

A Fair, Green and Digital Recovery of the EU: Czech and Portuguese Perspectives

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Conference Report

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Executive Summary

- The EU needs to stay in charge of the transformation which has the potential to generate numerous job opportunities suited to the contemporary trends.
- It is equally important for the politics of the transformation to be competent, fair, and compassionate.
- The EU Member States have implemented several methods such as phasing out finances to limit oil energy and are aligning their activities to reach the goals outlined by the Paris Agreement.
- Aside from the urgency of decommissioning coal power plants to decarbonize the energy sector, the same importance must be devoted to the stability of the security of supplies.
- The EU is now in a unique position to embark on the Green New Deal.
- The political commitment is crucial in switching from the dependence on oil and gas to dependence on natural resources and eventually creating new job opportunities in the process.
- The recovery of the EU must follow the recent digital trends and tackle the most serious climate-related issues, yet still be just to all countries.
- Each country has to prioritize its investments toward the common and ultimate goal of being climate neutral.
- The space program plays a critical role in the European green, digital and justice transitions. It allows sustainable mobility and management of resources, provides crucial data that are needed for digital governance and strengthens the EU's digital sovereignty as well as its control over its strategic infrastructure.
- Digitalisation as a type of technological revolution will pose significant challenges for the labour market. Protection of workers, including those in a collaborative economy, is therefore needed. Simultaneously, financial pressure on the sector should be eased especially through restructuring of taxes in order for the transition to be believably fair.
- The challenges reflected in national recovery plans cannot be solved by individual actors alone but in cooperation, which is what constitutes the European added value. In addition, special attention should be given to the practical implementation of this cooperation, which may pose a significant test.
- Industrial policy is an important part of the European recovery. Placed on the national level, it should respect national and regional specifics. At the same time, it has to be balanced with the goals of European competition policy and global perspectives.

Transcript

Opening Remarks

- **Luís de Almeida Sampaio** – Ambassador of Portugal to the Czech Republic
- **Ondřej Ditrych** – Director of the Institute of International Relations Prague
- **Lilyana Pavlova** – Vice-President of the European Investment Bank

The opening remarks of the event were delivered by **Luís de Almeida Sampaio**, the Ambassador of Portugal to the Czech Republic. The Ambassador mentioned that this is the second conference being held as a part of the cycle organized by the Portuguese Presidency of the EU in cooperation with European organizations. He continued by stressing that the aim of these conferences is to cover all key priorities of the Portuguese Presidency. He stated that the cycle had started in January 2021, focusing on economic and financial aspects. Mr. Sampaio then mentioned the upcoming conferences to be held from March to June 2021. In the March conference, the focus will be on health and the trans-Atlantic relationship. This will be followed by the May conference, which will be focused on the use of the Portuguese language and a comparison between the Velvet Revolution in 1989 and the Carnation Revolution in 1974. He then concluded by mentioning the June conference, where the discussed topic will be the global dimension of the Portuguese priorities.

Lastly, Ambassador Sampaio thanked all the partner organizations such as the European Commission, the Institute of International Relations (IIR), the European Investment Bank, and EUROPEUM for their support, which enabled the realization of this project.

Following Ambassador Sampaio, **Ondřej Ditrych**, the Director of the IIR, greeted all the attendants and proceeded by stressing the importance of the conference being held during the pandemic situation and the commitment of the Portuguese presidency of the European Union in cooperation with the above-mentioned organizations to support a multi-dimensional debate over the future in the post-Covid world. He expressed that Covid-19 catalyzes certain drivers in global politics and the economy. As examples, he mentioned the role of emerging and sometimes disruptive technologies, and climate, which still prevails as an important issue, but has been replaced in discussions by the global effort to manage the Covid pandemic.

According to Ondřej Ditrych, the EU needs to remain at the helm of the transformation, which is coming with a plethora of opportunities related to these contemporary trends. As a similar matter of importance, the politics of this transformation should be not only competent but also compassionate, fair, and just. Additionally, the transformation must be ambitious and has to fulfil the necessity of restructuring economies. With that being said, Ondřej Ditrych mentioned that the transformation must take into account the differentials of the European economy with all the cohesion policies included. Therefore, it is utterly important to find a balance between progressive and effective, but also between fair and just. Lastly, the Director expressed his hopes that this conference will contribute, whether minorly or majorly, to making this happen.

