REPORT

# VOICE OF CIVIL SOCIETY IN THE DEBATE „CONFERENCE ON THE FUTURE OF EUROPE”

INSTYTUT SOBIESKIEGO

KÜLÜGYI ÉS KÜLGAZDASÁGI INTÉZET
INSTITUTE FOR FOREIGN AFFAIRS AND TRADE

INSTITUTE FOR POLITICS AND SOCIETY

F. A. Hayek Foundation

Visegrad Fund

Instytut Sobieskiego
ul. Lipowa 1a lok. 20
00-316 Warszawa

sobieski@sobieski.org.pl
www.sobieski.org.pl

# VOICE OF CIVIL SOCIETY IN THE DEBATE "CONFERENCE ON THE FUTURE OF EUROPE"

**Authors**

**Institutional system of the EU:**
Tomasz Grzegorz Grosse (The Sobieski Institute – Poland)
Péter Stepper (Külügyi és Külgazdasági Intézet – Hungary)
Šárka Shoup (Institute for Politics and Society – Czechia)

**Energy:**
Rafał Libera (The Sobieski Institute – Poland)
György Ilyash (Külügyi és Külgazdasági Intézet – Hungary)
Karel Sál (Institute for Politics and Society – Czechia)

**Digitalisation:**
Bartłomiej Michałowski (The Sobieski Institute – Poland)
Márton Ugrósdy (Külügyi és Külgazdasági Intézet – Hungary)
Martin Reguli (F.A.Hayek Foundation – Slovakia)
Roman Máca (Institute for Politics and Society – Czechia)

**In cooperation with**:
Angelika Gieraś

Visegrad Fund

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# I. Aim of the report, Conference on the future of Europe information

The report is a voice of experts from the Visegrad Group (V4) in the ongoing Conference on the Future of Europe, which began on May 9, 2021. These are the largest international consultations since 2005 organized by European institutions, but also the first consultations involving the broadly understood voice of citizens and involving civil society. The aim of the consultation is to answer the question „What kind of Union do the citizens of the Member States want?" and communicating these expectations to policy makers. The conference involved randomly selected Europeans in the discussion on the development of European integration, and also involved them in developing political decisions to counteract the deficit of democracy in the European Union (EU). A special place in this discussion was supposed to be occupied by representatives of the civil society organized in the form of think-tanks. The problem of the discussions on the future of Europe so far has been to concentrate the debate mainly on Western Europe. It seems that the voice of Central European representatives, and thus of civil society representing the new Member States that joined the EU after 2004, was insufficiently heard.

The discussion in the project gathering representatives of think-tanks from the Visegrad Group focused on three main areas: political and systemic issues, challenges in energy and climate policy, and the topic of digitalisation.

The main objective accompanying the experts writing the report was to increase the democratization of the European Union, civic participation and the satisfaction of EU citizens with the advancing integration. The authors of the report characterized the basic challenges for the EU and defined some problems with European integration from the V4 perspective. The experts also presented the possibilities of overcoming these difficulties in order to build a better European Union, i.e. they proposed specific recommendations, after the implementation of which the EU can act more efficiently and transparently. The development of EU integration should follow democratic standards and the expectations of citizens also coming from the new Member States, which, like Poles, are enthusiasts of integration and intend to ensure the best possible future for the EU.

In the European debate, it is important to look for allies and speak with the „voice of the region", which is stronger than the voice of individual states. We treat this report as bringing the intellectual thoughts of V4 experts to the international debate on the development and future of the EU. Our solutions, especially from the perspective of the outbreak of the war in Ukraine, as well as the recovery of EU countries from the Covid-19 pandemic, are aimed at proposing ideas uniting European nations, which - in our opinion - will result in strengthening the entire community and the region of the V4 countries.

In the era of growing economic challenges, geopolitical conflicts at the EU's borders, huge internal difficulties within the EU itself, we should look for management methods that will be optimal for solving crises. At the same time, we should respect national democracies and constitutional orders in the Member States. That is why the future of Europe should be built on a different foundation than it has been so far, so as not to lead to the collapse of the European project. Such concern for the future of Europe accompanied the work of experts representing the V4 countries involved in the discussion at the Conference on the Future of Europe.

The originator of the report is the Sobieski Institute - a Polish think-tank operating since 2005, whose mission is „Creating ideas for Poland". Our partners were experts from the following think-tanks: Institute for Politics and Society (Czech Republic), F. A. Hayek Foundation Bratislava (Slovakia), Institute for Foreign Affairs and Trade (Hungary). The project was financed by the International Visegrad Fund.

Angelika Gieras
Tomasz Grzegorz Grosse

# II. Institutional system of the EU

## Recommendations

1. V4 continues to support every initiative, which facilitates common thinking on the future of Europe. Our countries' position has been unchanged for quite some time regarding the future of our community. V4 is committed to the concept of a Europe that is built on strong nations; and we are interested in building a European Union that respects national positions, the equality of Member States, supports successful national policy models and is built on our shared Judeo-Christian cultural values.

2. Ensuring the shared economic success of Member States must be a priority for all EU policies. V4 believes that the EU is the best framework to face and tackle both internal and external challenges and we strive to contribute as much as possible to the creation of a stronger, safer and more competitive EU. V4 is also of the opinion that integration is first and foremost a means of shared economic success. Treating an "ever closer Union" as a goal for its own sake leads to attempts at overriding national interests and weakening the traditional values that form the foundations of Europe. The COVID-19 pandemic as well as previous crises have put the EU's most important achievements under severe strain. We must find a way to lead the European Union back to the path of economic and political success, where citizens can believe in the "European dream". For Central Europe, the protection of the achievements of integration represents the highest priority regarding our common future. The integrity of the internal market, the four fundamental freedoms and the proper functioning of the Schengen area must be restored as soon as possible. We must also maintain the Union's openness to further enlargements towards the Western Balkans region. V4 also supports Ukraine's membership in the EU.

3. The principle of subsidiarity and the role of national Parliaments in EU decision-making must be strengthened. V4 has been long calling for the introduction of a „red card procedure" that would allow national parliaments to halt unwanted legislative processes. National parliaments should also be given more capabilities to contribute to the decision-making process in the EU. The EU should - in line with the subsidiarity principle - support the Member States, especially in crises or in a situation of shortages of adequate resources at national level.

4. The European Union should remain a democratic organization. The development of European democracy has been taking place for many years, the best example of which is the development of the competences of the European Parliament. Nevertheless, many scholars still point to severe

democratic deficits at EU level. Therefore, it is all the more important that the EU institutions do not limit the treaty competences of the Member States, and thus the democracy in the Member States. At the same time, according to the treaties, the EU should respect national identities, inherent in the fundamental structures, political and constitutional of the Member States. We are of the opinion that it is primarily the role of the Member States, through unanimous changes to the treaties (if necessary), to transfer further competences to the EU.

5. The European Union should seek more flexible forms of management in response to crises, including more extensive use of the mechanisms of differentiated integration and „coalitions of the willing" to undertake actions. An example is the EU climate policy, which imposes too burdensome goals and in too short a time for some countries of Central Europe. It would be advisable, therefore, for the achievement of these common goals to proceed (i) at a slower pace for those countries that have the most difficult conditions, and (ii) with much higher than currently planned financial support from European funds. The same is true of common goals in the field of migration policy, which should in principle remain a national competence, but may be consulted and coordinated by EU institutions in a crisis situation. The implementation of such common goals should be flexibly differentiated depending on the capabilities of individual Member States and the preferences of voters in these countries. The regulatory harmonization trend should be limited preferably to the four economic freedoms in the internal market. At the same time, the scope of the treaty freedoms in the internal market should be extended, especially in the field of services.

6. European values are the basis of the functioning of the European Union. Nevertheless, the political discussion in the EU should not be dominated only by one political option and the political values it represents. Democratic standards of free discussion should be respected for all political factions that are entitled to defend their own beliefs, including within the framework of their own political values. It is a prerequisite for mutual tolerance and respect, as well as an essential condition for political pluralism.

7. We need to rebuild the culture of consensus. Member States face different challenges due to their different situations and different institutional models that reflect their specific social and economic context. V4 rejects the extension of qualified majority decision-making in such sensitive areas as social policy, taxation or the common foreign and security policy. As shown by the experience of the Ukrainian crisis in 2022, differences between Member States in their vital security interests are still significant. Therefore, the larger states cannot be allowed to outvote the smaller ones in the EU forum on such important issues. Rather, a consensus should be sought that respects the strategic interests of all Member States while letting NATO play a key defence role in Europe. The leadership and guidance of the European Council should be respected on issues of strategic importance; the most important decisions must be taken at the highest level by the democratically elected leaders of the Member States.

8. Migration policy should remain primarily the competence of the Member States. The European Union should adopt a subsidiarity driven approach in this respect, and thus supporting the Member States, especially with regard to the protection of the EU's external borders against mass and illegal immigration. The European Union should also effectively discourage hostile external states from using the instrument of migratory pressure against the EU.

9. While the negotiations on the reform of the Common European Asylum System have been stalled, the shortcomings of the common migration and asylum policy continued to cause serious problems in recent years. Not learning from its mistakes, even today, in 2022, the EU is not prepared for

the consequences of another possible migration crisis. In the past, we have followed a clearly flawed concept: the reception and relocation of all asylum seekers within Europe will never be an adequate response to illegal migration and population movements arising from security challenges. With the help of the EU, we need to create conditions in countries of origin and nearby safe countries, that enable displaced people to succeed as close to their homeland as possible.

10. The Belarus crisis has also highlighted the importance of external border protection, while developments in Afghanistan have appraised the significance of addressing root causes and supporting countries of origin and transit. Both in the EU and national narratives there has been some reorientation following the Taliban takeover in Afghanistan. The EU institutions and Member States are beginning to recognise that the primary and most effective tool at our disposal is to support safe neighbouring countries, to protect the EU's external borders and thereby safeguard the EU's internal security.

11. On the V4 side, we have a positive outlook on this narrative shift in the EU, as we do not agree that from time to time we try to find a solution to the periodic increase in the number of people arriving in Europe with the same erroneous answer. We maintain our opinion that all possible measures should be implemented in order to keep the influx of illegal migrants under control and to prevent their entry into the European Union without proper identification, which is even more important in the current epidemiological situation. The differentiation between migrants who are in genuine need of international protection and economic migrants outside the EU is indeed crucial, thus ensuring that only those in real need of protection enter the EU's territory.

12 We are similarly skeptical regarding the relocation proposals in the Pact on Migration and Asylum. The position of Member States has been known for years; therefore, we do not consider it an appropriate approach to base the reform of the asylum system on a mechanism which has always been one of the most controversial issues. Our position is still based on the belief that the new migration package should not be based on a mandatory relocation mechanism. Mandatory relocation only acts as a pull factor and cannot contribute to solving the migration crisis.

# National perspectives

## Hungary

Hungary wants to see a strong European Union in the world, one which reflects upon its original values established by treaties. Treaties were adopted by the governments elected by the people, thus, there is no alternative in a democratic organisation, but to follow these common rules on a word-by-word basis. Hungary is against any kind of vague interpretation of the treaties, or the widening of institutional responsibilities without having democratic control over the process.

One of the most essential challenges is to convince European people about the importance of the EU. The task ahead is to change their perception of a distant, complicated and bureaucratic institution, and show them that the EU and the governments of its Member States are really working for (and not against) them.

The Conference on the Future Europe (CoFoE) is a great initiative, which is fully supported by Hungary, which has seen a record number of events, discussions, workshops, and conferences within this framework in 2021. Having said that, I do not believe that the conference in itself is able to come up with actual policy solutions for the EU. Of course, it is not the job of academics, NGOs, think-tanks to do

the job instead of democratically elected governments. While it cannot be expected that the CoFoE will produce significant results, it is a great opportunity to inject Central European points of view into the overall debate on the future of the EU.

Although the EU has been a success story since the 1950s, a global withdrawal started after 2010. Not only did the original goal of the EU to become the most dynamic economy globally cease to become the top pritority, but also the competitiveness of Europe decreased dramatically after several crises. Instability in our neighbourhood, Brexit and the general loss of trust in the EU institutions caused a major legitimacy problem across the European Union. Two competing approaches, each with a different ideological and geographical base, have come to the fore. Western mainstream political elite and the politicised bureaucracy in Brussels believes in their solutions focusing on federalism and further increase of the power of bureaucracy. They expect Eastern and Southern countries to adopt this perspective without listening to their counter-arguments in European debates. Hungary supports a democratic European Union, which is based on mutual respect of the elected governments and the people living here.

Some points coming from the Hungarian government consist of the following recommendations:

1. Emergency brake, which makes it possible to veto decisions harming the vital interest of Member States. One fifth of the Members plus the president of the EU Council could raise the red card and stop a decision-making process, if they have a serious concern about a decision, which threatens their national constitutional traditions.

2. Reversed preliminary decision-making process: EU Court of Justice must consult with national Constitutional Courts in cases related to Article 267. of TFEU.

3. Establishing a monitoring body, which is responsible for the legality of EU institutions. Rule of law is an essential requirement of European politics, but it shall apply not just for the Member States, but also for EU institutions.

4. Modifying the rules of double majority, because it creates an unproportionate advantage for large Member States.

5. Introducing a red card procedure on the basis of subsidiarity. It would increase the importance of national parliaments. If subsidiarity control process reveals that 55% of all votes from all national parliaments are against a decision, it shall not be accepted.

The V4 has launched several consultation formats before the COP26 to formulate a common position in their climate agenda. The V4 represented a special position as the supporter of nuclear energy and promoter of gas as a transition fuel. Hungary is a firm supporter of the fight against climate change and environmental degradation, but Budapest believes that a conservative alternative solution to the climate challenge exists, and together with our V4 partners, we can highlight our arguments in a European debate. Hungary supports a multi-player game in the field of climate policy. It is not an imagined global community that is responsible for the problems of climate change. In fact, communities, nations, regional players; citizens, states, and companies are more likely to act than a global community with its own vested interests, like the bureaucracies of the UN, or the political activists of NGOs. Thus, Hungary thinks we need compromise and balance to tackle climate change. For a sound and effective environmental policy, one has to find common ground between all those players. It is not gender equality and empowerment that needs to be balanced against environmental protection, but national economies, citizens' expectations, regional development, etc. One has to make all players interested in a more environment-friendly politics beyond

buzzwords. The Hungarian government understands there is a contest between nation-states and companies. A transition to a greener economy, like every other change in the balance of world powers, engenders a competition. This competition is mostly between nation-states and between companies. One has to be aware of the fact that one power center will support a specific green technology in order to further their interests (e.g. Australia is a center of lithium batteries; Denmark and Germany are of wind farms, etc.).

## Czechia

Civil Society is, at its core, an abstract term that facilitates multiple avenues of discussion which consist entirely of quasi-objective and quasi-subjective interpretations of similarly occurring phenomena. It is impossible to universally define the term, yet almost everyone possesses an interpretation of what it is believed to be. Given this lack of a clear definition, it becomes necessary to isolate the topic of discussion to a particular region and, therefore, put aside outside influences. Europe is one of the most diverse and historic continents on the planet. Europe contains roughly 50 independent states and six dependencies, contains roughly 10% of the global population, possesses the third highest global GDP when compared to the other continents, and is roughly 75% Christian. The largest governing body of the continent is the European Union with a membership of 27 of the aforementioned 50 sovereign states. These 27 members, while indeed experiencing overlapping historical events and cultures, remain distinct from one another in their national spirit and self-expression. Therefore, any notion of a universal, European Union, identity that replaces the identities of individual nations should be rejected entirely. To bring forth such an identity would be to trample on the entire history and distinction within the continent and condemn it to being just one country.

European nations, despite this, do need to unite in the face of adversity as well as unite against the future challenges they must face. The EU has brought forth this notion and looks now to guide the Union into the future united and strong. The focus now becomes, what is a civil society within the EU and how will it grow in the future? The EU decides the future of millions of citizens as well as millions more non-citizens, both in Europe and around the world. If it is unable to agree on what a civil society is, the effectiveness of decisions will be immediately questioned (in fact, this is already happening). The subjective definition of a civil society is appearing to cause more problems than it offers solutions. Therefore, it becomes necessary to define civil society further based upon existing notions. From this definition, the recommendations for the EU shall be given.

Existing in the world are multitudes of interpretations of civil society from multitudes of people and from multitudes of countries. However, within European society, one singular foundation exists upon which rests the entire society: a foundation of morals and values derived extensively from Judeo-Christian cultural values. While Europe of late has become increasingly secularized, the foundations of its current existence remain generally of this background. In fact, it could be argued that in regions where this background is disputed or borders regions lacking this background, conflict or political disputes occur with greater frequency. These values, in their simplest forms, express peace, respecting and loving their neighbour regardless of race or creed, individual rights to life, liberty and the pursuit of happiness, as well as an adherence to a rule of law that protects these values. This is not to say that other continents or non-European cultures are devoid of these values, but it can be said that there are distinct differences between European cultures and non-European cultures. Given this definition of civil society and what it means within Europe, the following recommendations can be offered to help better direct the future of the EU as well as Europe as a continent and community.

