

Czech Business Today



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EU TRADE AGREEMENTS AND THEIR SIGNIFICANCE FOR CZECH EXPORTERS

In today's globalized economy, EU agreements with third countries are pivotal for entrepreneurs looking to expand their business horizons. These trade and partnership agreements open doors to new markets, reduce trade barriers, and create opportunities for growth by providing better access to international customers and resources. For Czech entrepreneurs, these agreements are beneficial. They facilitate easier entry into lucrative markets beyond the EU, offer protection for investments, and enhance competitive advantage through favourable trade terms. By extending these agreements, Czech businesses can not only broaden their market reach but also strengthen their position in the global economy.

On June 25, 2024, the [EU and Kyrgyz Republic signed the Enhanced Partnership and Cooperation Agreement \(EPCA\)](#). The EPCA establishes a new legal framework for strengthened political dialogue and cooperation across various areas, including trade, sustainable development, research, education, and security. It also opens opportunities for collaboration on critical raw materials essential for green and digital transitions. This agreement reaffirms both parties' commitment to international law and effective multilateralism, aiming to enhance peace, stability, and mutual benefit. Given its strategic, the Czech Republic could leverage these growing EU-Kyrgyz trade opportunities to benefit Czech businesses, particularly in sectors related to critical raw materials and green technologies.

On June 29, 2024, President von der Leyen attended the [EU-Egypt Investment Conference](#) in Cairo with Egyptian President Abdel Fattah El-Sisi, where over 1,000 business and government representatives explored EU-Egypt business opportunities. The conference followed the March signing of the EU-Egypt Strategic and Comprehensive Partnership, marking a new era in relations. Von der Leyen announced over 20 deals worth over €40 billion across various sectors and a €1 billion Memorandum of Understanding for Macro-Financial Assistance to support Egypt's reforms and green transition. A potential €4 billion follow-up operation is planned, and a €25 million project for clean-tech and digital skills training was also signed. Von der Leyen praised the agreements for fostering investment, job creation, and a closer EU-Egypt partnership, calling it a "true win-win" for both sides. The Czech Republic could capitalize by exploring investment opportunities and expanding its business presence in Egypt, especially in sectors such as clean-tech and digital skills.

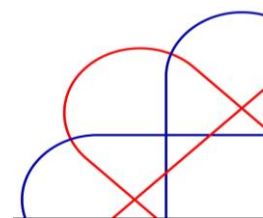
In July, the [EU and Singapore](#) concluded their first Digital Trade Agreement (DTA), complementing the 2019 Free Trade Agreement. The DTA aims to enhance digital trade by ensuring cross-border data flows, removing unjustified barriers, and boosting trust with strong rules, including spam control. This agreement positions the EU and Singapore as leaders in digital policy, promoting fair digital economies while preserving policy space for future challenges. It will also strengthen economic ties, particularly in digitally delivered services, reflecting the EU's ambition to set modern global digital

trade rules. Czech businesses, with their strong digital sector, could benefit from these new opportunities by engaging in expanded digital trade and collaboration with Singapore.

The trade agreement between the [EU and New Zealand](#) entered into force on May 1, 2024. It is expected to reduce tariffs by 140 million EUR annually and could increase trade by 30% over the next decade. EU exports could grow by up to 4.5 billion EUR per year, and EU investments in New Zealand could rise by up to 80%. The agreement will eliminate tariffs on key EU products such as wine, chocolate, and confectionery, while also protecting traditional European agricultural products. Additionally, it includes commitments to sustainability, including adherence to the Paris Climate Agreement. Czech companies could benefit from this agreement by exploring new export opportunities in increased trade in key sectors like food and beverages.

The Czech businesses are eagerly awaiting the conclusion of a trade agreement with MERCOSUR, which provides a large and diverse market for Czech exports, particularly in sectors like machinery, automotive, and technology. The agreement would enable businesses to diversify their trade and accessing key resources such as agriculture and energy. Additionally, it could lower tariffs and simplify customs, making Czech goods more competitive. Overall, MERCOSUR presents a strategic opportunity for Czech entrepreneurs to expand globally and strengthen economic ties with South America.

Sources: European Commission



ECODESIGN FOR SUSTAINABLE PRODUCTS REGULATION: IMPACTS ON CZECH BUSINESSES

FLASHNEWS

On July 18, 2024, the Ecodesign for Sustainable Products Regulation came into effect. This regulation aims to improve product sustainability by establishing requirements for longevity, energy efficiency, repairability, and recyclability. While it does not yet specify detailed requirements, it sets a legal framework for these to be defined through delegated acts by the European Commission, following consultations with manufacturers and stakeholders.

Initially, the regulation will focus on products with significant room for improvement, such as textiles, footwear, furniture, mattresses, tires, cleaning agents, paints, lubricants, chemicals, and materials like iron, steel, and aluminium. Over time, more product categories will be included. Important aspect of the regulation is the introduction of a "digital product passport," which will consolidate all relevant product information into a single digital format, like a QR code.

