

Czech BusinessToday.eu

Published by



volume XV, 8-2016

RAISING ENERGY EFFICIENCY MUST BE COST-EFFECTIVE



The cheapest energy is the one that is never used – that is the motto of the new ‘Clean Energy for All Europeans’ Package which aims to modernise European economy and implement one of the European Commission’s flagship initiatives, the Energy Union. One of the main initiatives of the package is the revision of the Energy Efficiency Directive that sets new, more ambitious and binding target of 30 % energy savings for 2030, up from 27%. Possible impacts of the new proposal on European and Czech economy were discussed by experts from EU institutions, Czech public administrations, private and non-profit sector on the 2nd of December in the European House in Prague. “According to the European Commission, the energy efficiency is the most cost-effective way of reaching the goals set in the Energy Union strategy while stimulating economic growth, creation of new jobs and investment in green technologies”, said Radoš Horáček of the European Commission. The higher target should create additional 0.4% GDP and 400,000 new jobs and should lead to lower energy prices for both businesses and consumers. While some voices of the European Parliament advocate an even higher target of 40%, Czech MEP Evžen

Tošenovský does not belong to them. He calls for thorough impact assessment before increasing the target as the change could jeopardise economic stability and could be a barrier to innovation and investment. Vladimír Sochor of the Ministry of Industry and Trade of the Czech Republic stressed that energy savings have to be economically profitable. He underlined the need to create investment funding programmes at national level that would boost investment into green and efficient technologies. On the other hand, it is necessary to realize that EU support from structural funds will be significantly lower after 2020 when the current programming period is over. One of the areas with the highest energy savings potential is the buildings sector. “Only the buildings themselves have the potential to create 37% of energy savings given the proactive approach of the government”, said Petr Holub of the Chance for Building alliance. Zuzana Krejčířková of ČEZ, a.s. stressed that it is crucial to make analysis of potential savings in individual sectors, which is missing now. The higher energy efficiency target will cost Czech economy up to 32.5 bn. EUR and it is necessary to ensure that energy savings are cost-effective.

SINGLE MARKET INFORMATION TOOL

The European Commission is preparing an initiative on Single Market Information Tool (SMIT) to collect quantitative and qualitative information directly from selected market players. According to its inception impact assessment the goal is to enable the Commission to better target its cooperation with Member States and use the information to improve its ability to enforce EU rules in priority areas, as well as to be able propose improvements where evidence reveals significant regulatory failures. The tool could provide the Commission with exclusive powers to investigate and access sensible information at company level

to detect infringements against Single Market rules. European businesses fear such proposal and stress the need for a serious consideration among several options of the inception impact assessment. The cost-effectiveness and no additional red tape must play an important role in the Commission’s final decision. If any such a tool is adopted, the Commission must ensure the highest level of security of data. Last but not least, a sufficient number of safeguards should be built to ensure that the tool would not be used in a recurring way. Still, a thorough analysis of the need for such a tool is missing.

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.



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News FLASH

>ELECTRONIC SALES REPORTING

Electronic sales reporting system aimed at reducing tax evasion in the Czech Republic came into force on 1st December 2016. It applies to approx. 600,000 companies from hospitality, catering and accommodation services, wholesale and retail traders.

>LOWEST UNEMPLOYMENT RATE IN THE CZECH REPUBLIC

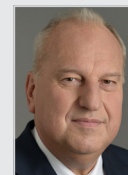
In euro-zone, the unemployment rate fell to 9.8% from 9.9% in September. The Czech Republic, a non-euro-zone Member, recorded the lowest unemployment rate of 3.8%.

>POSITIVE GROWTH IN EXPORT

This year’s overall Czech exports of goods could grow by 3% despite shortages in workforce. The foreign trade balance should be in surplus again.

MEPs CORNER

“Energy savings must not be defined at any price as it can lead to a threat to economic stability and to new barriers to further innovation and investments in modernization”.



