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COVER NOTE

From:	The Chamber of Deputies of the Parliament of the Czech Republic
date of receipt:	14 June 2023
To:	The President of the Council of the European Union
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) [ST 7613/23 - COM (2023)161 final] <i>- Reasoned opinion on the application of the Principles of Subsidiarity and Proportionality</i>

Delegations will find enclosed the opinion¹ of the Chamber of Deputies of the Parliament of the Czech Republic on the above.

¹ The translation(s) of the opinion may be available on the Interparliamentary EU Information Exchange website (IPEX) at the following address: : <https://secure.ipex.eu/IPEXL-WEB/document/COM-2023-161>

PARLIAMENT OF THE CZECH REPUBLIC
Chamber of Deputies
Committee on European Affairs

Resolution No. 173

26th session on 31th May 2023

Resolution of the Committee on European Affairs

Proposal for a Regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) /Council Code 7613/23, COM (2023) 161 final/

Committee on European Affairs

1. **takes the view** that the Proposal for a Regulation of the European Parliament and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) (Text with EEA relevance) 2023/0081 (COD) does not comply with the principles of subsidiarity and proportionality and **adopts a reasoned opinion** pursuant to the Article 6 of Protocol No 2 on the application of the principles of subsidiarity and proportionality attached to the Treaties with the following justification:

In the proposed Regulation of the EP and of the Council on establishing a framework of measures for strengthening Europe's net-zero technology products manufacturing ecosystem (Net Zero Industry Act) (Text with EEA relevance) 2023/0081 (COD) (the "Regulation"), which is justified by the necessity of care of the EU common market and the protection of the global climate, the European Commission (EC) intends to take over a significant amount of powers that formally still belong to the sovereign EU member states. This is a very dangerous precedent of violation of the principles of subsidiarity and proportionality, which is unjustified, taking into account the actual situation in air protection in the world at the moment.

Rational measures to improve the environment must of course be understood and supported, and reducing CO₂ eq emissions is undoubtedly one of the ways leading to this goal. However, we are currently living in a reality where CO₂ eq emissions in Europe are developing favourably even without the EC trying to appropriate the right to be superior to the decisions of the governments of the sovereign EU member states. In less developed countries, however, emissions are rising sharply and will continue to do so in next years, as the use of fossil fuels for energy production is one of the available ways for these countries to raise the standard of living of their population.

The share of EU countries in total global emissions is constantly decreasing, it is now about 8% and will continue decreasing. The irrational acceleration of the decarbonisation process in the EU at the expense of living standards, socio-economic stability, competitiveness and the EU's economic importance in the world, which the EC wants to enforce directly with the help of the proposed "Regulation" and thereby violate the principle of subsidiarity, does not make sense and may even ultimately be counterproductive to global decarbonisation targets by moving production with a high EU exhalation share to countries with lower environmental standards.

The goal of the "Regulation" is to accelerate the implementation of measures related to the Green New Deal (GND) and Fit for 55 (Ff55) and to transfer important decision-making powers from the level of the Member States to the level of the EC.

The "Regulation" would give the European Commission the right to introduce measures in the EU member states without the consent of the governments and citizens of the member states, while these measures can significantly destabilize economic and social situation of the inhabitants of these states. This attempt to increase the powers of the European Commission, in the context of the effort to federalize the EU and centralize its power at the expense of the legitimate governments of the member states, encourages already before the elections to the European Parliament activity of populist political forces with a mandate from the impoverished EU citizens and will oppose the real project of a united Europe.

The draft "Regulation" refers to the need for cross-border interconnection of decarbonisation efforts GND and Ff55 and announces the establishment of the Net Zero Europe Platform, superior to national governments and parliaments in this effort.

The member states are strictly required to comply with orders coming from the EU administration, while decision-making at the national level will be suppressed. Objections by EU citizens against these orders can be directly rejected with regard to "higher" interests.

The draft "Regulation" thereby violates Article 16 of the EU Charter of Human Rights on the fundamental rights and freedoms of EU citizens. It is explained by the fact that its application, on the contrary, "increases the freedom of business", which is not justified in any way, although it is admitted that "temporarily the freedom of trading and contracting" may be violated. The degree and extent of permissible violation of this fundamental freedom is not specified in any way.

The statement that no impact analysis was carried out prior to the presentation of the draft "Regulation" because of "shortening the procedure due to its urgency" is a very serious statement. By that, the legal systems of a number of the EU member states and the civil rights of their inhabitants were not taken into account at all during the creation of this proposal.

According to the text of the "Regulation", the evaluation of projects organized by the state administration and local governments related to environmental protection is mainly governed by the requirement to support the production and consumption of energy from renewable sources, economic aspects are subordinated. It is not clear how and according to which criteria this impact will be checked during the selection process. During construction/application, it will be too late and the damage will be practically irreparable, as the still-lasting consequences of the "solar boom" in the Czech Republic have shown in practice.

The coordination of projects and implementations with zero clean technology considered by the draft "Regulation" therefore leads to the centrally controlled application of these technologies in the EU, regardless of the individual abilities and interests of citizens of the EU member states.

Projects with zero clean technology will automatically have the status of public interest projects, prevailing over the local interests of the population, nature protection, etc. However, the member states will remain obliged to help finance such projects.

If the official body of the EC comes to the opinion that the requirements of GND or Ff55 are not fulfilled sufficiently effectively or quickly enough, it reserves the right to "propose a remedy" or to "use force" to enforce them.

Permits (building permits and other) for net zero technology will be issued by a newly established central authority, and local governments can be bypassed in decision-making processes. In addition, here should be added that the Central Construction Office was abolished in the Czech Republic by an amendment to the Building Act due to general disagreement with such a solution of the permit procedure.

Local authorities are supposed to have a short and unspecified deadline to respond after being approached. After the expiration of this period, their consent is expected, which greatly deprives local governments and other institutions of the opportunity to defend the interests of their citizens.

The draft "Regulation" also applies to the preparation of national energy concepts. The EU member states are obliged to send to the EC reports on the fulfilment of GND and Ff55 tasks every two years.

The EC grants itself the right to take measures in the delegated competence, if something does not develop according to its ideas, in other words, the EC wants to be superior to the national authorities in the agendas of GND and Ff55.

Despite the fact that the coordination of projects to improve the environment between the EU member states is necessary and must be carried out between EU member states, the "Proposal" interferes too significantly with the rights of EU states and their citizens. It must therefore be reformulated and refined. A study on the effects of its application, both from a legal point of view (constitutions of member countries) and from an economic-commercial point of view, must be an essential part of that;

2. **shares** the Commission's efforts to simplify administrative procedures and permitting processes in the framework of the expansion of technologies with total zero emissions;
3. **points out** that as the EU member state, we are interested in and will strive for the recognition of all nuclear technologies as technologies contributing to decarbonisation;
4. **authorises** the Chairman of the Committee on European Affairs to forward this resolution to the Government, the President of the Senate, the President of the European Parliament, the president of the Council and the President of the European Commission through the Speaker of the Chamber of Deputies, in accordance with the Rules of Procedure of the Chamber of Deputies.