The regulation also prohibits the destruction of unsold consumer goods, specifically clothing, accessories, and footwear, starting mid-2026, with potential future expansion to other goods based on data from businesses on unsold items.

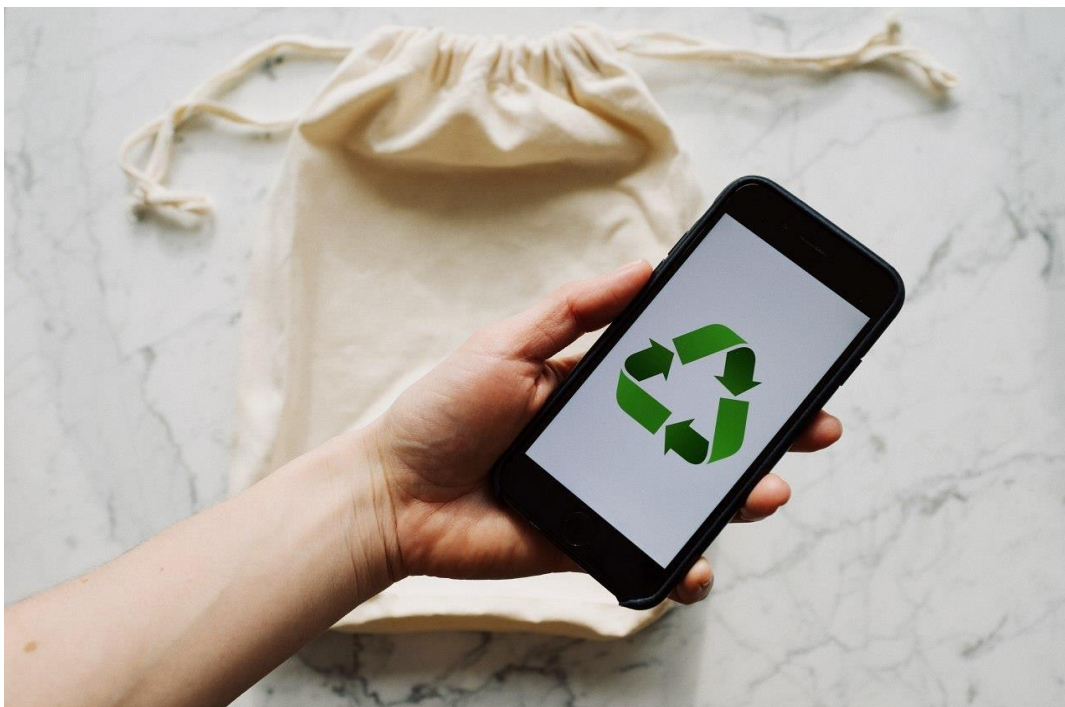
For Czech businesses, adapting to these new eco-design requirements will be important for maintaining market competitiveness. The Ministry of Industry and Trade will hold a seminar in autumn 2024 to clarify the regulation and guide businesses through the upcoming delegated acts. Details will be available on the Ministry's website.

Source: European Parliament, Ministry of Industry and Trade of The Czech Republic

Composition of the new European Commission announced. Jozef Síkela the new Commissioner for International Partnerships

Ursula von der Leyen presented the composition of the new European Commission, which includes 16 men and 11 women, with four women among the six Executive Vice-Presidents. Czech Commissioner Jozef Síkela takes on the portfolio of International Partnerships, where he will manage the largest budget in the history of Czech Commissioners. Síkela will be in charge of European international cooperation and development policy, including the EU's Global Gateway investment initiative, which plans to invest up to €300 billion in infrastructure in emerging countries. "We've been given a strong economic portfolio, which is good news for the Czech Republic," commented Prime Minister Petr Fiala. Prosperity, security and democracy are key priorities of the new commission.

Source: denikn.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.

ANTI-BUREAUCRATIC PACKAGE – RELIEF FROM THE LEGISLATIVE BURDEN FOR CZECH ENTREPRENEURS

FLASHNEWS

The Czech government's recent anti-bureaucracy initiatives, spearheaded by Minister for Legislation Michal Šalomoun. With three anti-bureaucracy packages already approved and a fourth in the pipeline, totalling 72 measures with the aim of reaching 100 by the end of the current government term, these reforms are set to streamline administrative processes and reduce regulatory burdens on companies.

These measures have been carefully designed to address the pain points businesses face. The first package was approved on August 31, 2022, followed by the second on June 14, 2023, and the third on May 7, 2024. This concerted effort marks a departure from past promises and focuses on practical, actionable changes.

For businesses, these reforms bring several key benefits. The increase in the VAT threshold to 2 million CZK and the expansion of eligibility for flat-rate taxation to the same amount are designed to ease financial and administrative pressures on smaller companies. Additionally, fines for missed deadlines on control reports have been halved, offering a significant reduction in potential penalties for smaller taxpayers.