The first order of business for the EU is to remove the notion of possessing the entire basis of moral authority over Member States. Unity remains an important part of the future of the EU, but attempting

to dictate the morals and values for Member States is a folly that will only serve to facilitate discontent and objections from existing members as well as isolate and repel future members. The EU should act more as a facilitating body that helps promote the conversation between Member States while simultaneously promoting and regulating trade thereof as opposed to creating and implementing legislation that contradicts the express morals of particular Member States. To do so, undermines the exact key principles of the EU, which are freedom, democracy, equality and the rule of law, promoting peace and stability. Key events in history have shown this friction in action. The 2015 Migrant Crisis, the EU Green Deal, and the recent Poland-Belarus Border Crisis are just three of them. Specific emphasis should be given to the wording contained within the EU Green Deal to better understand this point. According to the Green Deal, changing diets would alleviate some of the impact of climate change. Specifically, "changing consumer choices towards healthy diets could be of the same order of magnitude as technical options available to reduce emissions in the sector" (EU Commission, 2020). A "Farm to Fork Strategy" is mentioned which is simply another plan by the EU to better regulate the sustainability of food production, but the crux of the argument is in the footnote at the bottom of the document which states, "A strong decrease of consumption of animal products for nutrition could potentially reduce emissions by more than 30 million tonnes [sic] by 2030" (EU Commission, 2020). While climate change is a problem, why is the EU specifically trying to dictate the diets of the citizens of individual Member States? This challenges the idea that diets themselves are unchangeable due to individual liberty as, presumably, the food available to consumers could and would be changed in order to enforce compliance. This is a dangerous encroachment of civil liberty that can disrupt the fabric of a civil society without even being from a governmental body that local citizens can directly influence.

The second order of business relates to local laws and governmental enforcement mechanisms. The Rule of Law is interpreted differently within different countries and, therefore, produces different understandings of crimes. Anarchy is the antithesis of a civil society that is based upon law and order. Therefore, allowing rampant lawlessness and crime sprees is in direct contradiction to the image of a civil society. As previously mentioned, values and morals determine the interpretation of the rule of law, but within the EU this interpretation is already accounted for. Thus changing this interpretation in an effort to either pardon actions previously deemed to be a crime, or to condemn actions previously deemed lawful, would be to devalue this established rule of law as well as undermine the authority of law enforcement mechanisms. In this instance, the EU should refrain from enacting legislation that would seek to impose laws or interpretations of existing laws that contradict the established laws within Member States. For example, specific emphasis is given to hate speech laws enacted in 2014. In 2008, the EU enacted hate speech laws that stated, "each Member State shall take necessary measures to ensure that the following intentional conduct is punishable" (EU Commission, 2008). This phrase, "Each Member State shall take necessary measures" was used prolifically throughout the document. Then, in 2014, an update was given that changed the previous wording to simply "must constitute an offence in all EU countries and be punishable by effective, proportionate and dissuasive penalties" (EU Commission, 2014). It further stressed that the behaviour "applies to all offences committed within the territory of the European Union (EU)... by a national of an EU country or for the benefit of a legal person established in an EU country" (EU Commission, 2014). This shift displays another distinct move by the EU to supersede the individual liberties and institutions of Member States. While violence and racism are indeed abhorrent, hate speech is entirely subjective from certain viewpoints and should not be enforced by a government entity superseding a country's individual jurisdiction. It should be noted that in the 2008, punishments were given a suggested "between 1 and 3 years of imprisonment" (EU Commission, 2008) of course with the aforementioned „each Member State shall take necessary measures" (EU Commission, 2008), and replaced simply with a "EU countries must ensure that they are punishable by... a term of imprisonment of a maximum of at least one year" (EU Commission, 2014). Europe should never be a continent ruled by a singular government that has absolute authority over its constituents.

The third, and final, order of business for the EU should be to counter the Chinese Belt and Road Initiative. Countering China in its constant drive toward hegemony and supremacy as a superpower should absolutely be a genuine goal for the EU. The Global Gateway, however brilliant and ambitious on paper, might divert necessary funds away from European projects. According to European Parliament (2021), an upgrade was agreed upon for the Connecting Europe Facility (CEF) "worth €30 billion for 2021 to 2027" ("€30 billion for infrastructure projects connecting EU regions"), meanwhile the Global Gateway is expecting funding upwards of "EUR 300 billion" (EU Commission, 2022) within the same timeframe. It would appear that more emphasis is going to be put on expanding the global influence of the EU at a disproportionate rate than improving its local infrastructure. While this new project is hopeful, it remains to be seen if it will be effective. However, the main hope for the Global Gateway project is its inception as a counter initiative to China's BRI, with remarks from the EU Commission President Ursula von der Leyen being "We are good at financing roads. But it does not make sense for Europe to build a perfect road between a Chinese-owned copper mine and a Chinese-owned harbour [sic]. We have to get smarter when it comes to these kinds of investments" (Lau & Cokelaere, 2022). The only problem that remains to be seen is if this will remove the influence that the BRI already possesses in various European countries, and if indeed it does divert funding globally as opposed to locally.

Civil Society, despite being indeed an abstract term devoid of any universally recognized definition, remains deeply important to the social fabric of every European country, regardless of EU membership. The main concern about the EU and its future is that its insitutions appear to be leaning too heavily into believing they are the primary governmental body of Europe as opposed to what they really are: a governmental body that remains subordinated to sovereign individual Member States, but helps facilitate the management and regulation of trade and infrastructure across Member States. If the EU institutions were to step back from their gradual, but distinct, encroachments on the Member States' sovereignty, and shift back to being just the organisations that promote and regulate trade and infrastructure for the betterment of Europe, then the continent, and the world, will indeed have a bright and optimistic future.

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## Poland[1]

The United Right, the ruling coalition in Poland since 2015, is opposed to further federalisation and centralisation of power in the European Union. Contrary to this, it advocates the model of „Europe of homelands", i.e. a European integration that leaves as much competence as possible to the Member States and their national democracies. It recognises that democracy in Europe is based precisely on national communities, and these should not be excessively restricted by the European Union. The democratic deficit in the EU institutions means that so-called „European democracy" cannot fully replace national democracies. Thus, the European Union does not have adequate democratic legitimacy to take over further competences from the Member States and take decisions instead of the will of their democratic communities.

Centralisation of power in the EU may be justified in some areas, such as the structurally troubled Euro area. Nevertheless, centralization measures should always be approved by the countries concerned. Moreover, countries that do not belong to the monetary union should be able to exclude themselves from such actions, for example those aimed at centralisation in fiscal policy.

The Polish authorities are in favour of the subsidiarity-driven model of integration. This means that the EU institutions support the Member States in providing public goods, especially in crisis situations. At the same time, the subsidiarity-driven model precludes the EU institutions from taking over decisions in public policies, except when the Member States themselves agree to delegate some of their sovereign power to the EU. The European Union and its institutions do not therefore have the power to expand the competences on their own without the appropriate consent of the Member States.

In particular, the Court of Justice of the EU (CJEU) does not have such powers to extend the competences of the EU or interfere with matters of competence which, according to the Treaties, are the exclusive powers of the Member States. It is a constant practice of the CJEU which systematically expands the EU's authority over the Member States. According to the Polish authorities, this tendency should be stopped. Prime Minister Mateusz Morawiecki proposed the establishment of a new institution composed of representatives of constitutional courts from the Member States, which would monitor the jurisprudence of the CJEU in this respect. Moreover, each national constitutional court should have the right to independently assess the judgments of the CJEU, whether they do not violate the treaty law in the EU and do not conflict with the national constitution.

Therefore, in the opinion of the Polish government and the Polish Constitutional Tribunal, neither the European Commission nor the Court of Justice of the EU have the competence to influence the reform and organizational structure of the domestic judiciary in Poland, as such power has not been transferred by the Polish state to the EU. Moreover, the EU institutions do not have competence in matters concerning, for example, the adoption of children by homosexual couples, abortion, or the organisation of education and the educational process in the Member States. Taking these matters under supervision of the European Commission, European Parliament and the CJEU is, in the opinion of the Polish government, a violation of European treaties and an unlawful interference with the competences of national democracies. In other words, it can be considered as a lack of the rule of law on the part of the EU institutions. The Polish authorities have repeatedly called for the rule of law to apply not only to all Member States, but to EU institutions as well.

1 This section is based on the personal opinion of the author (Tomasz Grzegorz Grosse) and does not reflect the official position of the Polish government.

The Polish government has conservative and Christian Democrat views in matters of public morality. Such a policy was chosen by the majority of Poles in the consecutive seven elections between 2015-2020. The Polish authorities are concerned about the tendency visible in the EU to identify European values with the political preferences of left-wing and liberal factions. This means a gradual departure from Christian and conservative values in the political practice of the EU institutions. Representatives of the Polish government have repeatedly recognized that this limits political pluralism in the EU, as well as democracy in the Member States. In matters not transferred to the EU by treaties, the EU institutions should not speak out, especially in a biased manner, and this is the case with many issues relating to public morality, such as abortion or the scope of privileges for sexual minorities. All these matters should be decided - as it has been so far - by the democratic community in individual Member States.

The Polish authorities acknowledge the supremacy of European law over national law, but with two important caveats: (i) this excludes constitutional law, and (ii) it only applies in such areas of competence that have been transferred by the Polish authorities to the EU in the European treaties. The nation, i.e. Polish voters - citizens, is the sovereign in relation to the transfer of relevant competences from a Member State to the EU. Neither the CJEU, nor any other EU institution has such powers in the field of state sovereignty.

In this regard, the Polish position is consistent with the judgments of the Federal Constitutional Court (Das Bundesverfassungsgericht), inter alia of May 5, 2020, in which it stated that treaties must be interpreted in accordance with the will of the nations which have ratified them and which remain their sovereigns. In other words, EU legislation and the case law of the CJEU can be verified by the constitutional court in Karlsruhe as a representative of the German demos. In the above-mentioned judgment, the German constitutional court unequivocally stated that the German constitution is above European law.

Similar was the position of the French Council of State (Le Conseil d'État) on October 30, 1998, where it was stated that the international obligations of the French state do not extend to constitutional provisions. This ruling was confirmed by the French Court of Cassation (La Cour de cassation) on June 2, 2000, when it stated that international obligations related to the primacy of international law over domestic law do not concern regulations of a constitutional nature.

Successive rulings of the Polish Constitutional Tribunal (Trybunał Konstytucyjny) from 2005-2021 held the same position, namely that EU law does not have supremacy over the Polish constitution. The judgments of all these constitutional courts do not lead to the exit of subsequent Member States from the EU. National courts only defined the institutional framework of further European integration in congruence with national constitutional orders. They are therefore in line with Art. 4 of the Treaty on European Union, which states that „the Union shall respect the equality of Member States before the Treaties as well as their national identities, inherent in their fundamental structures, political and constitutional."

The Polish authorities believe that the introduction of a larger number of matters decided by qualified majority voting in the EU Council is a federalisation tendency, which privileges the largest Member States at the expense of the interests and will of voters in smaller states. Therefore, one should rather try to reduce the scope of matters voted in the majority manner in the EU Council.

The Ukrainian crisis of 2022 proves that the largest Member States from the Western Europe have a different perception of the geopolitical situation and strategic interests than, for example, some Central European countries or the Baltic states. Therefore, it is difficult to agree to a majority vote in the EU Council on matters relating to the EU's Common Foreign and Security Policy.

The calls to build a strong Common Security and Defence Policy also raise serious reservations in the light of the Ukrainian crisis, at least in relation to the period before the Russian Federation invaded Ukraine on 24 February 2022. Common Security and Defence Policy would be dominated by the interests of France and Germany, which are not always compatible with the security preferences of the so-called NATO's eastern flank. Although, after the invasion of Ukraine by the Russian Federation, the position of Berlin and Paris has changed, and the German government agreed to provide military aid to Ukraine and decided to increase defense spending in line with NATO requirements. Nevertheless, one should strive to strengthen NATO, and especially the countries of the eastern flank of the Alliance, rather than aiming for the so-called "strategic autonomy" of the EU in the field of defence. The EU's security and defence policy should be closely synchronized and indeed subordinated to NATO's goals. It should not, however, duplicate NATO's structures and infrastructure or seek to replace them.

It seems that the solution of political tensions resulting from successive crises and the democratic deficit in the EU should not be further centralisation of competences in European institutions. Rather, decentralisation and flexibility should be increased to align integration process and crisis management with the political will of national voters.

An example is the issue of managing the migration crisis. The EU institutions should not impose solutions in this matter that are not accepted by voters in individual countries. It is necessary to solve the crisis by eliminating its causes, thus limiting the inflow of immigrants to the EU. The forced relocation of refugees and migrants should not be imposed top-down among all Member States. It is also wrong to build a supranational asylum regime in the EU. The Polish government is of the opinion that solidarity should be shown to the countries most exposed to the crisis, although the form of such assistance should depend on the will of voters in individual countries and their financial capabilities. In addition, the Member States most affected by the crisis - with the support of the EU institutions - should block the flow of immigrants into the EU. Keeping the EU's borders open or leaky, for example for humanitarian reasons, exposes the EU as a whole and other Member States to problems caused by excessive influx of migrants, such as deterioration of public security and the threat of terrorism. Thus, the attitude of border states to approve of the influx of immigrants exposes other states to problems, and thus has little to do with solidairity with the rest of the Community.

Another example is the EU climate policy. It imposes very ambitious targets on all Member States, but the costs of implementing this policy are not equal among all EU members. Therefore, the EU policy should be more flexible and, for example, adjust the pace of achieving climate goals to the capabilities of a given country and society. It should also provide greater financial support to countries facing the most difficult starting point for climate transformation.

In other words, in the opinion of Polish authorities, the EU policies should be more decentralised and flexibly managed. This is in line with the idea of a subsidiarity-driven Europe that supports its Members, but does not force them to bear the burden of integration against the will of local voters. Also, imposing severe financial sanctions on Member States is contrary to the idea of a Europe based on the subsidiarity principle. It is a symptom of a centralisation tendency, which compulsorily forces regulatory harmonisation and adjustment to a uniform policy among weaker or smaller Member States. Furthermore, financial sanctions directed frequently against the new Member States from Central Europe are, in the opinion of representatives of the Polish government, an expression of the patrimonial attitude of Western Europe. This introduces unnecessary divisions and political tensions at a time when the EU should focus on dealing with successive crises.

The Treaty on the European Union in Art. 1 mentions "creating an ever closer Union among the peoples of Europe". At the time of crises and growing disintegration, the European Union requires a change in the paradigm of integration. It is necessary to create a more flexible and democratic Union, thus consistent with the will of the democratic communities in Europe.

# Summary

V4 continues to support every initiative which facilitates common thinking on the future of Europe. Our countries' position has been unchanged for quite some time regarding the future of our community. V4 is committed to the concept of a Europe that is built on strong nations; and we are interested in building a European Union that respects national positions, the equality of Member States, supports successful national policy models and is built on our shared Judeo-Christian cultural values.

Ensuring the shared economic success of Member States must be a priority for all EU policies. V4 believes that the EU is the best framework to face and tackle both internal and external challenges and we strive to contribute as much as possible to the creation of a stronger, safer and more competitive EU. V4 is also of the opinion that integration is first and foremost a means of shared economic success. Treating an "ever closing union" as a goal for its own sake leads to attempts at overriding national interests and weakening the traditional values that form the foundations of Europe. The COVID-19 pandemic as well as previous crises have put the EU's most important achievements under severe strain. We must find a way to lead the European Union back to the path of economic and political success, where citizens can believe in the "European dream". For Central Europe, the protection of the achievements of integration represents the highest priority regarding our common future. The integrity of the internal market, the four fundamental freedoms and the proper functioning of the Schengen area must be restored as soon as possible. We must also maintain the Union's openness to further enlargements towards the Western Balkans region. V4 also supports Ukraine's membership in the EU.

The principle of subsidiarity and the role of national Parliaments in EU decision-making must be strengthened. V4 has been long calling for the introduction of a „red card procedure" that would allow national parliaments to halt unwanted legislative processes. National parliaments should also be given more capabilities to contribute to the decision-making process in the EU. The EU should - in a subsidiarity-driven manner - support the Member States, especially in crises or in a situation of shortages of adequate resources at national level.

The European Union should remain a democratic organisation. Many scholars point out severe democratic deficits at EU level. Therefore, it is all the more important that the EU institutions do not limit the treaty competences of the Member States, and thus the democracy in the Member States. At the same time, according to the treaties, the EU should respect national identities, inherent in the fundamental structures (political and constitutional) of the Member States. We are of the opinion that it is primarily the Member States, through unanimous change of the treaties, if necessary, to transfer further competences to the EU.

The European Union should seek more flexible forms of management in response to crises, including more extensive use of the mechanisms of differentiated integration and „coalitions of the willing" to undertake certain actions. An example is the EU climate policy, which imposes too expensive goals and in too short a time for some countries of Central Europe. It would be advisable, therefore, that the achievement of these common goals could proceed at a slower pace for the countries that have

the most difficult conditions, and at the same time with much higher than currently planned support from European funds. The same is true of common goals in the field of migration policy, which should in principle remain a national competence, but may be consulted and coordinated by EU institutions in a crisis situation. The implementation of such common goals should be flexibly differentiated depending on the capabilities of individual Member States and the preferences of voters in these countries. The regulatory harmonisation trend should be limited preferably to the four economic freedoms in the internal market. At the same time, the scope of the treaty freedoms in the internal market should be extended, especially in the field of services.