After the remarks delivered by Ondřej Ditrych, **Lilyana Pavlova**, a Vice-President of the European Investment Bank (EIB), expressed that it is an honor for both her and the EIB to co-organize this event. Ms. Pavlova added that the EU member states are on the right path by implementing several methods such as phasing out finances to limit oil energy, aligning the activities with the principles of the goals outlined by the Paris Agreement, or dedicating at least 50 % of finances to climate protection and sustainability by 2025. In addition, the Vice-President mentioned that the EIB had adopted the Climate Bank Roadmap, which lays down the principle for achieving climate goals and provides a framework in which all EU member states and institutions can cooperate with the EIB on climate-related investments.

In the Czech Republic, the EIB has already supported water-management projects and climate change mitigation by financing sustainable mobility as well as providing upstream advisory and technical assistance via the ELENA system to set up the preparation for the Green Deal project. However, she assured the audience that due to the pandemic, the EIB concentrates mainly on recovering economies, which will eventually enable all member states to invest in green technologies and digitalization. She mentioned that despite the increased adoption of digital technologies by EU firms, there is still a huge gap between Europe and the USA in this regard. Lastly, the Vice President outlined the future role of the EIB in enhancing the EU competitiveness by providing enough incentives for investments.

Conversation

○ **Richard Brabec** – Minister of Environment of the Czech Republic

○ **João Pedro Matos Fernandes** – Minister of Environment and Climate Action of Portugal

The conversation offered insights from Richard Brabec, the Minister of Environment of the Czech Republic, and João Pedro Matos Fernandes, the Minister of Environment and Climate Action of Portugal. To start with, both ministers were asked by the Ambassador what the Green Deal means for Europe as the EU intends to make itself climate neutral by 2050 and also create a new economic and industrial opportunity for Europe. However, he also mentioned that it will bring huge challenges. Hence, the second question addressed the issue of national and regional specifics. Could they derail the entire project in the current state of play? How is the Czech Republic or Portugal better prepared politically, socially, and energy-wise to reach the ambitious goals set by the Green Deal on time?

Minister Brabec was then asked three questions related to decarbonizing the Czech economy, the problem with “coal regions” and the position of renewables in the Czech Republic.

Q: What major challenges does the Czech Republic face on its way to decarbonizing its economy? Secondly, what is the coal commission doing to address the problem of “coal regions”? Finally, what are your comments on renewables in the Czech Republic, and what kinds of development and progress do you think will follow?

Minister Brabec thanked the organizers for the opportunity to be a part of the conference and discuss serious issues with the Portuguese Minister and other colleagues. He expressed his conviction that the conference would yield a fruitful discussion that will reach an even wider audience. Minister Brabec mentioned that the Czech energy sector is undergoing major changes represented by the gradual shift from solid fossil fuels to zero-carbon alternatives, an increase of energy efficiency and also the continuing transition of energy industries.

Furthermore, Minister Brabec stated that aside from the necessity to decarbonize the energy sector via decommissioning of old coal powerplants, the stability of the security of supplies must be maintained. This requires investment in a new nuclear power capacity as well as an extension of the existing blocks in Dukovany. Regarding “coal regions”, Minister Brabec underlined that the energy transition and the coal phase-out represent significant challenges due to the historical coal dependence of the Czech Republic. To tackle this issue, representatives of the “coal regions” were invited to discuss the addressed challenges and solve these problems without any negative implications for regional development.

Additionally, there were significant financial resources assigned to these regions. Speaking of renewables, Minister Brabec mentioned that they are becoming popular in the Czech Republic, and the government would like to support another approach, the approach represented by the concept of energy renewable communities. This approach should bring a decentralization and a democratization of the whole energy system. Lastly, the Minister reminded the audience of the programme for 2021–2030, which builds upon the basis of the New Green Savings Programme, under which support will be provided for the implementation of energy-saving measures in family and apartment houses as well as state institution buildings.

Following Minister Brabec, the Portuguese Minister of Environment and Climate, **João Pedro Matos Fernandes**, congratulated the Ambassador for organizing the conference and greeted all the other panelists. In the light of the realization of the green recovery, Minister Fernandes mentioned the European countries’ duty to converge around the motto “Build, Back, Better” to financially stimulate the digital recovery of Europe with the urgency of climate response and meeting the goals set by the Paris Agreement. Despite the massiveness of these challenges, Minister Fernandes proclaimed that the EU is in a unique position to invest in a collective recovery by delivering the Green New Deal, and Portugal is fully committed to follow this effort. He added that the 2030 target must be accompanied by its structural and transformational change.