One notable change is the introduction of the option to conduct accounting in foreign currencies. This is expected to simplify transactions for companies engaged in international trade, reducing the complexity and cost of currency conversions. Moreover, the reduction of bureaucratic paperwork includes the elimination of mandatory periodic medical exams for employees in low-risk professions and the removal of medical examination requirements for operating company vehicles. The reforms also address paperwork in other areas. Wage payments are now prioritized to bank accounts, cutting down on the administrative burden associated with handling cash payments.

Electronic submissions for certain employment documents and tax proofs will further streamline processes, speeding up transactions and reducing the reliance on paper-based systems.

Businesses will also benefit from the removal of certain regulatory requirements, such as the need for health certificates and the requirement for companies to report the employment of individuals with disabilities in writing, as this information can now be derived from regular reports. These measures represent a shift towards more efficient and business-friendly regulations. By reducing paperwork and simplifying processes, the government's reforms aim to save businesses time and resources, allowing them to focus more on their core growth. The Czech business sector believes this initiative could serve as an inspiration for other member countries.

Source: vlada.cz

New pan-European digital platform for SME financing managed from the Czechia

The National Recovery Plan (NRP) is launching a unique pan-European digital platform to make it easier for small and medium-sized enterprises (SMEs) to access finance for their digital and green transition. The project, led by the Czech Technical University in Prague (ČVUT) and supported by the European Blockchain Infrastructure (EBSI), involves the collaboration of five universities and ten partner companies from several European countries. The platform will allow SMEs to issue bonds and raise capital, while investors will have easy access to transparent and secure investment opportunities. To date, more than 210 companies have already expressed interest in joining the trial. Minister of Industry and Trade Jozef Síkela stressed that the project will bring new opportunities and reduce the cost of issuing bonds. The platform is expected to be fully operational by the end of 2025.

Source: mpo.cz



EESC CORNER: EUROPE'S COMPETITIVENESS AT A CROSSROADS: MARIO DRAGHI'S VISION AND THE URGENT NEED FOR ACTION

FLASHNEWS

In September, Mario Draghi, former President of the European Central Bank, published his long-awaited report on his personal vision for the future of European competitiveness, which will play an important role in shaping future EU policies and strategies. Among other things, he emphasizes that raising the EU's competitiveness is necessary to reignite productivity and sustain growth in this changing world. Europe has the foundations to be a highly competitive economy, including the Single Market of 440 million consumers and 23 million companies, accounting for around 17% of global GDP. However, slowing growth in the EU, driven by weakening productivity growth, calls into question Europe's ability to fulfil its ambitions. It is clear that the EU is lagging behind its global competitors and must act quickly to regain its competitive edge, among other things.

Together with other representatives of employers gathered in the Employers' Group of the European Economic and Social Committee, we have been asking for a competitiveness agenda for years. The Employers' Group welcomes Mario Draghi's report on the future of EU's competitiveness while emphasizing that now we need an action plan for a „radical change“ and political will as there is no time to waste.

Competitiveness was also the focus of my speech during the summer plenary debate of the European Economic and Social Committee, which focused on the priorities of the Hungarian Presidency of the Council of the European Union. During the debate with János Bóka, Minister of European Union Affairs of Hungary, I emphasized that now is the time to give life and substance to the new European Competitiveness Deal.

To do so, I highlighted three priority areas for action where employers count on the EU institutions to work together to do the following tasks.

- First, to ensure that there is less, better and simpler regulation within a well-integrated Single Market. Among others, we need to step up burden reduction and use the momentum to develop a comprehensive Single Market strategy.
- Second, to strongly support rules-based trade and strengthen the EU's open strategic autonomy. In other words, we need to become more resilient without turning our backs on the world.
- Third, to develop an ambitious industrial strategy to complement the Green Deal and help the EU decarbonize without deindustrialisation. The right investment conditions, faster permitting and lower energy costs will be among key factors to securing our competitive and resilient future.

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



ČEZ Inc. to establish strategic cooperation with Rolls-Royce SMR for the construction of small modular reactors

ČEZ Inc. plans to cooperate with the British company Rolls-Royce SMR on the development and construction of small modular reactors (SMR) in the Czech Republic. This move will support the modernization of the Czech energy sector, strengthen energy security and open up new opportunities for domestic industry. The first reactor should be built near Temelín in the first half of the 2030s, before the planned completion of the new large nuclear unit. SMR technology has the potential to replace coal-fired power plants, supplying both electricity and heat and making a significant contribution to the decarbonization of the energy sector. Thanks to this cooperation, Czech industry has a unique opportunity to become part of the global supply chain and participate in the development and production of these innovative devices.

Source: mpo.cz

CALENDAR

1.10.2024 [“SHAPING OUR FUTURE: CONTRIBUTION OF THE CZECH REPUBLIC TO THE DIGITAL JOURNEY OF THE EU”](#)

We warmly invite you to be a part of this exciting event. Don't miss out!

Company [ARICOMA](#) will also be in attendance.

See you there!



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