European values are the basis of the functioning of the European Union. Nevertheless, the political discussion in the EU should not be dominated only by one political option and the political values it represents. Democratic standards of free discussion should be respected for all political factions that are entitled to defend their own beliefs, including within the framework of their own political values. It is a prerequisite for mutual tolerance and respect, as well as an essential condition for political pluralism.

We need to rebuild the culture of consensus. Member States face different challenges due to their different situations and operate different institutional models that reflect their specific social, constitutional and economic statuses. V4 rejects the extension of qualified majority decision-making in such sensitive areas as social policy, taxation or the common foreign and security policy. As shown by the experience of the Ukrainian crisis in 2022, differences between Member States in their vital security interests are still significant. Therefore, the larger states cannot be allowed to outvote the smaller ones in the EU arena on such important issues. Rather, a consensus should be sought that respects the strategic interests of all Member States while letting NATO play a key defence role in Europe. The leadership and guidance of the European Council should be respected on issues of strategic importance - the most important decisions in the EU must be taken at the highest level by the democratically elected leaders of the Member States.

# III. Energy

## Recommendations

### Introduction

Over the last two years, the COVID pandemic has made the governments and enterprises re-evaluate certain long accepted principles of "doing business". What came under particular scrutiny was the reliance of our interdependent economies on just-in-time supply chains. The pandemic and subsequent lockdowns have brought to the fore the vulnerability of this system (most acutely in the case of sourcing medical supplies). Improving the system's resilience, ensuring greater redundancy became the top priority.

On the other hand, the COVID experience significantly moved the needle in favour of "green transition" with Brussels and other Western European capitals drawing clear comparisons between the vulnerability of our healthcare sector and the fragility, due to the accelerating climate change, of our ecosystems. This shift resulted in the announcement of major EU policies such as the "European Green Deal" and the "Fit for 55" framework. It also precipitated the stricter adoption by many businesses of the Environmental, Social & Governance (ESG) rules. The direction of travel seemed well set out – double-down on the expansion of renewables, phase out fossil fuels and electrify many more sectors of the economy.

Russia's invasion of Ukraine, however, poses a challenge to this new paradigm. It has clearly shown the importance of diversification of energy sources and brought home the point that the European energy system is still very much underpinned by imported fossil fuels. In other words, the war in Ukraine has exposed our reliance on just-in-time supplies.

The EU energy market needs to become more resilient to external shocks as well as, when it comes to renewable generation, changing weather patterns. We can achieve this by:

(i) allowing members greater flexibility in modelling their energy transition in a way that reflects their starting position, available resources and the domestic market conditions;

(ii) easing the pain of the transition by providing more robust investment in new greenfield projects as well as initiatives improving energy efficiency (through, for example, demand-side response); and

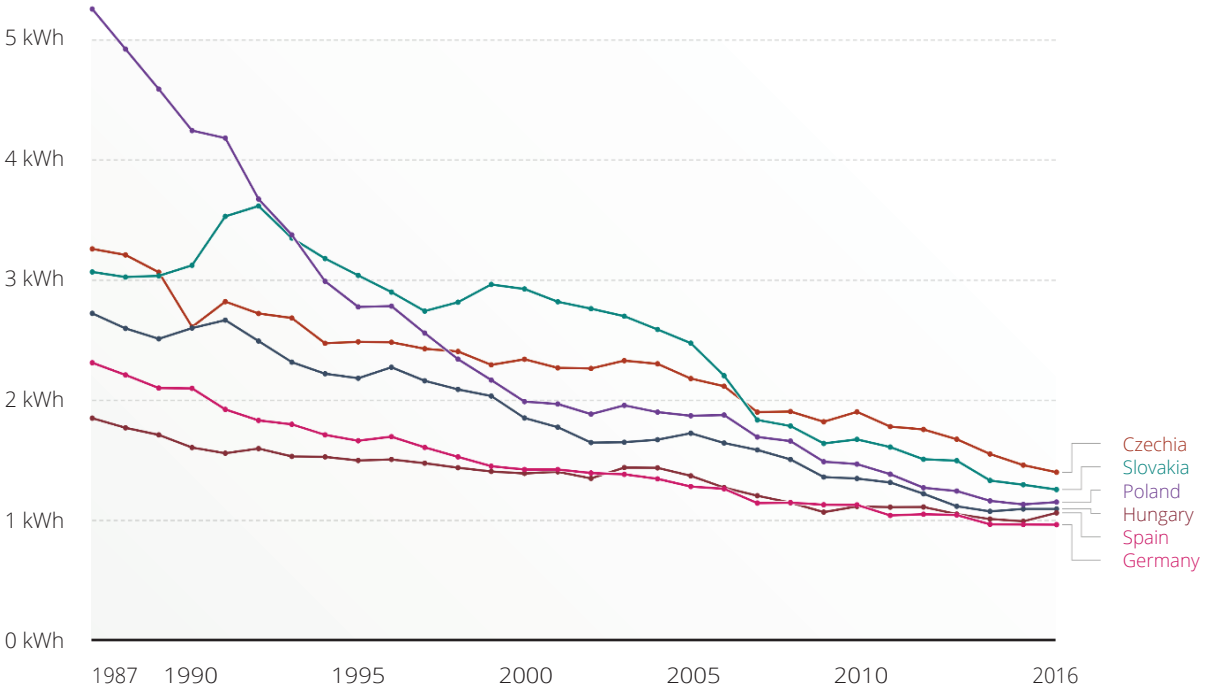
(iii) providing additional sources of flexibility by fostering greater grid interconnectivity between Member States.

# A Just Transition

The Central and Eastern European countries are perceived as not being fast and ambitious enough in "greening" their economies. However, in order to do justice to V4, one has to take into account that these countries have already undergone one radical realignment when it comes to their energy model. If we use the late 1980s as the benchmark, then (as the chart below demonstrates) it will become clear that the collapse of communism and the subsequent reorienting of the economies brought with it rapid and substantial changes to energy efficiency in each of these countries. Energy consumption per unit of GDP[2] has been steadily declining in V4 (in Poland, it collapsed most dramatically prior to 1990) while our economies have been in almost uninterrupted growth mode. By that measure, the V4 states have made much greater progress than, for example, Germany or Spain in becoming more energy efficient and less energy intensive.

Figure 1. **Energy intensity**

Energy intensity is measured as primary energy consumption per unit of gross domestic product.
This is measured in kilowatt-hours per 2011$ (PPP).




Source: Our World in Data besed on BP; World Bank; and Maddison Project Database
OurWorldInData.org/co2-and-other-greenhouse-gas-emissions CC BY

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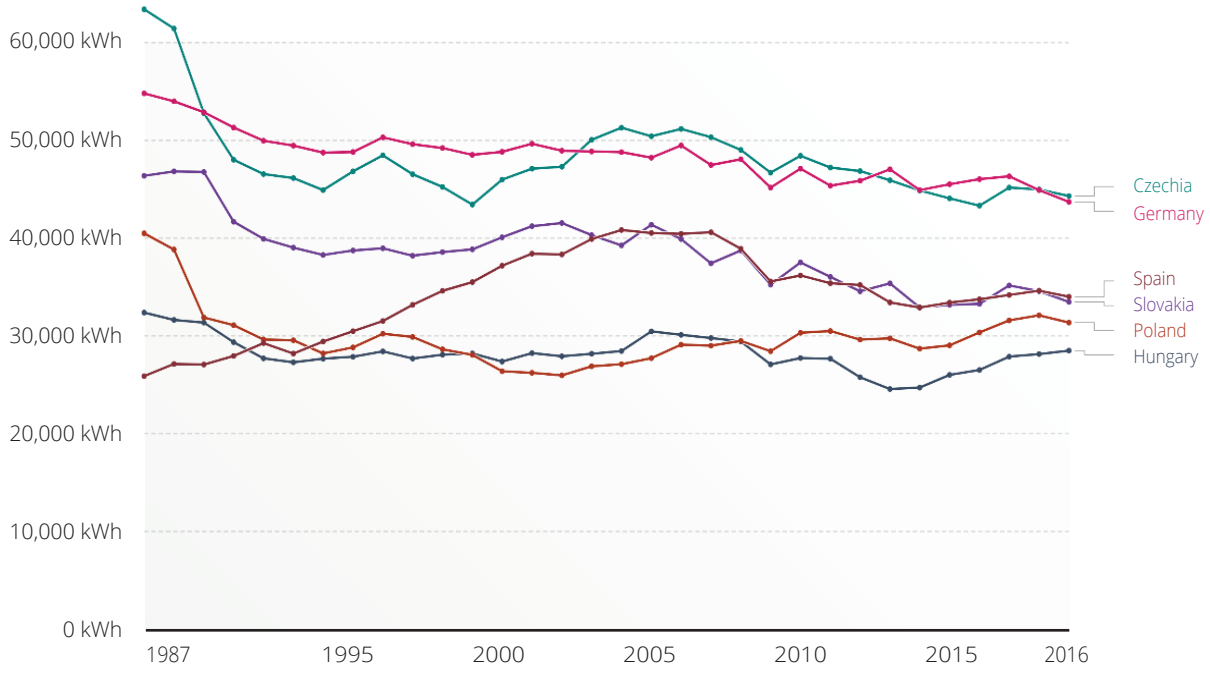
2 Energy intensity measures the amount of energy consumed per unit of gross domestic product. It effectively measures how efficiently a country uses energy to produce a given amount of economic output. A lower energy intensity means it needs less energy per unit of GDP.

Furthermore, on average the energy use per person in V4 (with the notable exception of Czechia) is far below that of Germany. This further demonstrates that an average person in Poland and Hungary has a significantly lower "energy footprint" than their counterparts in, for example, Germany.

Figure 2. **Energy use per person**

Energy use not only includes electricity, but also other areas of consumption including transport, heating and cooking.




Source: Our World in Data based on BP & Shift Data Portal
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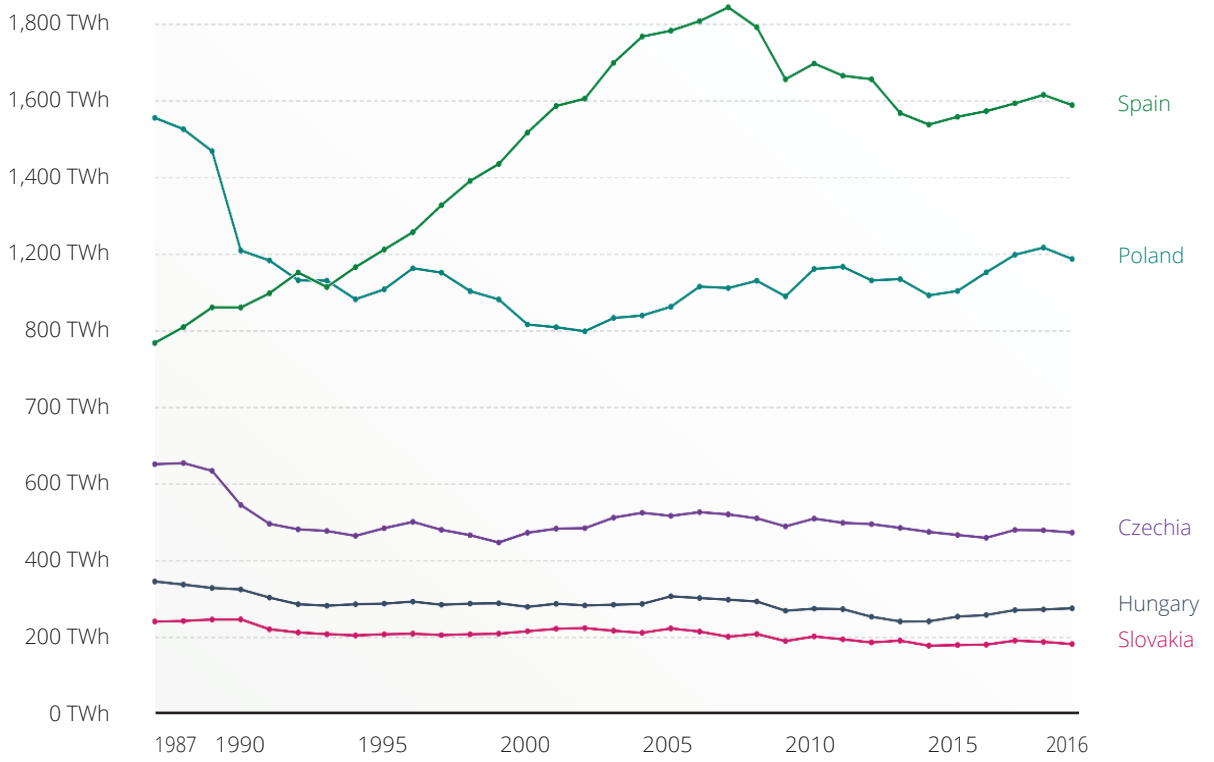
This discrepancy between Poland and Hungary, on the one hand, and Western Europe, on the other, could be explained to some extent by lower purchasing power of consumers in these two countries. However, when one looks at the primary energy consumption within V4 (i.e. how much total energy – combining electricity, transport and heat – does the country consume each year) it becomes clear that significant GDP growth over the last three decades did not bring with it a significant jump in energy consumption. Far from it. In fact, when we look at Poland, for example, one cannot help but notice that the energy consumption in 2019 was at very much the same level (1,200 TWh) as in 1990, even though the composition of Poland's economy and the economic status of an average Pole are dramatically different. The picture is much different in the case of Spain which, in the early 1990s, was at the same level as Poland, but as the country developed (and population rose by six million or 15% from late 1990s until the onset of the Great Recession in 2008), Spain's energy consumption increased by a staggering 50%. In other words, the development model of Spain prior to 2009 was to a far greater extent than in V4 fuelled by expansion of energy use, both in absolute terms (see Figure 3 below) as well as per capita (Figure 2 above).

Figure 3. **Primary energy consumption**

Primary energy consumption is measured in terawatt-hours (TWh).




Source: BP Statistical Review of Global Energy
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Note: Data Includes only commercially-traded fuels (coal, oil, gas), nuclear and modern renewables. It does not include traditional biomass.

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What all of this data demonstrates is that today's discussion about the scale and pace of energy transition within V4 should take into account the progress these countries have made since the late 1980s. They have transformed and substantially grown their economies, moving away from a centrally planned model into a much more energy efficient development framework.

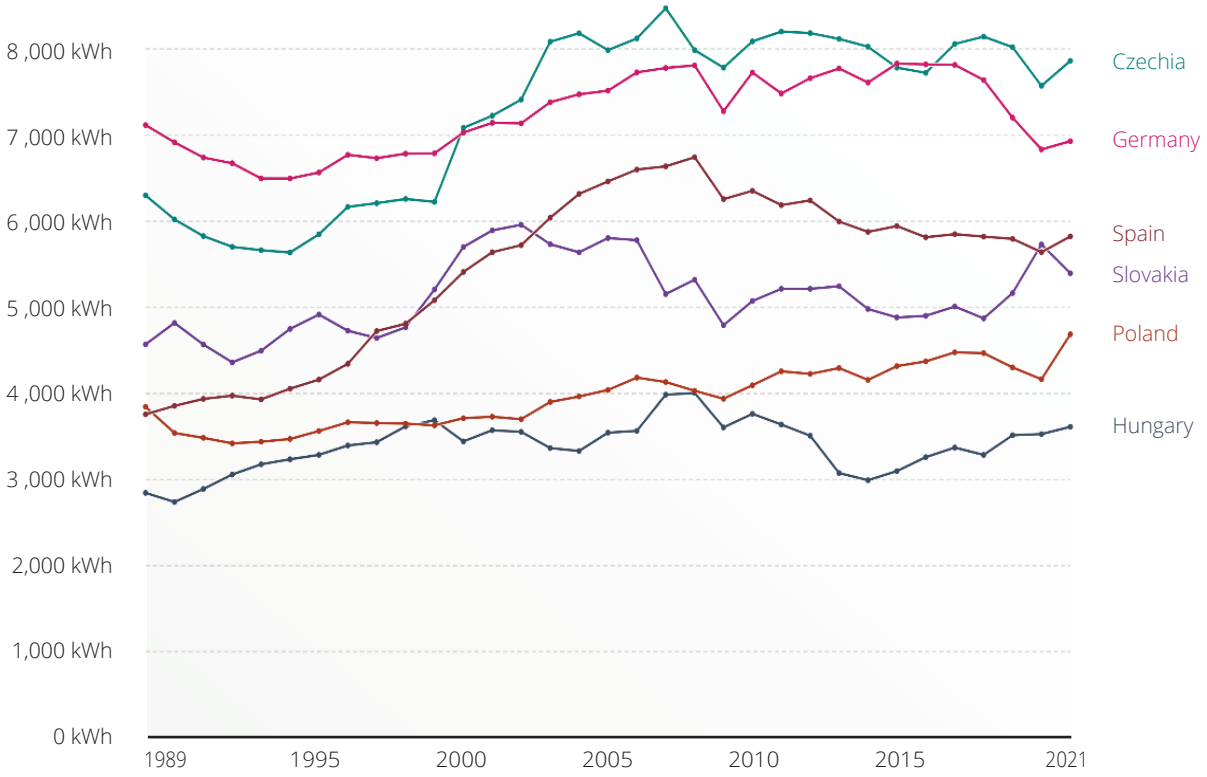
So, the first thing is to give credit where it is due. Bearing that in mind, what should the future look like?