He continued by saying that Portugal increased the share of renewables on both the supply and the demand side and stated that its ambition to have renewables in the area of electricity is going further, since it plans to eventually achieve the state of 100 % of its energy being renewable energy by 2050. Moreover, Portugal also adopted the National Hydrogen Strategy, which foresees the implementation of hydrogen as a fundamental vector for the decarbonization of various sectors with the ultimate goal of carbon neutrality. To continue, the Portugal Recovery and Resilience Plan that is currently under consultation includes investments in:

- A. Sustainable forest management
- B. Water efficiency plans
- C. Energy efficiency in public and private buildings
- D. Renewable energy sources
- E. Sustainable mobility, including investments in the metro network
- F. Bioeconomy
- G. Decarbonization of industry

Minister Fernandes also pointed out that 85 % of Portugal's national plan is devoted to sustainable investments that are required to realize climate goals and simultaneously boost the economy. He concluded by saying that climate and energy transition have the potential to deliver new job opportunities and improve living standards.

Q&A and Debate

Q. Is the European Union prepared to internationalize the European Green Deal? Is it prepared to manage its geopolitical consequences?

João Pedro Matos Fernandes: When talking about energy security in a country like Portugal, we have to consider that we have no coal, no oil, and no gas. Therefore, to have a more resilient system in terms of energy security, we must use our own natural resources. We now have around 60 % of our electricity being produced from renewable sources. However, to have a complete security system in the area of energy is to have 100 % of our electricity coming from the wind, the sun, and water. There are also some other processes, particularly in the chemical industry, in which it's impossible to replace natural gas with electricity, as it can only be replaced by renewable gas in this case. In this process, green hydrogen is a key player.

When speaking about Europe, it's fairer to concentrate on the dependence on natural resources than on oil and gas. With the political commitment, investing in renewable sources is creating new and more qualified jobs. The United States and the European Union are now the key players and we should concentrate also on the African continent as it represents almost half of the world's population, yet the Africans are not prepared to re-use their natural resources. They can become carbon neutral very fast, but need financial support from the whole world to do so.

Q. Is the European Union prepared to internationalize the European Green Deal? Is it prepared to manage its geopolitical consequences? Can the European Union become a global standard-setter for the energy transition?

Richard Brabec: The Czech position is specific since Czechoslovakia was heavily dependent on fossil fuels. Now, we are facing tough times due to big transformations, especially in heavy industry. Compare to Portugal, the Czech Republic has relatively limited space for renewables despite their recent popularity. The EU should leverage its global leadership in innovation, climate protection, and circular economy to accelerate the actions regarding climate change, mitigation, and energy transition.

The motto of the Portuguese presidency, "Time to deliver a fair, green, digital recovery", is very well chosen because the recovery needs to be both green and digital, but at the same time leave no one behind. We need to wisely choose our investment priorities to set us on the track of climate neutrality. The big challenge ahead is to make all the available instruments to work together and toward common goals.

Q. Is the creation of green bonds one of the answers to the need for additional sustainable investment? How to best counter the “greenwashing” in the integrity and transparency of green finance? What will be the global trade consequences of the EU demand for raw materials?

Richard Brabec: The importance of environmental and social investments has risen during the Covid crisis. Businesses need to recognize that negative environmental externalities are not cost-free and what’s more, they are not risk-free. The creation of green bonds is not the sole answer to the private sector. What they did bring was the security of knowing that the investor’s money is used only for sustainable purposes.

The current shape of the taxonomy criteria is not what we have expected it to be, especially concerning the financing of the greening of all sectors, including energy and heat production. The reason is that the Czech Republic is the most industrialized economy of the EU. Therefore, substantial change is necessary for many sectors to gradually become socially just.

João Pedro Matos Fernandes: The idea that the environment and the economy can oppose each other is false. What is good for investment in sustainability is good for the economy and job sector. It needs to have implications for the financial system. Aside from the recovery plans, what’s particularly key is that banks shifted the way they give grants to their customers. Sustainable finance is really crucial while banks and all of the financial sector have to understand how important this is for the commonwealth and well-being.

To conclude the opening remarks, the Ambassador, Mr. Sampaio, thanked both Ministers; he also expressed his gratitude toward the Vice-President of the EIB as well as the Director of the IIR. Moreover, he asserted that the discussion was utterly comprehensive and thoughtful. Also, he said that all the planned topics set out prior to the conference were reasonably discussed. Finally, he made a promise to realize a full-fledged visit of the Portuguese Minister to the Czech Republic once the Covid restrictions are lifted.

