

Statement of the Czech Republic on the process of economic recovery following the COVID-19 pandemic in relation to the European Green Deal

The Czech Republic recognizes the need for a rapid economic recovery and for the return to normal life, without the restrictions caused by the COVID-19 pandemic. We should jointly seek solutions that will enable us to meet high environmental ambitions while supporting Europe's competitiveness, its economy, investments and jobs creation.

Implementation of some of the European Green Deal objectives may represent an opportunity for an effective process of economic recovery, however, it is important to ensure that the common environmental commitments are met globally, and not merely on the part of the EU.

The Czech Republic continues to support the EU's long-term target to achieve climate neutrality by 2050, as it was agreed in the European Council conclusions of 12 December 2019. However, having in mind the considerable economic and social impacts of the current crisis on Member States, the full extent of which cannot yet be assessed, and which will differ depending on the particular structure of these States' economies, the Czech Republic demands that the debate on the preparation of measures supporting the economic recovery is separated from the debate on increasing the 2030 climate and energy targets. In order to make a responsible decision regarding the 2030 targets, it is first necessary to quantify the actual impact of the current pandemic on the economy of Member States and of the EU as a whole. Impact studies must also answer the question what the proposed targets will mean from the environmental, economic and social perspective. Only then it will be possible to start a debate on potential new targets for 2030, which will be not only ambitious but above all realistic, in order to avoid considerable repercussions for the competitiveness of Member States and of the EU as a whole.

Economic recovery will require immense investments from the European, national as well as private resources. The recovery, or the economic transformation accelerated by remedying the impacts of the pandemic, will require different amount of effort and resources in different areas and will be complicated particularly for the poorer, highly industrialized or structurally weak regions. Specifically, we recommend to focus on those sectors that are of crucial importance for individual Member States. It is therefore fundamental to maintain the funding dedicated to cohesion, including the investments which will be directed, among others, to the following areas in line with the European Green Deal objectives:

- *development of “green infrastructure” and promotion of clean mobility;*
- *renovation of buildings;*
- *increase in energy efficiency;*
- *promotion of energy sources that will facilitate accomplishment of climate neutrality by 2050;*
- *promotion of circular economy and of responsible public procurement.*

Besides investing in restarting the economy and in transition to climate neutrality, it will be necessary to make massive investments in measures strengthening the resilience of our economies and of the entire society to the ongoing climate change – especially in measures designed to combat drought (retention of water in the landscape, ensuring the supply of drinking water to the population, care and protection of soil, promotion of biodiversity, strengthening the adaptation capacity of the forests, promotion of sustainable forestry and others).

At the same time, it is necessary to significantly accelerate the preparation and preparedness of the Just Transition Fund (and Mechanism). Territories for which this Fund is designed belong among the most economically vulnerable – they are affected by both the economic transformation and the impacts of the current crisis. At the same time, given the distinct conditions faced by individual Member States, which stem from the structure of their economies or from geographical location, it will be necessary to maintain technological neutrality of their energy sources, provided that the related investments are effective. The investments should contribute to the Member States’ development, to the improvement of the quality of life and should fulfil the European and global objectives. Where possible, the economic recovery would benefit from simplified administrative requirements, accelerated approval of projects and from employment of the most appropriate forms of project financing.

The Czech Republic, keeping in mind the experience with the current pandemic, acknowledges the importance of a debate on new economic measures, which are supposed to increase competitiveness of the European industry and which may promote employment and increase strategic resilience of the EU in many areas, all the while pursuing the European Green Deal objectives. Global trade, undertaken with an emphasis on supply diversification and on the use of environmental chapters in trade agreements, will play a significant role in the recovery of the European as well as of the Czech economy and in achieving climate-related objectives. Simultaneously, in the interest of reducing dependency on imports of raw materials, we need to make further progress in implementing circular

economy, especially in terms of replacing primary raw materials with secondary ones or ensuring promotion of local solutions and innovations in all sectors of the economy.

In this context, we welcome the outcomes of the European Council videoconference of 23 April and we expect that the upcoming EU Roadmap for economic recovery will be based on restored economic growth supported by investments, functioning internal market and convergence, and that it will be prepared in close cooperation with Member States. Only then it can truly meet the actual needs of EU citizens in this unprecedented situation that we are all currently facing.