# Electric Avenue

When comparing the "energy use per person" chart with the "per capita electricity consumption" it becomes clear that Poland and Hungary, while being more energy efficient, are also much less electrified than Germany. Czechia, again, is the notable exception here. This discrepancy can, to a significant degree, be explained by the make-up of the heating system in each of those countries (N.B. Czechia has a greater proportion of combined heat & power facilities than other V4 countries).

Figure 4. **Per capita electricity consumption**

Average annual electricity consumption per capita, measured in kilowatt-hours (kWh) per year.




Source: Our World in Data based on BP Statistical review of World Energy & Ember (2022)
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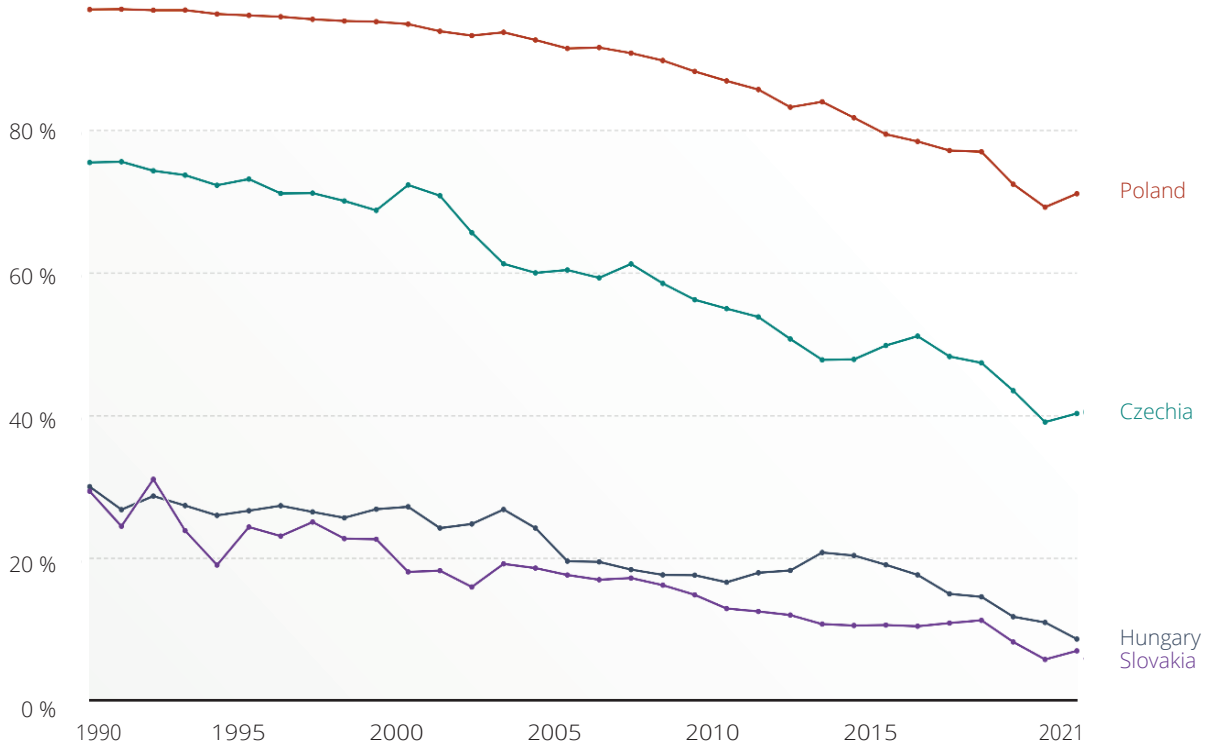
In Poland, the heating of households is primarily fuelled by coal. Whereas the share of electricity production from coal has been steadily declining in all V4 countries (see Figure 5 below), it is the heating systems that require a major overhaul and investment in Poland.

Figure 5. **Share of electricity production from coal**

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Even in Czechia, almost half of all heat is being produced from coal and lignite (gas accounts for 20% of heat production in the country). Hungary, on the other hand, is more reliant on gas when it comes to heating of households. It also has the highest share of electricity production from gas (please see Figure 6 below).

In all V4 countries, gas has been the primary substitute for coal when it comes to electricity generation. As we wean off coal-fired power plants, new gas blocks are coming on stream (see Figure 6 below). It is projected, for example, that by the end of the decade, Poland will increase its gas consumption by 50 per cent.

The role of gas has been growing in the energy mix of all V4 countries. To a great extent the source of that gas has been Russia. For example, two-thirds of gas consumed in Czechia comes from there.

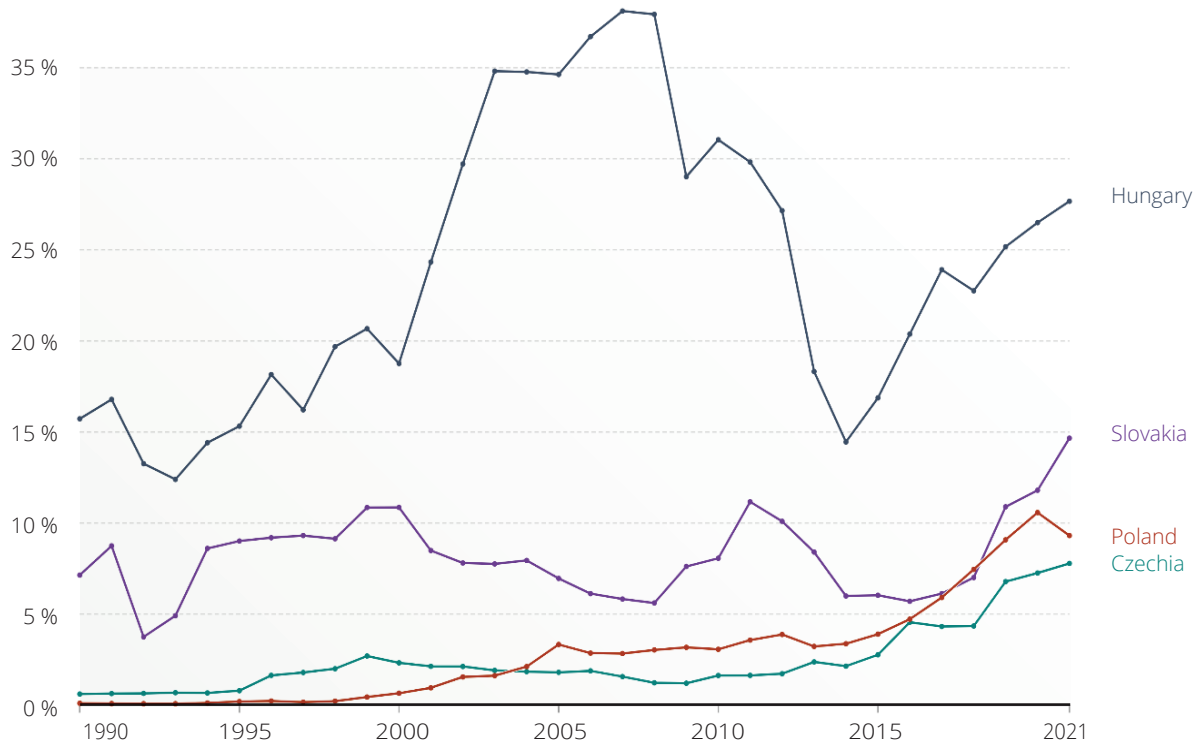
Russia's war against Ukraine, however, has made EU countries re-evaluate the risks involved in relying on imports of Russian gas. That is why it is imperative for V4 countries to further diversify their gas supplies through imports of LNG and via pipelines from Norway or Central Asia.

Poland has been ahead of the curve in that respect as it heavily invested in an LNG regasification terminal as well as the Baltic Pipe project which will bring Norwegian gas, via Denmark, to Poland. This gas could be exported further south to other V4 countries.

In other words, the current crisis should become an opportunity for V4 countries to integrate further their gas networks. Czechia, for example, is already a major transit country within the European gas network and its transmission grid has substantial spare capacity. There is therefore a business case, in the current climate, to expand the capacity for cross-border flows between Poland and Czechia.

It is clear that gas will have an important role to play in powering the V4 energy transition. EU policies should reflect this reality. At the same time, Poland, Czechia and Hungary should re-evaluate their plans regarding upgrades to the heating system and, instead of prioritising gas for domestic heating, give greater focus to local, decentralised solutions (such as electric heat pumps).

Figure 6. **Share of electricity production from gas**




Source: Our World in Data based on BP Statistical Review of World Energy & Ember (2022)
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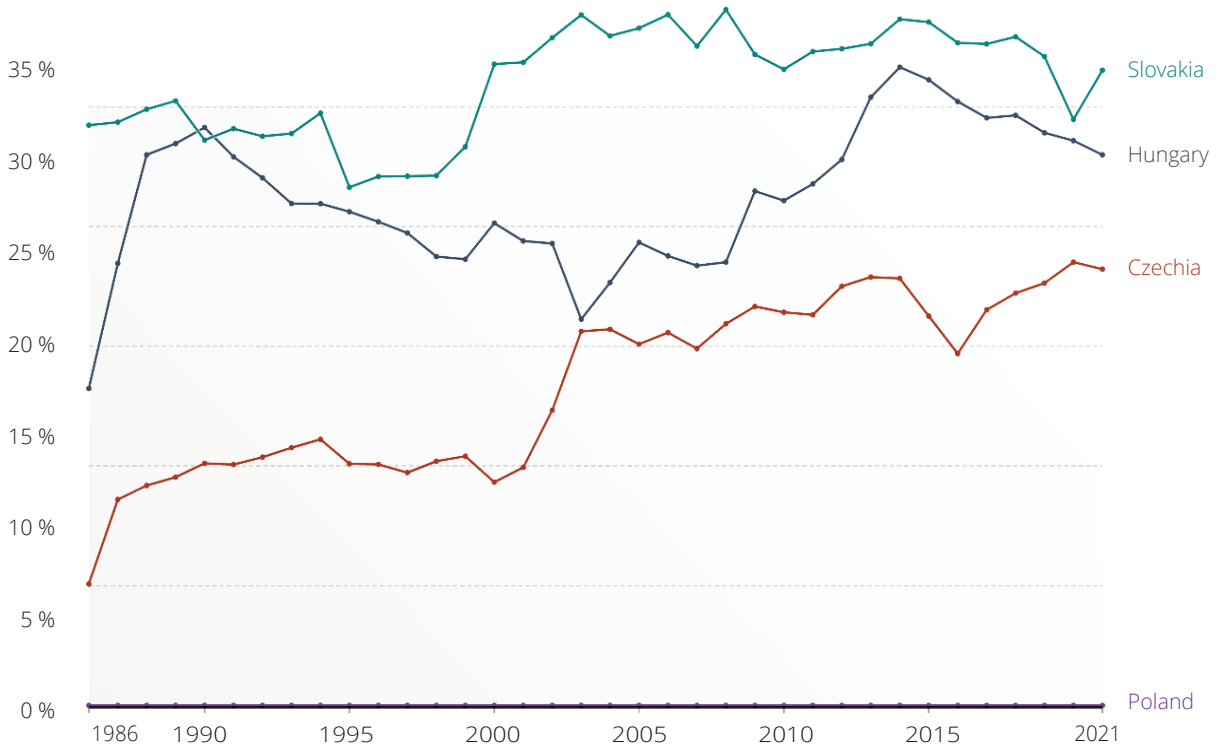
As our colleagues argue in the Digitalisation chapter of this report, EU member-states have no choice but to make significant investments in their digital infrastructure and spearhead the adoption of digital technologies. In the case of V4, going fully digital and making tech businesses the foundation of each country's economy will not be possible without investment in additional power sources, particularly low-carbon, ESG compliant ones.

This transition to further electrification will be the biggest challenge for Poland which (unlike other V4 countries) has no generation from nuclear power (please see Figure 7 below). Lack of this low-carbon, stable and reliable energy source is a major obstacle for Poland and should be addressed, especially in the current geopolitical climate.

Unfortunately, given the development timeframes of nuclear power plants, we cannot expect the first block to come onstream until 2035. That is why Poland, as it has been argued in the 2019 Sobieski Institute report[3], should invest in small modular reactors (SMR).

Figure 7. **Share of electricity production from nuclear**

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3 https://sobieski.org.pl/wp-content/uploads/Raport-SMR-dla-Polski-Instytut-Sobieskiego-12-2019.pdf

Especially so, given that the share of renewables in electricity generation will be rising even faster than to date, given the falling levelised cost of electricity (LCOE) and the phase-out of coal blocks. As long as the battery storage technology is not mature enough, renewables require stable back-up. SMRs have the potential to provide the optimal baseload capacity. For these initiatives to be successful, however, a major investment in the transmission and distribution grid is required (for example, in its recently published report, the Polish transmission system operator (PSE) has estimated that within the next decade Poland will require investments in the tranmission grid to the tune of 32 billion PLN[4]). The EU should therefore allocate much more significant funds to grid infrastructure upgrades and recognise (in its taxonomy and elsewhere) that nuclear power will play a pivotal role in the achievement of the European Green Deal objectives.

## Inter-connected Europe

In order to ensure stable electricity prices and supplies, the EU should also prioritise greater interconnectivity between Member States and finance cross-border interconnectors which allow for trading of power between transmission grids. This would help balance the electricity system, with more renewable, intermittent capacity coming onstream, as excess supply in one part of the EU would contribute toward satisfying the demand (at a lower price point) in another part of the bloc. In other words, interconnectors would provide an additional, cost-efficient layer of flexibility and thus improve the security of power supply.

This has already been happening in Central and Eastern Europe to some extent (Hungary already has high levels of interconnectivity with its neighbours; the recent LitPol Link between Poland and Lithuania is also a case in point), but much greater investment is required. This will give the V4 countries access to a diverse pool of power sources and allow the market effectively to manage periods of system stress.

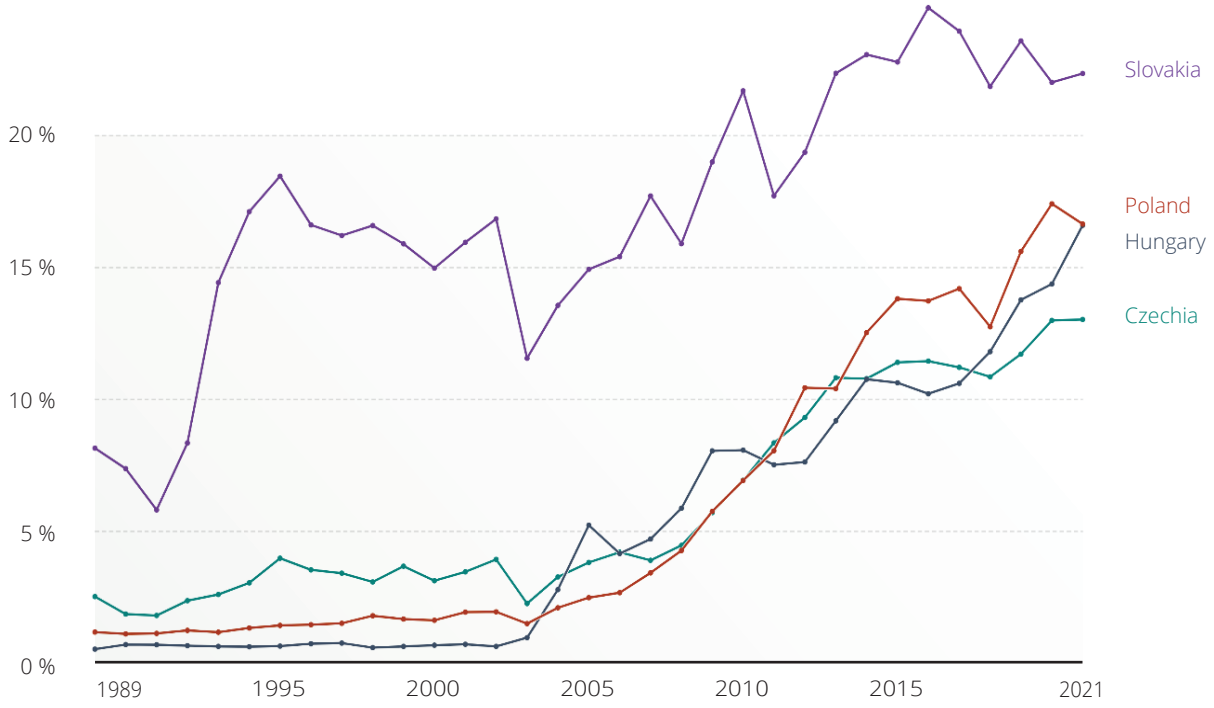
## Demand-side Response

On the other hand, there should be a bigger push toward another source of system flexibility: distributed generation via rooftop solar and small onshore wind parks, so that electricity can be consumed locally, within one distribution substation. This will require significant investment in, for example, smart meter deployment, but will free up additional capacity on the grid and prevent substantial losses when transmitting electricity over long distances using outdated networks. This model will be particularly well suited to Poland – it has numerous mid-size towns which, assuming adequate incentives are deployed, could become energy clusters where heating is electrified, and electricity is secured by local renewables and SMRs.