Panel I: Making the EU Fit for the 55 %: Energy Transformation through the European Green Deal

Moderator: **Kateřina Davidová** – Researcher of EUROPEUM, Prague

Panellists:

- **Nathalie Binet** – Head of the Prague Office of the European Investment Bank
- **Danuše Nerudová** – Rector of Mendel University in Brno
- **Jorge Moreira da Silva** – Director of the Development Co-operation Directorate at the OECD
- **Vladislav Smrž** – Deputy Minister of Environment of the Czech Republic
- **Elena Višnar Malinovská** – Head of Unit in the DG Clima of the European Commission

Panel I was introduced by its moderator Kateřina Davidová, who works as a EUROPEUM researcher in Prague. She started by pointing out the main focuses of the panel. Ms. Davidová emphasized the European Green Deal and the fact that such an initiative was introduced during the ongoing pandemic crisis, which signals that the environmental crisis is not forgotten. Climate change will not disappear, and thus the current dire situation should be perceived as an opportunity for the European Union to prepare itself for other future challenges. Afterwards, Ms. Davidová also mentioned the legislative package Fit for 55.

Nathalie Binet – Head of the Prague Office of the European Investment Bank

Ms. Binet, in her opening remarks, firstly introduced the European Investment Bank and its main focuses and goals. According to her own words, the EIB is a bank of the European Union, and therefore they follow the Union’s priorities such as the digital and green transitions. However, she also claimed that even before the EU introduced its Green Deal plan, the EIB was already oriented towards becoming a climate bank. The EIB has been the leading institution in the sector of green finance a number of times, and already in 2019, the bank approved some particular objectives focused on environmental sustainability, such as being Paris aligned already by 2021. The

climate road map currently provides a framework for the actions of the bank, which consists of four main streams: supporting Paris-aligned operations, reinforcing the transition through green finance, supporting the green transition of all countries, and building strategy coherence and accountability. She emphasized that recently, most of the attention was directed towards the Paris alignment because it's the first goal where the bank aims to review the sectors of their lending. Apart from these targets, the bank also focuses on other realms of the economy, such as industry with its support for innovation of new technologies or optimizing already existing facilities. The bank also demonstrates the tools through which proper investments should be conducted with the aim to make the guidance available. Even though the bank undertakes not to finance environmentally harmful projects, it reorients its financing in order to underpin projects mitigating the impacts of climate change. One of the projects proposed by the European Commission that the bank considers important as well is the renovation wave with the aim to make buildings more efficient.

Elena Višnar Malinovská – Head of Unit in the DG Clima of the European Commission

Ms. Višnar Malinovská opened her introductory remarks by discussing the expectations for the Fit for 55 package. The goal for 2030 is set, and therefore, the endgame is obvious. However, currently, the situation is very different than in 2020 as there are ongoing changes, and therefore a profound transition is inevitable, including a transition in the way we live, consume, and move. Ms. Višnar Malinovská emphasized that this transition will come together with an adjustment in legislation which will serve as a companion to investments while the finance market will move in the same direction. From this perspective, it is crucial to find the balance between the EU level and the national level that it is necessary reach in the legislation. At the national level, each Member State will continue to be responsible for emissions from, for instance, agriculture, buildings, forestry, and waste. Apart from this, Ms. Višnar Malinovská also mentioned the carbon pricing in the Emissions Trading System and highlighted the modernization and innovation funds, which are irreplaceable in the process of innovation of breakthrough technologies. Carbon leakage is another issue that should be addressed by the Carbon Border Adjustment Mechanism, and consequently, it should end the so-called free-riding in this realm. Ms. Višnar Malinovská then stressed the importance of involving people in the discussion on climate change to explain the urgency of this issue. As the final point, Ms. Višnar Malinovská claimed that the governments must follow the same path as the markets because the riskiness of investment in the carbon-intensive market is clearly evident.

Danuše Nerudová – Rector of Mendel University in Brno

In her opening remarks, Ms. Nerudová focused on a summary of three crucial points: Covid-19 as an opportunity for a green Europe, sustainability, and the need for global action. According to her words, Covid-19 revealed the weakness of the economic model based on the fiction on pure GDP growth, due to which several countries, for instance, even the Czech Republic, found themselves in a critical situation in which they lacked the most basic personal protective equipment such as face masks. Therefore, the Covid-19 situation highlighted the necessity to reform economic models while taking into consideration other sectors such as food or health security. In the case of sustainability, it is necessary to bear in mind that there are four pillars of sustainability: the economic, social, environmental, and institutional pillars. Ms. Nerudová's last point related to global action, as she emphasized the fact that climate change is a problem of a global nature and cannot be solved solely on the national level. Even though the EU will implement the Green Deal, the outcome might eventually be different than expected. Hence, an effort to reach the desired outcome on the global level has to take place; otherwise, it is impossible to decrease the CO₂ emissions as such.

