economic growth in EU countries. Not all investments for the country's reconstruction can be financed by the public sector.

Private capital invested in development projects is as crucial for economic stability and sustainability as public subsidies. So far, development economics theory has considered that sustainable economic development cannot be achieved without the cooperation of local economic partners.

As has become apparent after more than sixty years, the blatant refusal of the non-profit sector to accept private sector funding for country development has meant insufficient financing for economic growth or market equilibrium. This seems to have contributed to the large wave of economic migration from developing to developed countries. The involvement of private capital in supporting developing countries is significant. However, it is conditional on fair trade rules and proper management of public resources.

Over the last decade, the European Commission has initiated changes in financing development aid, first by raising awareness and then by fundamentally rethinking the design and distribution of development funds. Program designers have invited private investors. With them, the emphasis on economic impact in the countries concerned is increasing, and so is the scrutiny of the use of investment and the importance of value for money.

Ukraine's position is similarly influenced. The 2021 EC report on Ukraine's readiness to become an EU member state calls for strengthening the rule of law through greater transparency, judicial reform and anti-corruption measures. Ukraine was driven to reform by EU accession requirements and will undoubtedly return to reform after the war. However, the priority will initially be to continue the humanitarian and social projects started in the war-affected territories.

We can see the involvement of private capital according to fair rules in the Development Finance Institutions (DFI, in the EU under the name of EDFI). The Czech National Development Bank should become a part of it once it passes the analysis of the principles of its own functioning with the principles of the association.

In line with EU policies, EDFI member institutions focus on so-called impact investments that aim at sustainable development. They create jobs, promote growth and fight poverty and climate change. For example, they help to change the business culture in developing countries.

Read more about the topic and the functioning of the DFI on the spcr.cz website -> here

Source: SPCR.cz

FLASH NEWS

CZECH GOVERNMENT APPROVES INVESTMENT INCENTIVES OF CZK 1.4 BILLION FOR FOUR KEY PROJECTS

The Czech government will support chip manufacturing, light technology development, electromobility and optics to increase competitiveness and reduce unemployment. Investments of CZK 1.4 billion will go to on Semiconductor Czech Republic, Lumax Industries Limited, PCE Paragon Solutions and Fielmann Aktiengesellschaft. These projects represent strategic steps towards greater self-sufficiency and innovation in the Czech Republic. The amendment to the Investment Incentives Act, which facilitates the approval process, is expected to take effect from the beginning of 2024.

PLAN FOR THE DEVELOPMENT OF SMALL AND MEDIUM-SIZED NUCLEAR REACTORS IN THE CZECH REPUBLIC

The Czech government has endorsed a plan by the Ministry of Industry and Trade entitled "Plan for Small and Medium-Sized Reactors in the Czech Republic - Utilization and Economic Benefits". This plan incorporates innovative technologies into the State Energy Concept and the Czech Land Development Policy, identifying potential investment models and sites. The Minister of Industry and Trade Jozef Sikela emphasizes that small and medium-sized modular reactors (SMRs) can strengthen the Czech Republic's energy base and offer an exceptional opportunity for Czech companies in the high added value nuclear energy sector. SMRs, with a capacity of up to 700 MW, are becoming key technologies, and their modular design allows for use in various sectors, including power, heat and hydrogen generation..

EESC: GLOBAL BATTLE OF OFFERS – FROM THE CHINESE BELT AND ROAD INITIATIVE TO THE EU GLOBAL GATEWAY

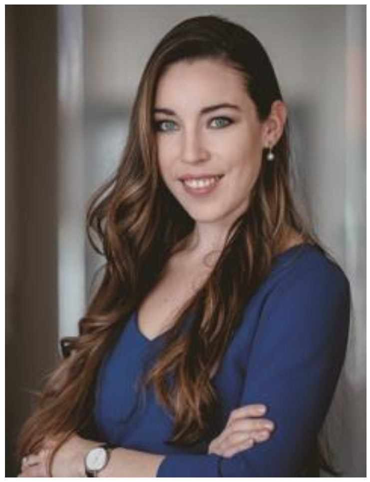
The global gap in investments between high-income countries and low- and middle-income countries has been widening in recent years, even more so due to the "polycrisis" caused by the pandemic, the Russian invasion of Ukraine and the recent Israeli-Palestinian conflict. Among other things, this lack of funding represents an opportunity for the major players to expand their geopolitical sphere of influence, with infrastructure at the centre of attention. We could have observed the strategies of some countries implemented through major investment programmes, such as the Belt and Road Initiative (BRI) launched by China, Partnership for Global Infrastructure and Investment (PGII) launched by the US, the UK's Clean Green Initiative, Japan's Partnership for Quality Infrastructure and the India-Middle East Economic Corridor (IMEC). In particular, China and the US have moved faster than the EU, which in December 2021 launched its own strategy, the Global Gateway, to support global connectivity and respond to the BRI, among others, which has shaken EU unity for the past decade.

On 14 December, the EESC adopted an own-initiative opinion on the "Global battle of offers – from the Chinese Belt and Road initiative to the EU Global Gateway: the vision of European organised civil society". I am pleased to have been able to contribute to this opinion, in which the EESC emphasizes, among other things, that:

- The EESC welcomes the EU's decision to promote the principle of the open strategic autonomy of the EU, and the launch of the Global Gateway initiative, which will strengthen economic and political ties with the EU's partner countries, enabling the EU to compete effectively in the provision of infrastructure on a global level.
- The EESC stresses how important it is that the Global Gateway investment programmes are based on an impact assessment to take into account aspects of strategic geopolitical relevance and ensure, among others, the economic, social and environmental sustainability of projects.
- The EESC emphasises the need for the relevant European bodies to ensure detailed information and full access to Global Gateway projects and the parties involved.
- The EESC suggests the creation of a one-stop-shop at EU representations to promote private sector investment and involve all economic and social stakeholders at regional and local level.
- The EESC points out that there is still a significant lack of clarity regarding the nature of the BRI and the criteria for including projects. It is essential that China provides accurate and up-to-date information on the investment programmes related to the BRI. The EESC considers it essential to improve coordination between the EU institutions and its Member States on the BRI in order to avoid fragmentation of relations with China.

As a member of the study group which worked on this opinion, I supported the concept of OPEN strategic autonomy and the EU´s competitiveness among the key objectives that must be guaranteed by the BRI and Global Gateway projects. Regarding China, I also advocated better coordination within the EU and better communication between both sides, which is reflected in the opinion. It is also crucial to ensure proper communication about the opportunities of the Global Gateway initiative in order to contribute to its success and the role of the EU as a geopolitical power.

Source: Jana Hartman Radová, EESC Member of Employers' Group



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.