This would be the surest way to foster further the adoption of renewables in V4 (which has already seen a major uptake in the last fifteen years - see Figure 8 below).

4 Polskie Sieci Elektroenergetyczne (PSE), „Plan rozwoju w zakresie zaspokojenia obecnego i przyszłego zapotrzebowania na energię elektryczną na lata 2023-2032", March 2022.

Figure 8. **Share of electricity production from renewables**
Renewables includes electricity production from hydropower, solar, wind, biomass and waste, geothermal, wave and tidal sources.

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## Conclusion

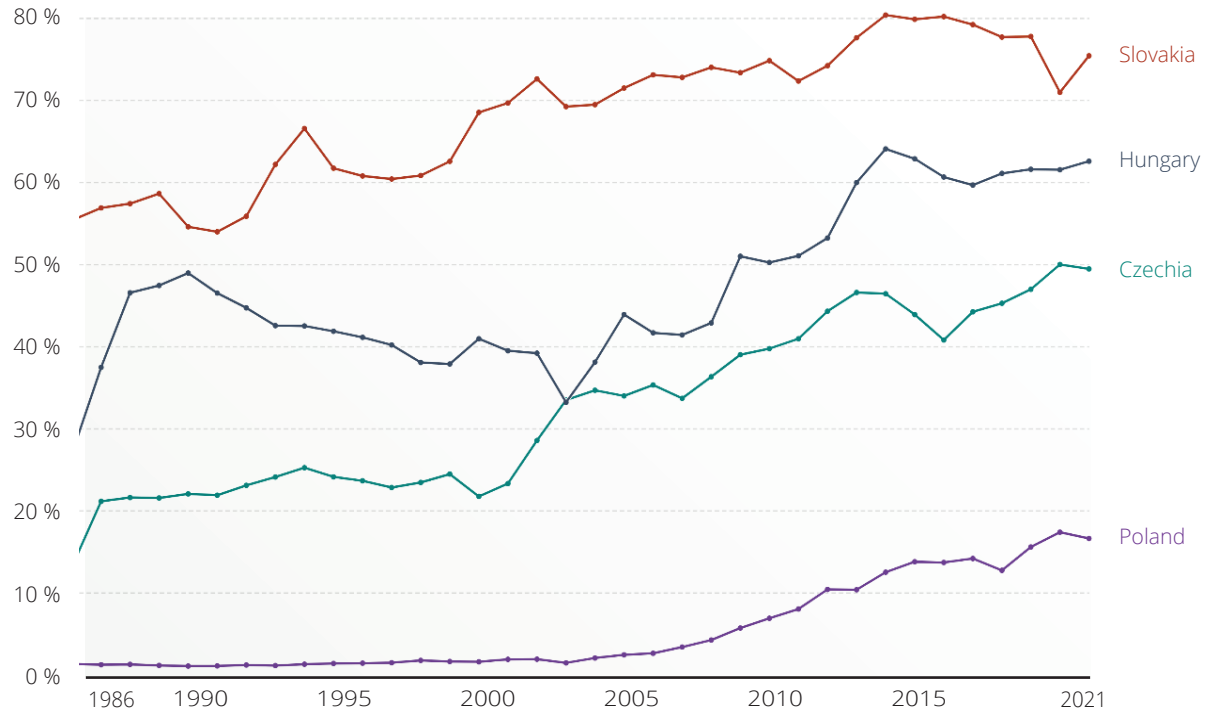
One cannot help but notice that all V4 countries have been steadily growing their reliance on low-carbon sources (see Figure 9 below) and therefore should not be penalised by EU policies for the success they have achieved so far in moving toward the "green economy". Their starting point in the mid-1980s was much different to the Western EU countries and, all things being equal, they have already made significant progress.

The next phase of the energy transition should therefore reflect the V4 starting position, available resources and the domestic market conditions as well as the ability of the local populations to withstand the expected energy price increases (the volatility of which, for the foreseeable future, is going to be exacerbated by Russia's war against Ukraine).

As the charts presented above demonstrate, the V4 countries are on the right track. They do, however, still require significant investment in new greenfield projects, grid infrastructure and CleanTech solutions. This is essential to build adequate redundancy into the system and reduce our reliance on just-in time energy supplies.

Figure 9. **Share of electricity from low-carbon sources**

Low-carbon electricity is the sum of electricity from nuclear and renewable sources (including solar, wind, hydropower, biomass and waste, geothermal and wave and tidal).

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The cost of these investments cannot be borne primarily by the V4 taxpayers, especially those who already suffer from energy poverty. To avoid any potential backlash, the EU institutions should recognise that they possess the critical regulatory tools, and the financial muscle, to supercharge the next phase of V4 energy transition, so that our economies can become a globally competitive digital powerhouse (for further details on how to achieve that, please see the Digitalisation chapter).

# National perspectives

## Czechia

### Overview

Czechia is primarily dependent on non-renewable energy sources for its electricity production[5]. This is reflected in its energy policy that stipulates preference for nuclear energy and combined cycle gas turbine (CCGT) plants with the addition of renewable sources (especially small solar power plants which, compared to other technologies, can be sufficiently developed in Czechia).

The European Commission's new taxonomy (which recognises the important role of nuclear and gas in the energy transition) is thus considered a partial success. The main challenges of the Czech transmission system include overflows from abroad (especially from Germany; see below), strengthening the national distribution network due to electromobility and higher demands for energy consumption, as well as decentralisation of resources and the involvement of micro-sources.

Electricity prices for end users and companies are a very explosive political issue. Czechia is currently in the phase of individual financial assistance (which is slow and very bureaucratic). Soon, we can expect a general VAT waiver, as has already been the case in Poland. However, for the current government, which won the election with a slogan on spending cuts, this is problematic. Up to 3 million people in Czechia are at risk of energy poverty.

Within the gas distribution network, the biggest challenges are the weak interconnection with Poland (which, despite long-term plans, has not yet been implemented) and the diversification of natural gas resources (see below). Given the current geopolitical situation of the V4 countries, a new cross-border connection is more than necessary. Because of the conflict in Ukraine, the importance of LNG terminals in the North Sea and the Baltic will increase several times over. Natural gas imports must be distributed between Norway, the United States and the Middle East.

Heat production and heat sources in Czechia are strongly skewed in favour of non-renewable sources. The most important sources are brown and black coal (almost 49%) and natural gas (20%). Due to the climate goals to which Czechia has committed itself, the energy mix in heat production will shift from coal to natural gas in this decade.

### Problems, challenges, and possible solutions

Due to its central location, the Czech electricity and gas transmission systems transport significant amounts of transit flows.[6] This is more pronounced with gas, where the total amount of transits (464,284 GWh) is several times the domestic consumption (92,894 GWh). The gas transits are subject to transmission fees and the transmission network has a comfortable margin of unused capacity.

5 See chapter Current data about electricity, gas, and heat in Czech Republic below.
6 See [ERÚ 2021a: 32].

The Czech gas transmission and distribution networks are not in need of a large reinforcement when not counting the new connections to diversify resources. The Stork II and BACI projects offer little added value to the Czech market and customers and their selection for a Project of Common Interest (PCI) status shows poor project assessment on the part of the Czech authorities.

**Gas diversification efforts:** According to 2020 data, Czechia was dependent on Russian gas at 66%, which is the second highest share of the V4 countries (after Slovakia with 70%). Petr Fiala's new government has added to the energy chapter of its program that it wants to acquire a stake in an LNG terminal. Germany and Poland are considered. However, Czechia does not have sufficient interconnection capacity with Poland, so in fact it is a matter of offering Berlin the opportunity to participate in this kind of investment. The ideal model for the government is the IKL pipeline project, which runs from Ingolstadt via Bavaria to Czechia and which in the 1990s relieved Czechia of dependence on Russian oil from the Druzhba pipeline. In Germany, the Brunsbüttel terminal is under construction, which would be considered the most up-to-date solution. The second project that can be considered is the Stade LNG terminal planned in Hamburg [Ehl 2022]. However, the project is still in the preparation phase and the dependence on Russian gas continues.

The electricity networks tell a different story. The transit flows, which are primarily loop flows originating from trade within Germany and between Germany & Austria, create operational security issues, lead to higher system costs, and reduce available trading capacities in the rest of the region. This situation subsequently forces the Czech transmission system operator to give priority to internal reinforcements and there are no shovel-ready cross-border projects in the powerline.

The challenge is far bigger at the distribution level which will require significant amounts of new investment to cope with an increase in distributed generation. The smooth adjustment to this new reality will require a lot of guidance on the part of the energy regulator. New regulatory approaches will need to be developed mainly in terms of more focus on output indicators rather than solely input costs, which is by and large the case currently.

On the electricity side, there is no denying that the EU needs new infrastructure to cater for the expected increase in consumption, and to allow for higher flexibility in tomorrow's system that will be characterised by more intermittency and longer distances between load and generation. However, electricity lines are arguably even more difficult to build than gas infrastructure (due to their lower energy-carrying capacity and bigger visual footprint). It is therefore of essential importance that the existing transmission capacity is utilised optimally before new projects are promoted. The electricity markets across Europe will therefore require increased geographical and temporal resolutions. As this issue is closely related to electricity security of supply, it is discussed under this heading below.

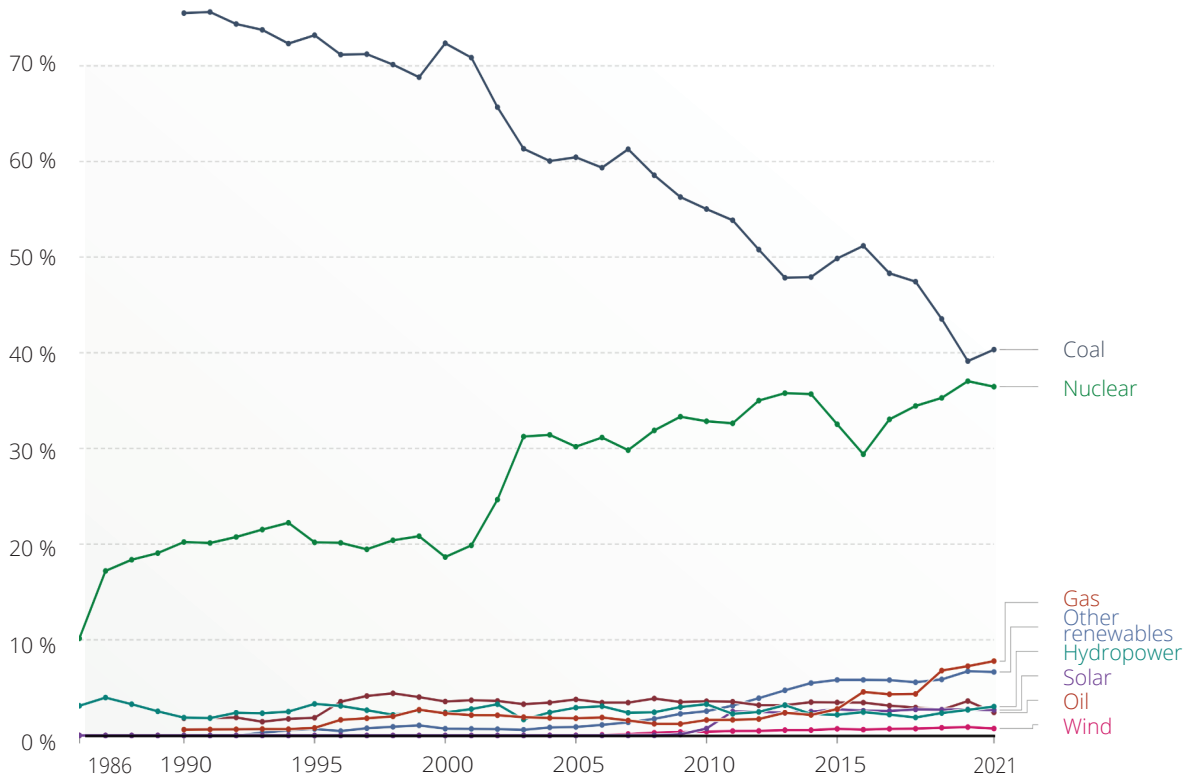
Both electricity and gas suffer from poor coordination in transmission infrastructure planning. The Ten-year development plans (TYNDPs) are indeed more of a collection of national projects rather than the result of integrated pan-European planning. They would strongly benefit from a more top-down approach which needs to be underpinned by reliable assessment of costs and benefits of individual projects. Today, we witness a process which is largely driven by national interests with little regard to cross-border externalities, both positive and negative.

**New nuclear sources:** The construction of the new unit at the Dukovany Nuclear Power Plant is supported by Fiala's government. In December 2020, a possible schedule for the construction of the fifth unit of the power plant was given, in 2022/2023 a supplier should be selected, in 2029 construction should begin at the latest and the investment should be completed in 2036. After the completion of Dukovany, the completion of Temelín is also planned (a new 1600MW reactor).

## Current data about electricity, gas and heat in Czechia

**Electricity:** The total gross electricity production in 2020 reached the value of 81.4 TWh, which represents a year-on-year decrease by 5.5 TWh (-6.4%) compared to 2019 and the lowest gross electricity production in the last 18 years [ERÚ 2021a: 6]. Electricity consumption has fallen in almost all sectors over the last decade. The increasing consumption of households is caused mainly by a change in heating (heat pumps) and by domestic charging of electric cars.

Figure 10. **Share of electricity production by source, Czechia**




Source: Our World in Data based on BP Statistical Review of World Energy & Ember (2022)
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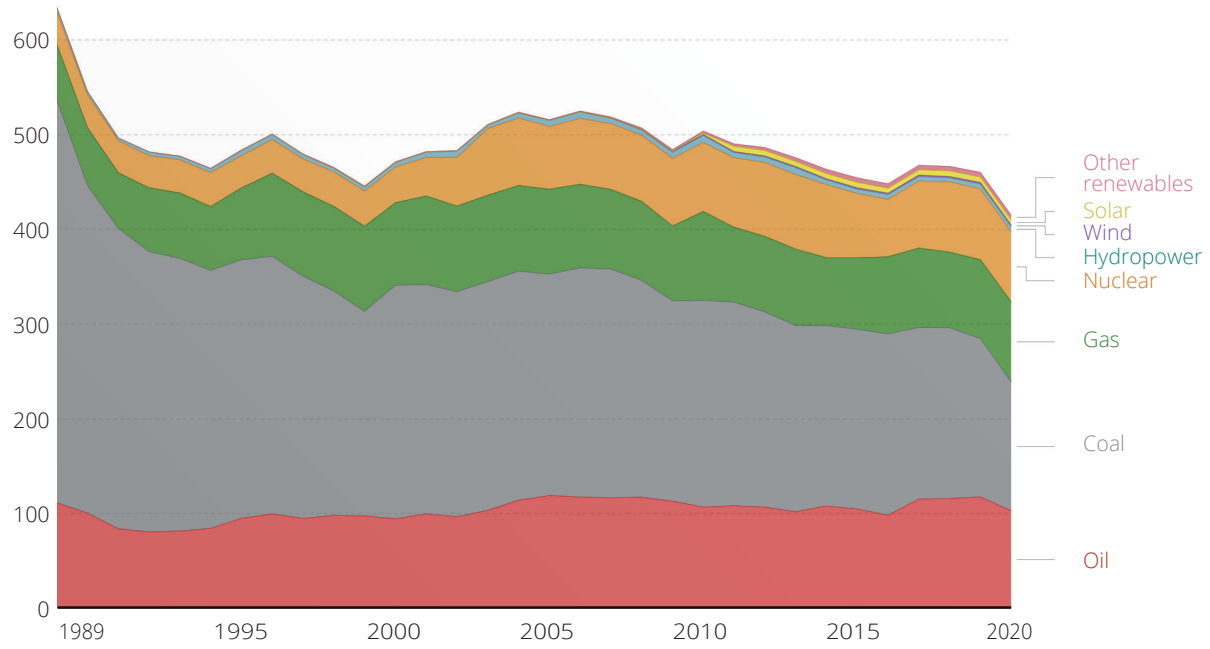
**Transport:** Based on estimates, electric transport in Czechia consumes merely 701.95 GWh per year. This figure, however, primarily relates to public transport (trains, trams, metro, trolleybuses, electric buses). Individual electromobility is included there only when the owner of the electric car charges the vehicle in publicly available and official charging stations. Home charging of electric cars is also partially included in household consumption.

**Manufacturing / heavy industry:** The industry is the largest consumer of electricity in Czechia. Due to the fuels used, most of the energy is obtained from non-renewable sources.

Figure 11. **Energy consumption by source, Czechia**

Primary energy consumption is measured in terawatt-hours (TWh).
Here an inefficiency factor (the 'substitution' method) has been applied for fossil fuels, meaning the shares by each energy source give a better approcimation of final energy consumption.




Source: BP Statistical Review of World Energy
OurWorldInData.org/energy CC BY
Note: 'Other renewables' includes geothermal, biomass and waste energy.