Vladislav Smrž – Deputy Minister of Environment of the Czech Republic

In his opening remarks, Mr. Smrž pointed out the connection between post-Covid-19 recovery and the focus on the environment supported by the Recovery Plan issued by the EU in order to rebuild Europe after the coronavirus pandemic. The Czech Republic puts a strong emphasis on the social just transition towards climate neutrality, and the Ministry of Environment is currently preparing support from the just transition fund for the three most coal-dependent regions. The transformation of the energy sectors is the key element that will enable the Czech Republic to fulfill the ambitions of the 2030 target. Mr. Smrž highlighted that the European Commission recommendations are also centred around the support of the social and just transition of the coal regions. From the point of view of the Ministry of Environment, the transition should also include modern digital technologies, for instance in data sharing, which will be crucial in reaching the established goals.

Jorge Moreira da Silva – Director of the Development Co-operation Directorate at the OECD

Mr. Silva began his opening remarks by claiming that net-zero is the inevitable goal that must be achieved. In this sense, it is important to look at how feasible it is to combine sustainability, competitiveness, and inclusiveness, and eventually, the outcome would be commonly beneficial. Thus, the Covid-19 crisis should be tackled in line with addressing inequalities and climate change, and this short-term crisis should not overshadow the long-term crises. From the perspective of data, the economic basis of climate action is more consistent and stronger. Following this argument, Mr. Silva stressed the importance of CEOs being involved in raising the attention

regarding net-zero plans and calling for regulation on the European and national level to ensure that fragmentation and issues of transparency in sustainable financing can be overcome. However, despite all the action which has been taking place all over the world, the so-called nice talk is still taking place, which is not consistent with the free gaps that can be observed. In this case, Mr. Silva was critical of the Paris Agreement when he claimed that the goal of the agreement is inconsistent with the national contributions. The second problem, according to Mr. Silva, is a particular inconsistency between short-term and long-term commitments. Even though countries are willing to support long-term plans, their expected actions in the nearest decades are not supportive of fulfilling the ambitions of such plans. As the last problem or gap, Mr. Silva highlighted the developing countries being strongly affected by climate change, and therefore the related focus must be on what Europe can do in this regard.

After the opening remarks, the floor was given to the Ambassador of Portugal to the Czech Republic, Luís de Almeida Sampaio, who focused in his words on the fact that the EU, despite its determined ambitions, produces only ten percent of the global emissions and therefore from this perspective the tackling of climate change on a global scale will be a real battle. The discussion then turned its attention to the Carbon Border Adjustment Mechanism, its feasibility and its impact on international trade. It was generally agreed that the current situation is more supportive of the proposal of carbon pricing of particular imported goods. As Mr. Silva proposed, green taxation could be led by the principle “taxed more for what you burn, taxed less for what you earn”; however, at the same time, he highlighted that taxation should not undermine the progress of developing countries. The argument was supported by Ms. Višnar Malinová and her contribution when she stated that principles such as non-discrimination or proportionality apply even in this case, and there is a pressing need to model the taxation as close as possible to the Emissions Trading Scheme. Ms. Višnar Malinová also underpinned Mr. Silva’s point that the Paris Agreement is a clearly powerful multilateral agreement, but one that unfortunately allowed for free-riding.

Mr. Smrž, in his contribution, expressed a similar opinion as that which was presented by Ms. Nerudová and that it is crucial to create fairness within Europe but also within the rest of the world when talking about carbon pricing; therefore, the debate on such a topic should consider all the aspects involved and the impact. Overall, in his view, the general standpoint on the Carbon Border Adjustment Mechanism is that it should be perceived as an incentive rather than a punishment.

The next topic of the debate was private investments and their mobilization to support the green transition. Ms. Binet brought to the discussion the EIB approach in which the bank invests in a wide range of realms such as infrastructure or the public sector, but at the same time, the bank is aware of the need to mobilize the private sector investment. Supposedly, this aim could be achieved through two ways: stimulating green projects from the private sector, and steering private funds towards green financing; therefore, if the right incentives are set, the private sector will adjust. According to Ms. Binet’s words, the bank believes that there is an opportunity for public money to give direction to the private sector. In her contribution, she mentioned a number of ways to steer investment in sustainable financing, such as providing funding, securitization or fostering public-private partnerships. Ms. Binet also stressed that financing innovation and equity investments is crucial. However, the question briefly addressed here was how to give the right tools to the private sector through capacity building when in this case, it is essential to think about the taxonomy and the green standard as shaping the market. Ms. Binet’s input was addressed by Ms. Višnar Malinová when she stressed the importance of scrutiny over public sector financing. The private sector will hardly invest in greener projects if the public one does not do so. However, one of the initiatives to motivate the public sector to make greener investments is the so-called do-no-significant-harm principle that applies even for the recovery funds and aims to prevent funding of environmentally harmful projects. Ms. Višnar Malinová was also supportive of the taxonomy, which she, despite the criticism, sees as a start that is necessary for the green transition. Following the transition, there is an ongoing increase in financing of the green sector; nevertheless, the financing should be targeted purely on green investments in the future. The argument was strongly underpinned by Mr. Silva, who highlighted the turn from subsidizing fossil fuel intensive projects to green investments.