Evžen Tošenovský (ECR),
Member of Industry,
Research and Energy
Committee, European
Parliament

NEW START FOR START-UPS

The European Commission is doing its best to support growth in the EU by various means, from extending the Juncker's Investment Plan for Europe to its continuous effort to lift various single market barriers. On the 22nd of November, the Commission added one more initiative that targets start-ups and scale-ups. The main idea of the initiative is to eliminate obstacles that prevent these companies from being established and from growing, create better conditions for finding suitable business partners in the EU and most importantly, to improve access to finance, which is one of the main problems start-ups and scale-ups have to face. Apart from that, vast majority of these companies struggle to get information about European and national regulatory requirements and are afraid of failure because of negative perception of non-success

in the society. Therefore, the initiative aims at these bottlenecks and presents several legislative proposals on better access to finance, insolvency law and simpler tax fillings. European business organizations acknowledge the positive elements presented in the initiative, especially its focus on second chance for honest entrepreneurs and improved access to finance. Especially the Pan-European Venture Capital Fund of Funds is a very welcomed element of the proposal that has the potential to leverage the so much needed equity for growth of companies. On the other hand, European business organizations argue that the best initiative European small and medium-sized companies (SMEs) would benefit the most from would be the completion of the single market for goods, services, financing and workforce. Especially the cross-border e-commerce sector



has a huge untapped potential for SMEs which is currently held back by different national standards, consumer laws, product safety and labelling rules, as well as costly VAT regulations. Businesses therefore call on the Commission to make the best effort to remove these barriers while avoiding creating additional ones.

EESC CORNER: NEW ELECTRICITY MARKET DESIGN AND POSSIBLE IMPACT ON VULNERABLE CONSUMERS



In a letter dated 14 March 2016 the Slovak Presidency of the EU Council asked the European Economic and Social Committee to draw up an opinion on the social dimension of the new electricity market design as part of a process of social and economic development. It was requested that the factors that influence the electricity market be analysed more broadly and the influence that they have on energy price change in the EU should be assessed, in order to ensure that this change is long-lasting not only from an environmental point of view (protecting the climate), but also from an economic and social point of view, and particularly with regard to the security and availability of electricity supplies. The Slovak Presidency notes in its request that the new electricity market design brings opportunities for consumers and offers a more proactive way for them to interact with the market. Nevertheless, possible threats to socially vulnerable consumers must also be taken into account, alongside the anticipated impact of the increased electricity prices on the competitiveness of EU industry. Reporter and his expert had prepared a document, based on SWOT analyses of the expected new electricity market design and had identified the long term transforming process of the new electricity market design as a possible risk of an impact on

vulnerable consumers. Some members of the Study group expressed their reservation to the opinion proposal prepared by rapporteur and noticed, that EESC Opinion had to be more optimistic and oriented more to a new active role of consumers at a new electricity market.

Section TEN adopted the amendment of the document submitted by some members of the study group, which radically reduced analytical part of opinion and fundamentally changed meaning of the document. It was a reason, why reporter and group of EESC members submitted to the Plenary EESC the Counter opinion with following conclusions:

- The EESC expects that the new electricity market design proposed by the European Commission as part of the autumn/winter energy package will lead to the full integration of renewable sources in the common electrical energy market, which is an important tool for fulfilling the EU's commitments with regard to protecting the climate.
- This proposal must aim to guarantee the long-term reliability and security of electricity supplies, leading to the removal of existing market distortions as well as introducing electricity prices that ensure the competitiveness of the European economy and will also be stable and accessible for low-income groups.

- The EESC is convinced that the new electricity market design in its final form will reduce or eliminate the risks of a potentially negative impact on energy poverty.
- The EESC considers that the process of transforming the electricity market from its current form into a new market design will potentially have an impact upon vulnerable groups of energy consumers, in particular the citizens.

The EESC Plenary meeting adopted on the 19th of October 2016 the Opinion in wording of Section TEN amendment. The Counter opinion has been supported by significant minority of 92 members (21 absence, 154 against) and has been enclosed as supplement to the adopted Opinion TEN 598.



Vladimír Novotný,
EESC Member - Group I, EESC
TEN/598 Opinion Reporter



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LEADERS