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**Gas:** The flow of natural gas from abroad to the gas system of Czechia (imports to Czechia) reached in 2020 the value of 43,482 million $m^3$ (464,284 GWh), which represents a year-on-year increase of 20.4%. Almost all the natural gas was imported via a border transfer station with Germany. Natural gas flow from the Czech gas system abroad (export from Czechia) represented a total amount of 35,892 million $m^3$ (383,388 GWh). The total annual consumption of natural gas in Czechia reached the value of 8,694 million $m^3$, i.e. 92,894 GWh.

Natural gas consumption in Czechia has increased slightly over the last ten years, and 2020 recorded the highest value in this period. The increase in natural gas consumption in recent years is mainly due to gas supply for electricity generation and to a small extent gas supply for CNG stations. In the long run, however, natural gas consumption has been below 9 billion $m^3$ (0.096 GWh) since 2007, even though between 1996 and 2006 this limit has always been significantly exceeded.

The consumption of natural gas in Czechia is strongly influenced by atmospheric temperatures, which are above the long-term temperature normal throughout the ten-year period. Difference between the highest consumption in 2020 and the lowest consumption in 2014 was about 1.4 billion $m^3$ (0.0155 GWh). The largest drop in consumption, by 12%, was in 2014 with a total consumption of 7.3 billion $m^3$ (0.0774 GWh), which was the lowest gas consumption since 1995.

Since 2001, when the historically highest annual natural gas consumption was achieved (9.8 billion $m^3$, i.e. 0.102 GWh), consumption stagnated in the following years and since 2007, an even more significant decrease in consumption was recorded. The stagnation and subsequent decline in consumption was mainly related to changes in energy prices, with the end of state subsidies for gasification, with the reduction of the pace of gradual gasification of regions, with reduction in the energy intensity of consumption (insulation of buildings, modernisation of appliances), with pressure to reduce the costs of companies, with savings in energy costs in the transitional periods, with no major projects for connecting large new customers, etc. [ERÚ 2021b: 6]

**Heat**: A total of 156,917.7 TJ of gross heat was produced in 2020 and compared to 2019 (161,904.8 TJ) there was a decrease of 3.1%. About 31% of gross production was consumed within the same establishment or plant (mainly district heating plants which are not included in the classification) and by economic activities (electricity, gas, steam and air conditioning supply air).

Heat supply amounted to 85,928.5 TJ, which is a decrease of 2.1% compared to 2019 (87,759.4 TJ). Heat supply accounted for about 55%, technological own consumption stood at 6%.

Most of the heat was produced from brown coal (40%), followed by natural gas (20%) and biomass (14%). The structure of heat production from individual fuels differs in individual regions according to the availability of fuels. The decrease in gross heat production from brown and black coal continues; compared to 2017, there was a decrease in brown coal by 11%, hard coal decreased by 29%, on the contrary, biomass increased by 24%. [ERÚ 2021c: 5]. Households consume most of the heat produced in Czechia, services and industry consume half.

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# Hungary

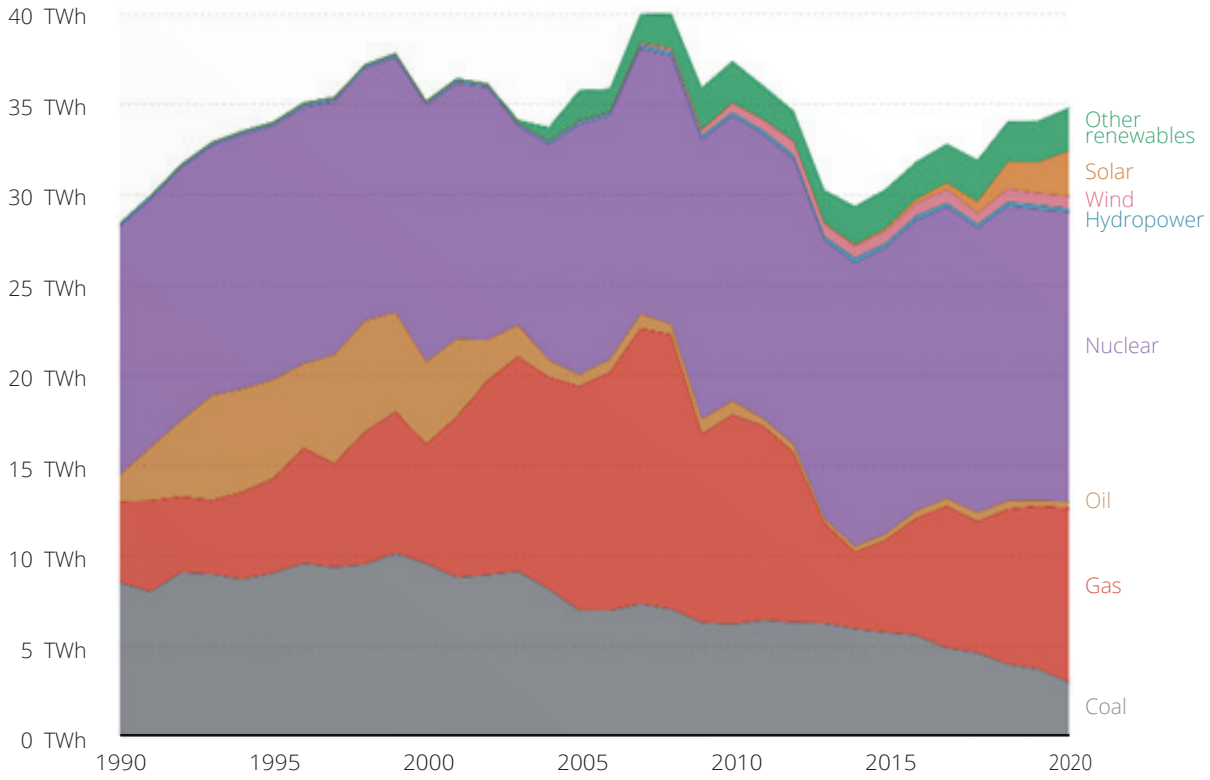
## Overview

Hungary's energy mix shows that non-renewable sources play a dominant role. Natural gas, crude oil and nuclear power are the largest sources of energy.

"In Hungary, electricity generation comes mostly from nuclear (49.3%) and coal (8.5%), with natural gas contributing to nearly a quarter of the total electricity generated in Hungary in 2018. In the same year, the country also imported around one-third of its electricity supply, with the Slovak Republic, Ukraine and Austria among its biggest suppliers." (OECD, 2020) In light of this, the European Union's decision regarding the inclusion of gas and nuclear energy in its taxonomy are in the country's interests.

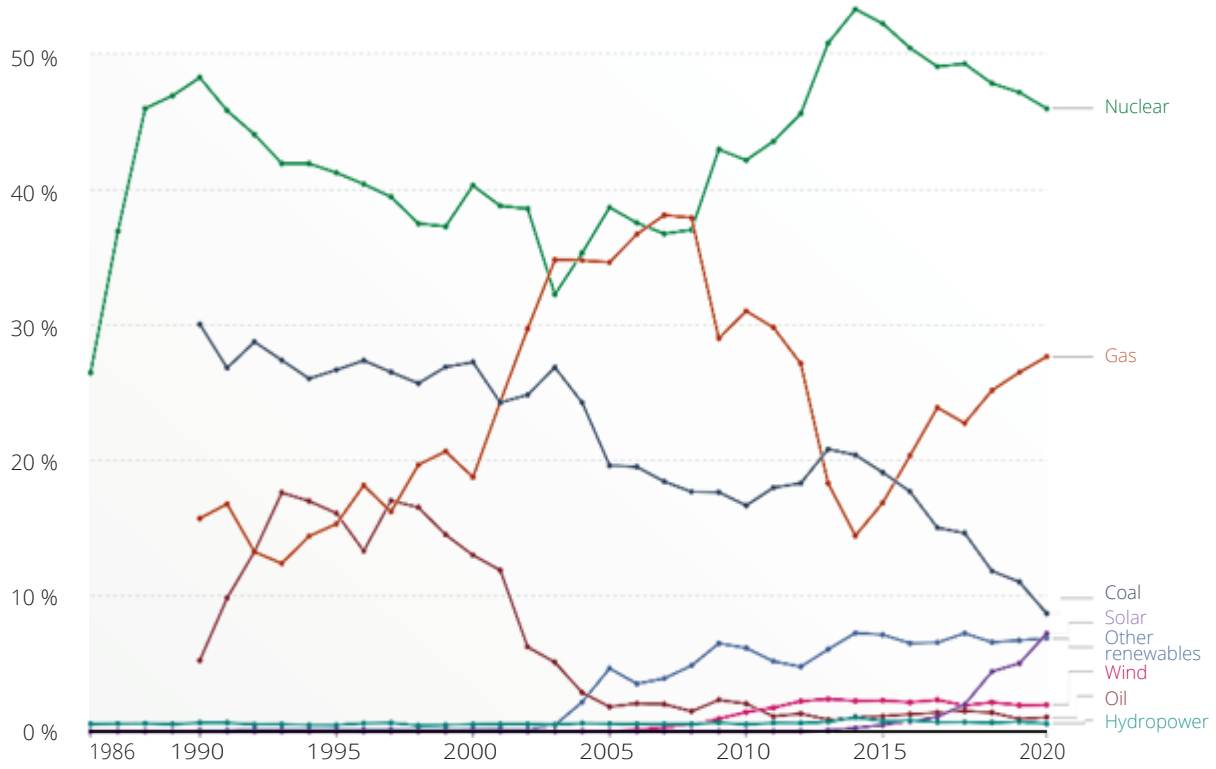
At the same time, the role of renewable energy sources is constantly growing. "The share of renewable energy sources in the Hungarian energy sector has been slightly increasing for several years. Biomass is the most important source of RES growth. Geothermal energy is another source with significant potential. Hungary has some of the best geothermal resources in the EU. High sunshine makes solar energy the fastest growing energy source in recent years, although energy production from this source is still low." (Kochanek, 2021)

Figure 12. **Electricity production by source, Hungary**




Source: Our World in Data based on BP Statistical Review of World Energy & Ember (2022)
OurWorldInData.org/energy CC BY
Note: 'Other renewables' includes biomass and waste, geothermal, wave & tidal.

Figure 13. **Share of electricity production by source, Hungary**




Source: Our World in Data based on BP Statistical Review of World Energy & Ember (2022)
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Hungarian energy policy is strongly determined by the issue of affordable/cheap energy. This is true for both industry and households. Recent years have been significantly driven by a policy of affordable energy prices for final customers, which has significant social support.

At the European Council on 13 December 2019, Hungary voted in favour of the European climate neutrality target. Hungary individually also strives to achieve climate neutrality by 2050.

Preconditions determined by the Government:

- The costs of the transition should primarily be borne by the largest polluters.
- The price of food and energy should remain affordable for final customers.
- Just Transition Fund should not punish early action and should not reallocate Cohesion Funds.
- Nuclear energy will be essential for sector integration and to reach a climate neutral economy.

## Problems, challenges, and possible solutions

The vulnerability of the Hungarian energy system stems from the fact that it is highly dependent on energy imports. "Hungary is capable of independently satisfying only 40% of its energy demand (37% in 2017), therefore imports continue to account for a large share of Hungary's energy supply. The composition of Hungary's primary energy consumption significantly increases risks inherent to the country's energy security. Dependence on foreign markets is highest in relation to the purchase of hydrocarbons, where import dependency exceeds 80 %. [...] The electricity market is also characterised by growing import dependency (~30 %), with a 32-33 % annual rise in the share of net imports within final energy consumption since 1998, with fluctuations. The high import requirement, however, does not cause short-term risks in the security of supply, as the high rate of net imports is accompanied by strong network interconnectivity; the level of import capacities available from the 6 neighbouring countries equals around 50 % of total Hungarian installed power plant capacity, which is significantly higher than the 15 % target value set by the EU." (NES&NECP2030)

The current situation of the Hungarian energy system is therefore based on the gas and nuclear dimensions (for now, both areas are dominated by Russian energy players). All energy planning and development so far has been aimed at mitigating the exposure to energy imports. However, the solution should not be too hasty, as it could undermine the functioning of the economy as a whole. Based on the changed geopolitical situation, an accelerated transformation and an accelerated reduction and elimination of import dependency will be necessary. At the same time, this process will not be simple: in the light of the objective limitations of the Hungarian and international energy system and in the light of the imperative of preserving the country's economic functioning.

The Hungarian formula for energy system transformation therefore is as follows: "nuclear, RES, energy efficiency and innovation = enhancement of energy independence, affordable prices and economic development".

Based on this, the 4 main priorities are:

1) High level of dependency on imported hydrocarbons and electricity is a significant security threat therefore, the primary objective of Hungary's energy and climate strategy is to strengthen energy independence. Diversify and innovate (V4 cooperation is essential):

    a. diversification (for example, Three Seas Initiative etc.);
    b. innovation and transformation (all of our relevant strategies and action plans should serve economic development).

2) Energy and climate policy, energy transition is always shaped by many economic and social issues. Protect consumers and workers:

    a. consumers are the focus: the price of food and energy should remain affordable for final customers;
    b. transformation in the country should be carried out at a moderate pace and cannot create a large number of unemployed people in the connected sectors.

3) Nuclear energy (and natural gas during the transition period) will be essential for sector integration and to reach a climate neutral economy.

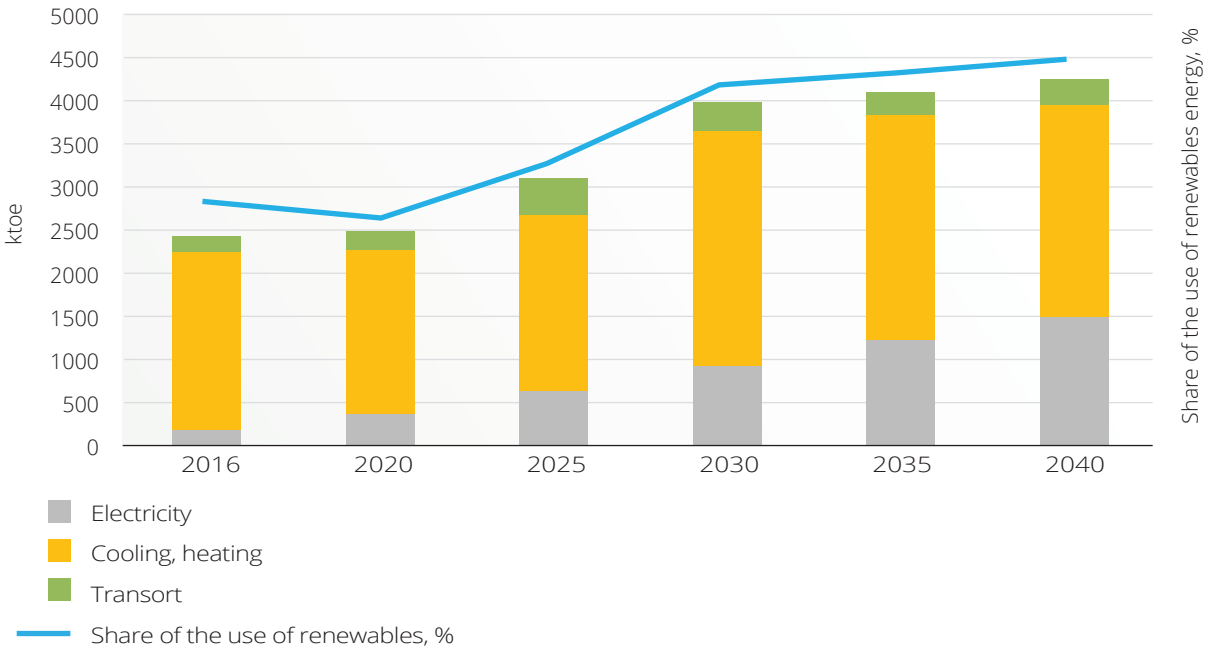
4) Improving energy-efficiency should also be a priority.

For example, gas market diversification plans have previously focused on access to four sources (Russia, Croatia, Austria, Romania) and LNG. Of course, going forward, this approach may change in the light of common European solutions.

As per National Energy Strategy Hungary's gas imports are set to fall near to 70% and below 70% by 2040 as household gas consumption will decrease due to energy-efficiency developments. The use of gas in district heating will fall to 50% and the use of gas in electricity generation, although expected to temporarily grow to 2.4 billion cubic meters, is set to drop below 1 billion cubic meters by 2040 after the completion of the upgrade of the Paks nuclear power plant.