Mr. Smrž then contributed with the perspective of the Czech Republic and green financing as, according to him, there is increasing interest in green financing. However, Mr. Smrž also emphasized that the assessment of national recovery plans by the European Union should be conducted in a careful and sensitive way and with consideration of the national situation because the do-no-significant-harm principle and the taxonomy might lead to undesirable solutions. Ms. Višnar Malinová opposed his argumentation with the counterargument that the do-no-significant-harm principle offers the Member States the possibility to use the taxonomy, and they are free to decide about whether to do it, but it will not be assessed based on a taxonomy-delegated act which is not yet adopted. Apart from this, she pointed out that it is crucial to treat Member States equally despite their differences.

In the end, the discussion was summarized by Ms. Davidová. In her summary she emphasized the main points of debate such as the Carbon Border Adjustment Mechanism, carbon leakage, or more Member States being motivated to actively participate in the battle against climate change. Ms. Davidová further said that she appreciated that the debate also focused on the financial flows and their alignment with the green objectives together with the position of the Czech Republic regarding the recovery plan.

Panel II: E-Recovery: Initiating the Digital Decade in the Post-COVID-19 Europe

Moderator: **Daniel Šitera** – Researcher of the Institute of International Relations Prague

Panellists:

- **Aleš Chmelař** – Deputy Minister of Foreign Affairs of the Czech Republic
- **Rodrigo da Costa** – Executive Director of the European GNSS Agency
- **Ilona Švihlíková** – Member of the National Economic Council of the Czech Government
- **Petr Zahradník** – Member of the Czech National Investment Council and an Economist of Česká spořitelna

Chair: **Daniel Šitera**, Researcher of the Institute of International Relations Prague, Czechia

The second panel focused on the digital transition of Europe and its challenges. As introduced by the Ambassador Luís de Almeida Sampaio, a digital, human-centric and competitive Europe is a priority for the Portuguese presidency of the EU. However, the question is how the EU can use its full potential without sacrificing its social model of solidarity and cohesion.

The panellists explored the topic of digital transition from multiple perspectives. The debate thus dealt with the role of strategic sovereignty, technology and space, the EU's competitiveness as well as social cohesion. A strong emphasis was put on the fairness of both the green and the digital transition, and a stress was placed on the importance of equal conditions inside the European market and the acknowledgment of the inevitable implications for the labour market. The debate also considered the issue of public investment, which was largely supported and accepted as necessary. Despite its complicated nature, digitalisation clearly has its place among European priorities. How to then match the EU's digital targets with the concrete investment efforts to enable them to reach their highest added value? How should digitalization be mainstreamed in the industrial and agricultural agendas? And how to guarantee socially sensitive protection of European labour against the digitally-driven precarization?

Aleš Chmelař – Deputy Minister of Foreign Affairs of the Czech Republic

Aleš Chmelař opened the debate by focusing on the Czech vision and the importance of fairness in the implementation of the digital agenda. As he stated, the Czech Republic is well aware of the significance of the digital transition and considers it to be a priority of the upcoming Czech presidency of the EU.

As stated by the speaker, the Czech Republic understands “fairness” as a precondition for both the green and the digital recovery of the EU. Industry 4.0 and digitalisation will indeed put pressure on existing legislative frameworks and pose several challenges that will need to be answered, such as the question of even access to and the supply of digital services. Thus, fairness represents the need to take into account the possible social and labour impacts of the transition in order to support, not disrupt, European social cohesion and relations among member states.

The second aspect of “fairness” is the competitiveness of European businesses and the single market. For European companies to be able to compete outside the single market, a balance between the barrier-free digital world and the fair environment inside the EU has to be found. Nevertheless, all the related initiatives should be accompanied by clear communication towards European citizens that would tackle the rising scepticism about data privacy or algorithms. If the digital transformation is to be successful, it is indispensable to create confidence among Europeans that digital services can serve and help them.

Lastly, Mr. Chmelař touched upon industry and agriculture, where he sees a need for further public investments. If the goal is to bridge the gap between some global companies and those which are still lagging behind in Europe, such investments should promote the use of technologies in the private sector and thus once again enhance the competitiveness of the European market.

Rodrigo da Costa - Executive Director of the European GNSS Agency

The presentation of Rodrigo da Costa started with his introducing the European GNSS Agency, which is in charge of operating the European global navigation satellite systems (Galileo and EGNOS, the European Geostationary Navigation Overlay Service) and providing services connected with space data.

The speaker explored the role of technologies in connection with four of the EU priorities:

1. **The Green Deal.** Space data and technology make a significant contribution in the green transition through achieving sustainable mobility. Navigation systems, for example, enable route transportation to be more efficient, thus decreasing impacts on the environment. Other areas of contribution include sustainable water management and precision agriculture, where equipping new tractors with EGNOS allows for a reduction in the use pesticides, for example.
2. **Transition to the digital age.** Today, satellites provide uninterrupted connectivity, which is fundamental for an equal digital transition. The importance of space data was especially highlighted by the pandemic as all e-learning applications, e-health applications and the internet of things can only be accessed using data from space. Furthermore, space technology enables extraction of big data and progress in artificial intelligence.
3. **Supporting the resilience of the EU and its economy.** Space infrastructure and services strengthen the EU's competitiveness and resilience. There are already activities related to strategic infrastructures depending on data from European space activities such as management of mobile networks or synchronisation of energy grids. The resilience is further enhanced by the necessity of space data when tackling the pandemic.
4. **Safety and security of EU citizens.** Critical infrastructure such as search and rescue capabilities represents another aspect of the contribution since they rely on space technology. For instance, the emergency service 112 depends on Galileo for providing accurate and quick locations of people in need. Space data is also crucial in supporting disaster management in terms of both imagery and positioning.

Furthermore, space data enable one to monitor the Common Agriculture Policy or cross-border traffic. Since the GSA will soon become the EU's space programme agency, the EU imagery and telecom capabilities will be increased too. The speaker therefore advocated for the use of digital and space technology in order to strengthen the EU's resilience.

Ilona Švihlíková – Member of the National Economic Council of the Czech Government

Ilona Švihlíková turned the debate to the impacts of the digital transition on the labour market and its relations to the positions of employees. If digitalisation is understood as one type of technological revolution, its consequences for the labour market are inseparable from this. Since European countries sustain some kind of welfare model that is financed from taxes, mostly from labour taxes, the impact is very serious. The question then arises, is it still reasonable to tax labour if the sector is being disadvantaged?

First, it is important with regard to financing the welfare state that most European countries are built upon. As Ms. Švihlíková pointed out, the labour income share has been falling since the 1970s. This shows that the position of labour is decreasing, and the capital is on the rise. However, this is not reflected in the structure of taxes.

The second point of her reflection is unemployment. Digitalisation has not increased the unemployment rate; nevertheless, there has been a rise in job polarisation that is expected to continue. Without corresponding policies, these impacts might represent a serious threat to the social cohesion of the EU. Thus, active policies, changes in educational programmes and life-long learning are an absolute necessity in this regard.

The speaker then moved to the topic of collaborative economy. Since engagement in non-traditional employment such as that of platform workers is expected to rise, it is indispensable to reflect on the lack of social security or benefits for such workers. In the end, Ms. Švihlíková highlighted the advantages of economic democracy, like the employee participation that could engage employees and possibly avoid the risks connected with digitalisation. In the end, she stated that cooperatives and companies with employees' participation were found to be very resilient.

Petr Zahradník – Member of the Czech National Investment Council and Economist of Česká spořitelna

Mr. Zahradník opened his intervention by highlighting that the twin transition, digital and green, was present even before the pandemic. However, the Covid lesson has strengthened its importance and made it even more urgent and substantial. As the speaker pointed out, internet-based sale platforms have recorded double digit annual increases in the last months and global capital markets have been optimistic regarding the digital sector investment, despite the unprecedented slowdown of real economic performance.

The speaker then expressed his conviction that investors were ready to allocate their capital not only into the promising digital-based, green industries, but also into digitalisation of existing and traditional industries. That is especially crucial for the Czech economy as digitalisation represents a challenge not only for the EU as a whole, but especially for those economies which strongly rely on a high share of manufacturing.

In Mr. Zahradník's view, the digital transition contributes to the recovery and economic growth of the EU from several levels. First, it visibly reduces unnecessary costs and makes business and administration more efficient. Second, digitalisation robustly increases productivity and contributes to improving the market environment by data optimizing, engagement of more representative supply and demand factors, and the possibility to reach a fairer equilibrium.