An increase in the share of renewable energy sources will also help the independence of the energy system. "Under the WAM scenario, the share of renewable energy consumption will reach 21% by 2030, and increase to 22.4% by 2040." (NES&NECP2030)

Firure 14. **Consumption of renewable sources of energy in indivudial sectors (ktoe) and the rate of total renewable energy consumption (%) under the WAM scenario**




Source: National Energy Strategy and National Energy and Climate Plan (2030, with an outlook up to 2040) https://ec.europa.eu/energy/sites/ener/files/documents/hu_final_necp_main_en.pdf

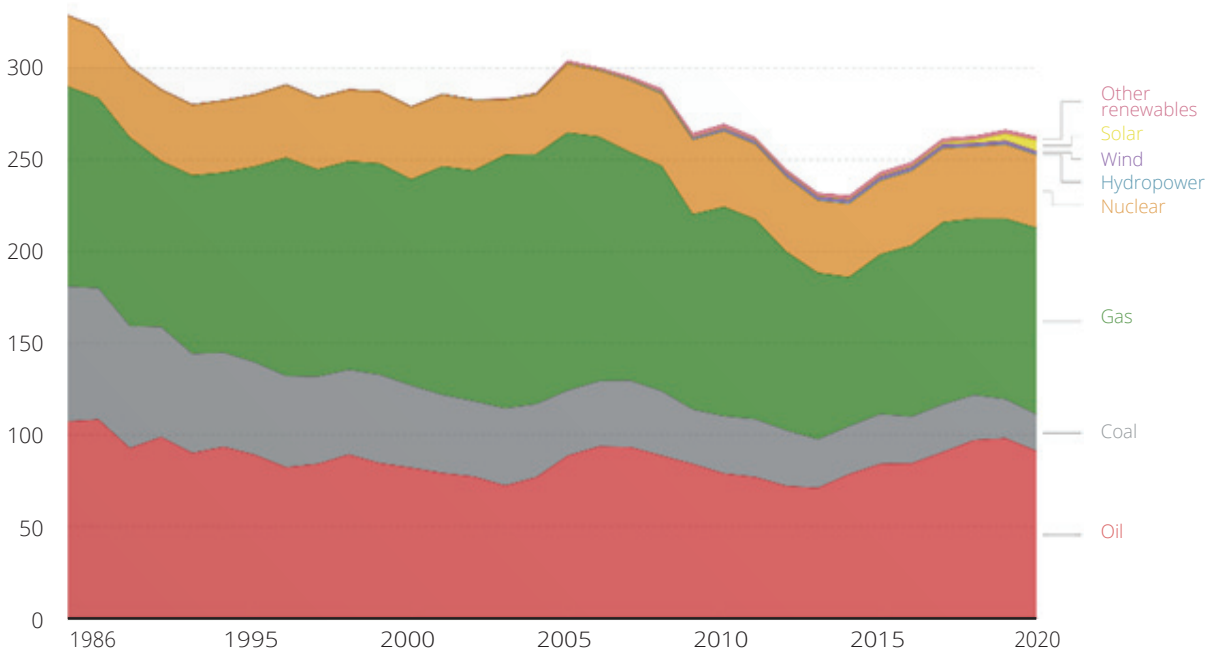
Source of actual data: Eurostat

"In addition to biogas/biomethane, Hungary also considers hydrogen produced with 'clean' energy as an alternative; the blending of hydrogen produced with electricity generated from carbon-free resources with natural gas offers an innovative option in the experimental phase, with major potential, but with a high funding requirement, which is also relevant for meeting the renewable energy and decarbonisation targets. We are planning to launch a pilot project to test this option on the level of natural gas transmission, storage and distribution."(NES&NECP2030)

## Current data about electricity, gas and heat in Hungary

Energy consumption has increased in Hungary in recent years. "Based on the current Eurostat methodology, between 1990 and 2017 Hungary's final energy consumption for energy purposes decreased – with fluctuations – from 793.9 PJ to 752.5 PJ (67 % of internal primary energy consumption). [...] Recent years, however, are again revealing a rising trend: between 2014 and 2017 final energy consumption increased each year from 662.7 PJ to 752.5 PJ. The consumption level in 2017 falls short of the level in 2005 by a small margin (760.5 PJ). The highest increase was observed in relation to oil (33.3 PJ / 0.8 Mtoe) and natural gas (30.7 PJ / 0.87 billion m3) between 2014 and 2017, but electricity consumption also rose by 13.5 PJ (3.75 TWh). Hungary's consumption of thermal energy has also increased since 2014, from 38 PJ to 45.5 PJ." (NES&NECP2030)

Figure 15. **Energy consumption by source, Hungary**
Primary energy consumption is measured in terawatt-hours (TWh). Here an inefficiency factor (the 'substitution' method) has been applied for fossil fuels meaning the shares by each energy source give a better approximation of final energy consumpiton.




Source: BP Statistical Review of World Energy
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Note: 'Other renewables' includes geothermal, biomass and waste energy.

According to forecasts, an increase in energy consumption is likely in the next period. "Primary domestic energy consumption is expected to exceed 30 Mtoe in 2030 (1 284 PJ). This is a 15 % increase compared to 2017. Much of the increase may be attributable to the generation of the new nuclear power plant units that will replace the substantial electricity imports in 2017; as a result, transformation (repowering) loss must be settled in Hungary. Hungary is expecting a declining trend, however, between 2030 and 2040. Primary energy consumption is expected to be around 23.4 Mtoe (1 189 PJ) in 2040. [...] Final energy consumption – based on the new European methodology – will not exceed 785 PJ in 2030." (NES&NECP2030)

The household (retail), transport and industrial sectors account for the three largest shares within the energy consumption structure.

**Households/heat:** Energy consumption in the household sector accounts for the largest share of final energy consumption, equaling 35 % in 2017 within total final energy consumption for energy purposes (263.7 PJ), which is 3.3 percentage points less than in 2005 (38.4 %, 291.8 PJ).

In 2017 natural gas (47.3 %) accounted for the largest share of household energy consumption, followed by renewable sources of energy (26 %) – mainly solid biomass – and electricity (15.4 %). This ranking is continued with district heat (7.9 %), coal (2.3 %) and petroleum products (basically propane-butane gas – 1.2 %). Based on HEA data, heating (74 % in 2017) accounts for three fourths of Hungarian household energy consumption.

**Transport:** The transport sector is ranked second (a 25.2 % share in 2017) when it comes to final energy consumption, closely followed by the industrial sector (24.2 % in 2017).

Based on Eurostat data, the share of oil within the transport sector remains high; the share of oil and petroleum products within final energy consumption in transport approximated 93 % in 2017. In this ranking, oil is followed by renewable energy (3 %), electricity (2.3 %) and natural gas (1.5 %).

**Manufacturing / heavy industry:** Gas (34.3 %, with 31.3 % attributed to natural gas) and electricity (33.1 %) are dominant in industrial energy consumption.

Composition of final energy consumption in 2017: oil (15.3 %), district heat (8.3 %), renewable sources of energy (4.1 %), coal (3.2 %) and non-renewable waste (1.7 %).

The services sector (including commercial activities) consumes one tenth of energy, while the combined share of the other sectors fell short of 4 % (3.6 %) in 2017. Natural gas is dominant in the services sector (54.3 %), but the share of electricity (33.2 %) and district heat (8.3 %) is also considerable.

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Ministry publishes new National Energy Strategy

https://bbj.hu/economy/energy/energy-trade/ministry-publishes-new-national-energy-strategy

OECD, Fossil Fuel Support Country Note: Hungary

https://stats.oecd.org/fileview2.aspx?IDFile=37348365-0442-4dd3-8d38-706eb3ad2dfa

# Poland

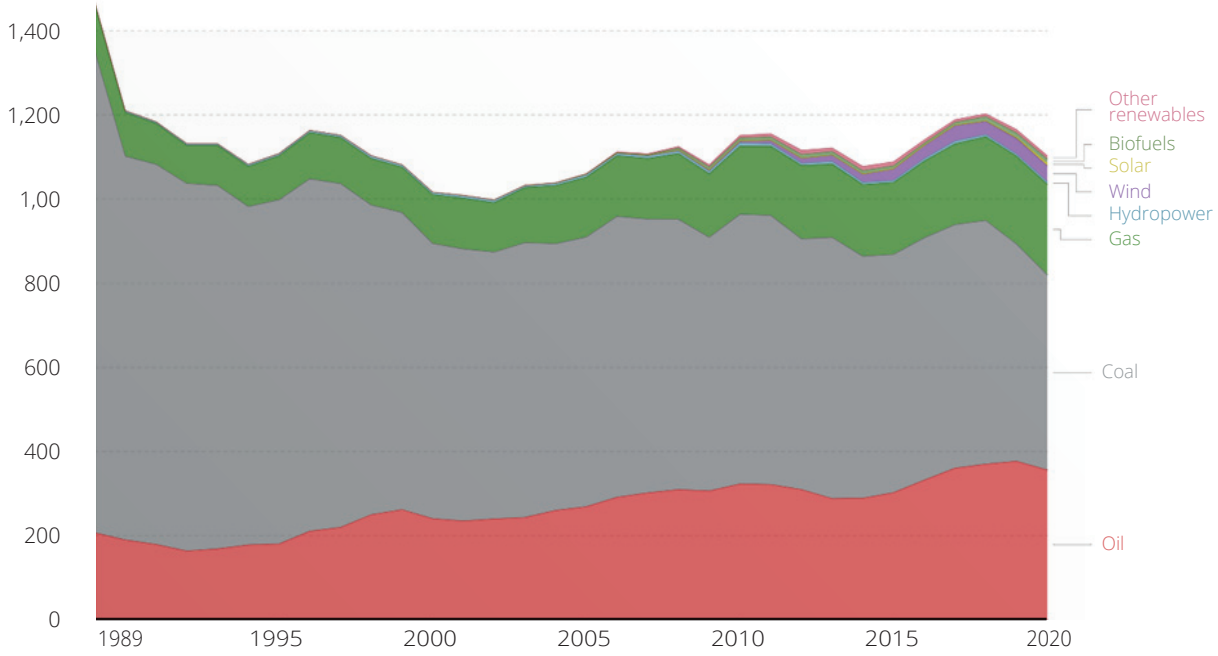
## Overview

Poland has made considerable progress since the 1980s when it comes to the energy intensity of its economy. It is now much more efficient as well as more diverse in terms of its energy sources. Having said that, the country is still very much dependent on coal for electricity generation and heating. Back in the day, the fact that coal, which was mined domestically, had such a dominant role gave Poland relative energy security and also ensured affordability, thus allowing the economy to thrive post-1989.

Now, however, when the third pillar of the energy trilemma (sustainability) comes to the fore, Poland's reliance on its "black gold" has become less of an asset and more of a handicap. First, Polish high-grade coal reserves are dwindling which has resulted in a growing need for imports. Second, the pollution caused by burning coal is no longer only a health issue but has also become a major economic driver. Participation in the EU Emissions Trading Scheme (ETS) is becoming progressively more expensive for Polish energy companies, while the onset of ESG ratings poses a threat (due to their high carbon footprint) to the position enjoyed thus far by Polish engineering and industrial companies in the European supply chain.

The energy trilemma of security, affordability and sustainability is undergoing a realignment, both due to domestic pressures as well as changes in the external environment. Poland is currently at a crossroads and must choose a path that both secures its future economic development and responds to the challenges of the coming decades.

Figure 16. **Energy consumption by source, Poland**
Primary energy consumption is measured in terawatt-hours (TWh). Here an inefficiency factor (the 'substitution' method) has been applied for fossil fuels meaning the shares by each energy source give a better approximation of final energy consumpiton.




Source: BP Statistical Review of World Energy
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Note: 'Other renewables' includes geothermal, biomass and waste energy.

## Problems, challenges, and possible solutions

**Security**: Russia's war against Ukraine has focussed everyone's attention on the scale of Europe's dependence on oil and gas from the East. In Poland, the conflict has led to declarations to wean off Russian supplies completely. When it comes to gas, this would not have been possible were it not for a longstanding policy of the Polish government to seek alternative supplies. First, the LNG terminal in Świnoujście was built, and is being expanded, to accommodate imports from the US and Qatar. Later this year, the Baltic Pipe project is coming onstream and it will bring Norwegian gas (via Denmark) to Poland. This will enable the Polish government, assuming current consumption levels, to fill the void left by the Russian long-term gas supply contract that is lapsing at the end of the year.

Gas, however, is currently being primarily used in industrial applications (such as chemical or manufacturing plants). The challenge is that as more coal power plants are coming to the end of their lifespan, and those still in operation are due to lose eligibility from 2025 to take part in EU approved capacity market, gas is poised to take an even bigger role in electricity generation. Assuming it becomes the substitute fuel of choice for the energy transition (and gas projects secure adequate financing, in line with the EU taxonomy), Poland will need much more gas. Where will it come from? One option would be to install a floating LNG terminal in Bay of Gdansk, another to build pipeline interconnectors, so that, for example, gas from LNG terminals in the North Sea and the Atlantic could come to Poland (this would perhaps require the EU to purchase LNG quantities in bulk on behalf of all interested Member States - this model worked very well in the case of COVID-19 vaccines and its application to gas supplies should be explored). In addition, a third approach should be given serious consideration – namely, increasing conventional domestic production (currently, Poland gets 25% of its gas locally) as well as revisit the prospects of shale gas production in the country (given the new geopolitical and economic calculus).

Separately from gas, Poland should aim to accelerate the development of (and garner support in Europe for) small modular reactors (SMRs) which would provide a stable back-up capacity for the increasing number of renewable energy projects.

**Affordability**: Until Poland makes a successful conversion away from coal, the generation of electricity and production of heating will steadily get more expensive. This is likely to create a standard of living crisis and contribute to a fall in the public support for low carbon transformation. That is why it is important that the EU cushions the blow for the general population in the short- to mid-term by allocating an additional compensation fund (under the ETS or otherwise) which will finance the modernisation of the energy systems of Member States like Poland. On top of that, the EU should provide for free ETS credits for companies that invest in transition/low-carbon technologies supported by the EU taxonomy (such as gas-powered and nuclear energy).

Separately, Poland's electricity grid infrastructure is in major need of upgrades (as confirmed by the March 2022 report by PSE, the Polish transmission system operator). That is why two things should happen. One, the grid should be improved in those areas of the network that would be able to transmit power from cross-border interconnectors (conduits of cheaper electricity which the EU should also finance) to the places of greatest demand. Two, Poland should invest more resources into building microgrids that are able to generate, store and consume electricity locally as this would (i) leverage the already installed renewable capacity (including rapid adoption of rooftop solar) in medium sized towns; and (ii) free up the capacity on the transmission grid and also limit the need for transmitting electricity over long distances on a dated network which leads to substantial power losses.

**Sustainability**: Poland has had notable success when it comes to adoption of renewables into its electricity generation mix. Prior to 2016, when the Polish government introduced the so-called 10h bill (meaning that any onshore wind farm had to be located at least ten times the height of the wind tower from any residential building), onshore wind was booming in Poland (its current total installed capacity stands at 6GW). Following that change in law, PV farm and rooftop solar investments filled the void even though that particular technology is not as efficient on Poland's sun-shy plains. One of the key reasons that businesses "converted" to solar power was the realisation that in order to remain competitive on the European market they nowadays need to maintain a high ESG rating and therefore source (preferably via a corporate power purchase agreement (PPA)) renewable electricity for their operations. Given that this trend will only get stronger, the Polish government should revisit the 10h law and release the shackles placed on the onshore wind energy. Especially given that it is already supporting, and rightly so, offshore wind farms on the Baltic Sea which are projected to generate 6GW by 2030.

The greatest challenge will be reforming the Polish heating system. Both individual households and district heating are predominantly reliant on coal. That is one of the main reasons for the perennial problem of Polish towns during winter months – smog (a sizable portion of the top 50 most polluted municipalities in the world are in Poland). The overhaul of Poland's heating will require careful planning. On the one hand, the system should see investment in combined heat and power (CHP) gas plants, while on the other hand there should be financial incentives for electric heat pump installation (particularly, in those areas which will become self-balancing under the microgrid model).

## Current data about electricity, heating and the industry

**Electricity:** Coal's share in the electricity mix is declining and this decline will only accelerate as old blocks are being decommissioned and re-powering becomes non-bankable. Once some of the coal mines are being phased out, what would be a valuable use case for those sites is pumped hydro energy storage (progressively more relevant as the uptake of renewables continues).

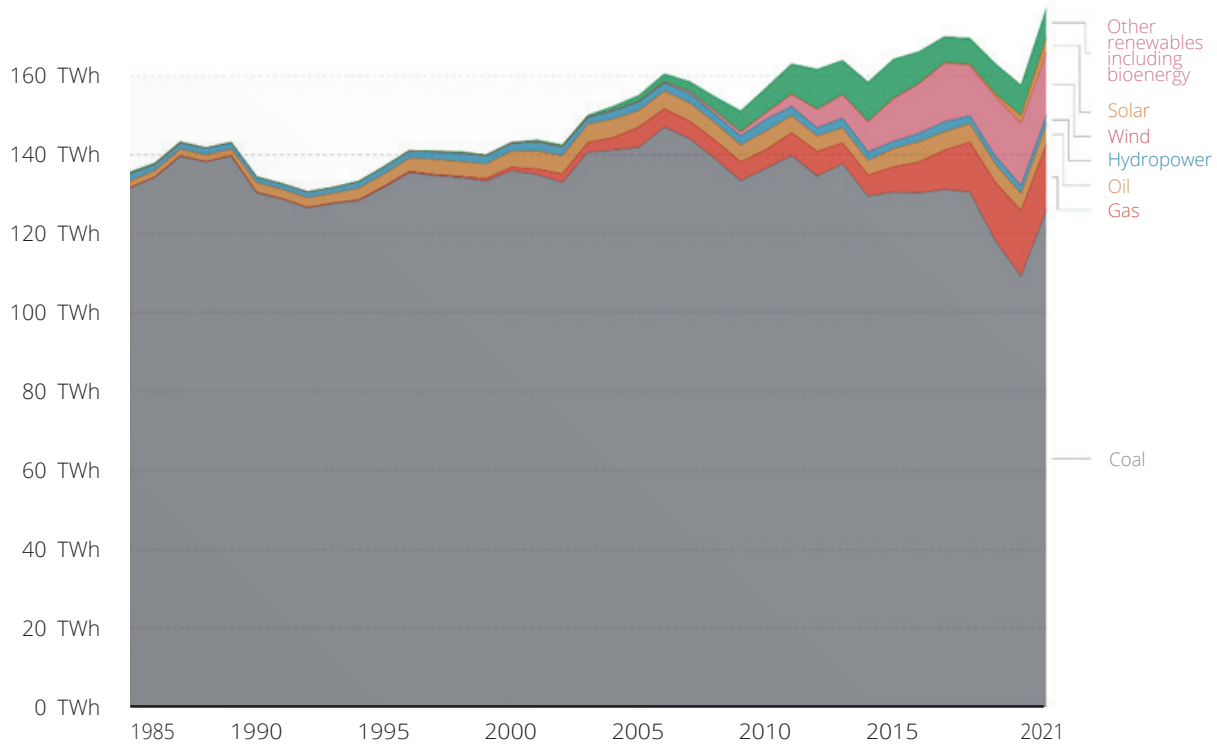
What differentiates Poland from other V4 countries is that it has zero nuclear generation. Poland should invest in a nuclear new build but, in all likelihood, it will not come onstream until 2035. That is why the SMR technology should be actively pursued as the best option for providing load balancing for renewables.