The speaker concluded with a few remarks on national recovery plans, where he highlighted the attempts to eliminate negative externalities and enforce the "polluter pays" principle. Since such challenges cannot be solved individually, they symbolize the practical effect of the European added value. Finally, Mr. Zahradník acknowledged the positive progress of national recovery plans since the share of the digital agenda in the Czech proposal has reached 35% and covered all relevant segments of the transition. The reflection of digitalisation was thus said to be sufficient. However, the crucial challenge will lie in its practical implementation.

Luís de Almeida Sampaio – Ambassador of Portugal to the Czech Republic

The Ambassador briefly commented on the panellists' interventions and underscored the social aspect of both the digital and the green transition. As he stated, implementation of the social rights pillar is one of the priorities of the Portuguese presidency of the EU. Making Europe the world leader in digital economy requires Europe to be a leader in addressing the ethical values as well. Thus, Portugal is planning to sign the Lisbon Declaration and the Charter of Digital Rights and organize a conference on digital education, among others. Strengthening digital education and digitalisation of public administration are crucial parts of the social dimension. Moreover, the Ambassador stressed the importance of reflecting on the technical part of the equation, including, for example, 5G. In that regard, Portugal is promoting the Atlantic Data Platform and planning to inaugurate the Ellalink cable, which will connect Africa, Latin America and Europe.

Q&A

Do you think that nowadays there are enough resources for the European ambitions to start the digital age that would be sustainable and competitive?

According to Rodrigo da Costa, digital infrastructure is the future. Therefore, investments are necessary, both in the upstream and in the downstream direction so as to eliminate the initial barrier of innovations. The speaker pointed out the accessibility and democratisation of the digital transition. He continued by saying that the decision-making bodies of the EU do have such ambitions and as far as space is concerned, investments in it are indeed growing.

Aleš Chmelař followed by stressing the momentum and size of the investments. In his view, it is unavoidable to increase the participation of the public sector without harming the economy. He then mentioned the Tesla Company, which would not have achieved its success without climate regulations or government incentives. Hence, Europe should not be ashamed to actively intervene in the market. To bridge the limited resources, Mr. Chmelař suggested using capital tools such as equities, through which states could possibly create a snowball effect for the investment.

Petr Zahradník then supported Mr. Chmelař's proposal and argued for innovations in the financial market. However, he warned that digital transition is not a homogeneous area and maintained that the incentive should originate from both the public and private sources. Finally, Ilona Švihlíková pointed out that the pandemic is currently driving the digital transition and that investments in the market are inseparably intertwined with investment in people as both the users of services and employees.

In your opinion, is the re-evolution of industrial policy a positive development? How should this concept look in the future?

To start with, Ilona Švihlíková contested the idea that industrial policy had not been present in the past years and advocated in favour of it. The industrial policy should, from her perspective, be placed on the national level with possible coordination in the EU. Mr. Chmelař then complemented Ms. Švihlíková and supported her views by highlighting Germany's 2030 strategy for industrial policy. However, he acknowledged its controversiality and the implications laid by the European competition policy.

In Petr Zahradník's view, the outcome of European industrial policy will depend on its targets. Since the share of manufacturing is declining and European economies are becoming economies of services, the concept of the twin transition creates a new parameter for EU industrial policy. Furthermore, the pandemic-related questions of self-

sufficiency and source efficiency even enlarged the scope of the policy. Thus, Mr. Zahradník said that he supported an EU industrial framework that would respect national specifics. Rodrigo da Costa concluded the Q&A by highlighting differences among regions and the multiplicity of dimensions of industrial policy. Nevertheless, he argued for not losing focus on the global perspective.

Closing Remarks

Luís de Almeida Sampaio – Ambassador of Portugal to the Czech Republic

In the closing remarks, the Ambassador of Portugal to the Czech Republic Luís de Almeida Sampaio firstly expressed his gratitude to the contributors of the discussions. Then he looked back on the key questions that had been addressed in the conference. Starting from the opening remarks, the broad question that ran through the whole conference was “What does the Green Deal mean for Europe?” As the ambassador noted, the ultimate goal of the Green Deal is to make the European Union the world’s first climate-neutral bloc. However, to achieve this target, every European nation is responsible for taking up the challenges by inputting political commitments, including decarbonising the energy sector by decommissioning coal power plants whilst stabilizing the security of supply. He said that he reckons that national and regional specifics should be respected but also notes the importance of cooperation as a European added value. Subsequently, he listed those geopolitical and financial implications of the Green Deal and transition that aim to counter pollution and greenwashing. He also emphasised the importance of industrial transitions based on green and digital technologies with special attention to space programs and stated that the social rights of workers in a collaborative economy should be protected and not be influenced by the transition. Lastly, the Portuguese ambassador thanked the participants again for this high-level conference and invited all the participants to join in a film screening event that would draw attention to the pollution on Portuguese beaches.