**Heating:** As explained above, the heating system is mostly dependent on coal. As half of all heating is consumed by individual households, Poland should adopt a strategy to deploy and install electric heat pumps on a mass scale.

**Transport:** In 2016, the Polish government expressed its ambition to have one million electric vehicles on Polish roads by 2025. This is now proving unachievable although the growth year-on-year in EVs is significant. At the moment there are around 40,000 vehicles (half are full battery EVs). If the current trend continues, Poland is likely to have half a million EVs by 2030.

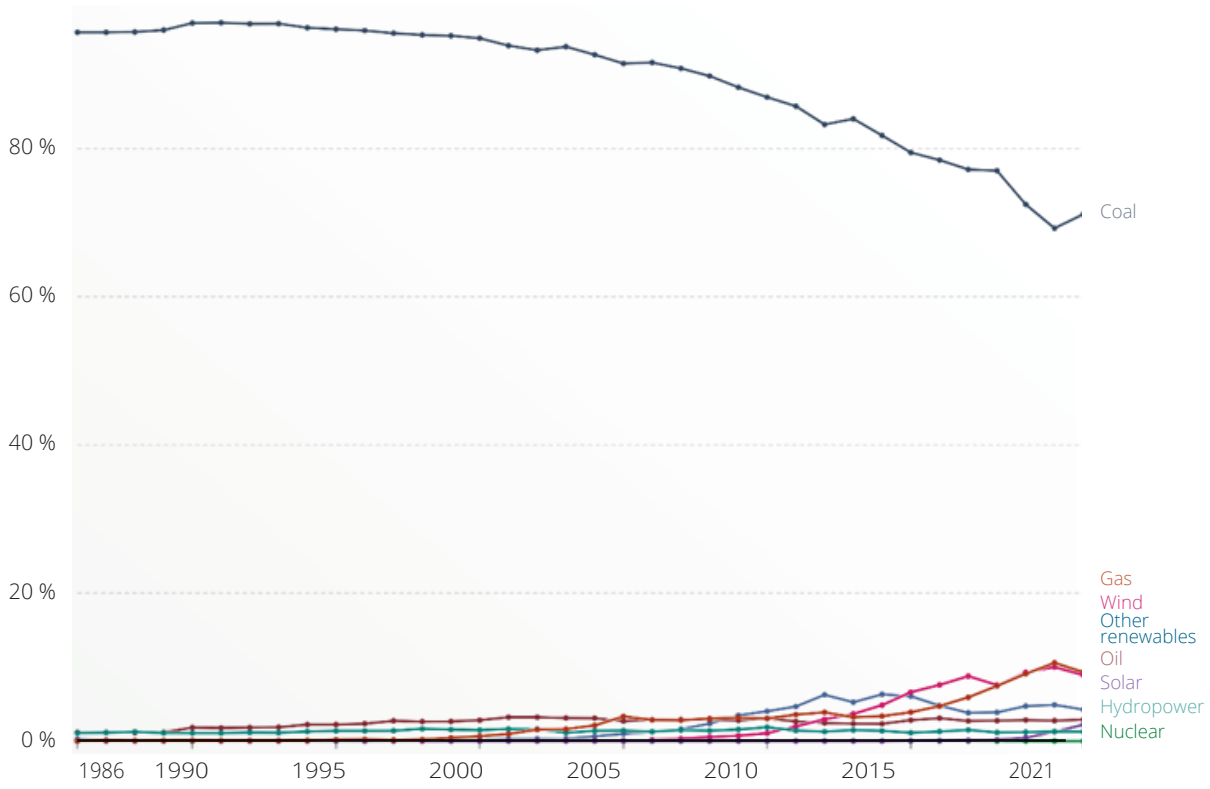
**Manufacturing / industry:** The industrial plants are the main consumer of gas in Poland. They will therefore be the beneficiary of new LNG and Baltic Pipe supplies. In the longer term, the industry will also benefit from increased green hydrogen production (which they currently produce from steam methane reforming), but for green hydrogen to become commercial, Poland will have to have a surplus of renewable generation where hydrogen production becomes a form of energy storage.

Firuger 17. **Electricity production by source, Poland**




Source: Our World in Data based on BP Statistical Review of World Energy & Ember (2022)
OurWorldInData.org/energy CC BY
Note: 'Other renewables' includes biomass and waste, geothermal, wave and tidal.

Figure 18. **Share of electricity production by source, Poland**




Source: Our World in Data based on BP Statistical Review of World Energy & Ember
OurWorldInData.org/energy CC BY

# IV. Digitalisation

If data is the new oil, then digitalisation will be a major source of wealth and growth in the future. As the Member States of the European Union are diversifying their economies into the services sector and the European Commission seeks to better regulate the digital markets with the proposed Digital Services Act (DSA) and the Digital Markets Act (DMA), it is time to investigate the guiding principles of this work. Discussing these issues, however, is not only a European affair: the question of digital market regulation has been a major source of tension between the EU and the United States recently, and the newly established Trade and Technology Council (TTC) will seek to iron out existing differences in this realm.

On the other hand, the regulation of digital service providers is a hard nut to crack. As we see it in the case of the United States, lawyers, politicians and businessmen are very much divided over the need for more regulation in the field. The supporters of the free market advocate the least possible amount of regulation in order to keep the original, rather free and some may say anarchic status of the Internet, while others, who recognise the impact of digital technologies on our daily lives from shopping preferences to political choices would like to seek more tighter rules when it comes to digital regulation not only the EU or the US, but also globally.

Regulating online services providers is not an easy task: they qualify both as critical infrastructure, a form of the media, and thus organisations falling under the principle of the freedom of speech, as well as serious examples of market failures, especially that of (quasi-)monopolies and imperfect information, when it comes to data ownership, the right to forget, or simply what End User License Agreement (EULA) contains and how it affects the digital traces that every individual leaves behind in cyberspace. In order to overcome these hurdles, first and foremost political decisions will have to be made in order to classify the nature of these companies, establish the nature of the market they operate in, and then finally seek further means to regulate the daily operations of these organisations, which are usually much larger than individual EU Member States, and employ hordes of the best lawyers to evade any kind of regulation that might affect their freedom of maneuvre.

At the same time, the digital sector is one of the most innovative segments of the economy, where smaller companies coming from smaller countries have an – almost – equal chance to be successful, raise capital, and compete on a truly global scale. We see many examples of companies coming from smaller countries but with a great idea to become wildly successful in a very short period of time, and these opportunities should not be stifled by overregulation. Therefore, the European Union, together with the Member States should find a delicate balance between the need to protect the data of EU citizens, as well as to provide a supportive environment for the digital startups to grow and become successful on the global market.

In order to address these challenges, the authors have formulated the following recommendations. The list is far from exclusive and comprehensive, but it constitutes a small input to the overall debate on the future of the European Union, as well as the more general problems connected to the question raised in the previous paragraphs.

The recommendations will be grouped under two major headings:

- one related to issues and challenges created by large social media companies to media companies - **for social media and media companies**;
- the second related to the state of the digital single market in the EU - **for** the **digital single market**.

# Recommendations for social media and media companies

According to the classical approach of public policy, regulation is needed when the market is not functioning properly, and efficiency losses are being experienced as a result. In the field of social media, one can see many of these inefficiencies, starting from the monopolies of certain providers to the incursion of private companies into electoral politics without any authority or accountability to do so. Furthermore, in many countries social media is indeed becoming the Internet itself, from where people get their daily dose of information, which leads to further problems as there are no gatekeepers – or at least no accountable gatekeepers – to control the flow of unreliable and unverified information. This phenomenon was recently designated as "fake news", but it has existed since ancient times. The major difference for a long time was, however, that for centuries, the medium which has transmitted fake news was at the end of the day legally responsible for doing so, and one was able to find (usually the publisher of the media outlet) someone who a) was possible to be contacted and b) held to account over the damages they caused with spreading fake news. Nowadays, especially with the largest social media provider this is impossible: one cannot possibly reach any customer service officer who would at least explain what happened and why, not to mention the accountability issue.

We must stress at this point that the basic principle of the freedom of speech and the media that we hold very dear as European citizens is without any limits. Every country has laws regulating the print, broadcast and online media, in order to keep them accountable and ensure that only verified information reaches the wider public. Therefore, when social media companies try to use the freedom of speech argument to avoid the regulation of their operations, they are pointing to an already established legal regime, which has existed for centuries, and which has clear principles for the cases of libel, misinformation, violation of personal rights, etc. The most important difference however that service providers claim is that they are not producing the content itself (which is true, as the users are producing the content), and therefore the providers waive any kind of responsibility (as per the EULA which nobody really reads anyway). We believe that there are limits to the freedom of speech as well: and that limit is the freedom of others, and the limit starts at the point where the freedom of others is being violated. As the classic quote from Justice Oliver Wendell Holmes put it succinctly: A person's freedom ends where another man's freedom begins. Social media companies shall not have a free reign on our online avatars without any responsibility, as there is a greater social good at stake. In order to partially remedy the situation, we suggest the following.

## 1. Establishing a European Digital Ombudsman (EDO)

Establishing a European Digital Ombudsman, who provides oversight over the operations of the social media companies operating on the European digital single market. This is a hard but urgent issue to be solved. First of all, almost all the major social media companies which define our daily lives are non-European legal entities, and therefore the legal opportunities of any European organisation to have any control over them is extremely limited. Having said that an appointed person with the institutional weight of the whole European Union might be necessary to serve as a contact point for European citizens, businesses, various political and civil society organisations as well as governments to engage with the often-unreachable social media providers, which are unresponsive to any complaints filed by average users. The European Digital Ombudsman should be responsible to both the European Council as well as the European Parliament.

## 2. Establishing The European Online Regulatory Agency (EORA)

Establishing a European Online Regulatory Agency in addition to the protection of people's (users') rights. There is a need to coordinate better regulation on the European level as the largest social media companies are too large to be tackled by any individual Member State. The European Online Regulatory Agency will follow the pattern of the already existing ENTSO-G (The European Network of Transmission System Operators for Gas) and ENTSO-E (The European Network of Transmission System Operators for Electricity) a viable option to have a meaningful and effective coordination mechanism between national regulators and the larger European political community.

EORA should define the list of digital companies under special supervision of the democratic EU institutions. Freedom of speech is a fundamental value of European values. All players of the European market should respect it, especially dominant players.

## 3. Clearly and legally defining the status of social media companies

In a democracy, the media are said to be the fourth branch of government. Digital media is the fourth branch of an unprecedented scope. There is a urgent need to clearly and legally define the status of social media companies, whether they count as:

a) media,

b) traditional online service providers,

c) critical infrastructure provider,

d) something else.

This shall be a political decision, if taken on the European level, it should be taken by the European Council, to have the most possible amount of legitimacy. In all cases, it has to be ensured that (respecting trade and industrial secrets of course) there is the maximum amount of transparency and accountability of social media companies. A special code of conduct for social media companies could also be formulated – for example by the European Digital Ombudsman – in order to describe best practices and some standard operating procedures that can drive a fair engagement between the users and the social media companies.

### 4. Equip EDO and EORA with financial and judicial tools to enforce regulations.

Pre-defining a set of sanctions for those companies which do not comply with Recommendations 1 and 2 is needed. The position of the major social media companies is very strong. Given the deep market penetration and the de facto their critical infrastructure role, only rolling fines or extra taxes might force them to follow the EDO and EORA regulations.

### 5. Demonopolize the advertising market

Local and national media companies have been facing a cash-crunch in recent years as Google and Facebook (or more precisely Alphabet and Meta) have become the largest players on the advertising markets of all European countries. Before, the local consumers were able to maintain a healthy ecosystem of local and national media, provide enough advertisement revenue to staff editorial offices and ensure that media could be independent thanks to this advertising income. With the advent of online marketing, microtargeting and the realignment of clicking patterns however, about 50 percent of these revenues end up with the largest transnational companies, which do not support the ecosystem which made the existence of the vibrant European media scene possible for centuries. As the case of Australia v. Facebook shows however, even the government of a single state can take on a major transnational company to protect its own media market. Acting all together, the EU could achieve much more to protect its media market and in result freedom and exchange of opinion.

Incomes from this tax could be used to establish an EU Journalism Fund, which would finance specific projects by investigative journalists from all Member States looking for corruption and abuse of power in all three branches of power (legislative, executive and judicial) also on the EU level.

## Recommendations for the digital single market

One of the core objectives of the European Union is the development of a common market offering free movement of goods, service, people and capital. Free movement of goods is established in principle through the customs union. A digital product can be a good, a service, an artificial intelligence or digital currency. This requires new approaches. At the same time it gives new opportunities.

The EU Digital Single Market strategy was introduced in 2015 with a goal to help European digital companies to grow globally. Honestly, the document had very limited influence on real European business. The current digital business is largely dominated by American, Chinese and Korean companies. Among top Information Technologies (IT) companies in the world there is not even one from Europe (Table 1).

We should openly admit that the last 20 years of the global ICT/Digital business growth was lost by the European companies. “Old” IT businesses of silicon computing, servers, storages, databases, mobile phones and network infrastructure and social platforms are lost to companies from outside Europe. At the same, we are still at the beginning of digital revolution, despite big changes we have already experienced. We can assume that next 10 years will bring more innovation in the digital world than we could observe last 20 years (in 2002 the World was without iPhone, Facebook, Netflix, Tesla, Siri and many other products). There is much more to come.

Table 1. **Top global IT companies according to Global 500 in 2020**

| Rank | Country of origin | Company name | Income in billion EURO |
|---|---|---|---|
| 1 | USA | Apple Inc. | 204,6 |
| 2 | Korea Płd. | Samsung Electronics | 189,2 |
| 3 | USA | Amazon | 158,8 |
| 4 | Tajwan | Hon Hai Precision/Foxconn | 138,1 |
| 5 | USA | Alphabet Inc. | 98,9 |
| 6 | USA | Microsoft | 80,4 |
| 7 | Chiny | Huawei | 79,7 |
| 8 | Japonia | Hitachi | 75,5 |
| 9 | USA | IBM | 70,6 |
| 10 | USA | Dell Technologies | 70,3 |
| 11 | Japonia | Sony | 68,8 |
| 12 | Japonia | Panasonic | 64,3 |
| 13 | USA | Intel | 56,1 |
| 14 | Korea Płd. | LG Electronics | 48,5 |
| 15 | Chiny | JD.com | 48,2 |
| 16 | USA | HP Inc. | 46,4 |
| 17 | USA | Cisco Systems | 42,9 |
| 18 | Chiny | Lenovo Group | 40,4 |
| 19 | USA | Facebook | 36,3 |
| 20 | USA | Honeywell International | 36,2 |

Source: https://fortune.com/global500/



In order to support the process of regaining the leadership position in the global Digital market we suggest the following.The Digital Single Market should be a tool helping European companies to regain their leadership positions in those next 10 years.

## 6. Invest into next digital technologies

The first 20 years of digital revolution are lost for EU companies. But next 10 years will bring more changes in the digital world that the last 20. It means that the EU should invest into new technologies like:

- next generation computing,
- integration of IT with bio technologies,
- next level process automation,
- applied Artificial Intelligence (AI),
- new tools for programming,
- digital twins and process virtualisation.

There aren't global leaders yet in those technologies. It is there where EU leaders should focus on and invest money, time and effort.

EU institutions and EU countries should become leading customers for new products, tools and IT technologies and services, wherever in Europe they were created. At the same time, there must be a clear and quick policy against monopoly of the largest companies. Especially in the area of their acquisition policies. There won't be any way to build new European unicorns of future technologies if they are bought at the very initial phase of their development by no-European funds or companies. They will lose their European nature before they could grow large enough to withstand outside competition.

## 7. Promote and develop EU free and open market for digital and IT services

The EU Commission has announced 6 priorities for 2019-24

- A European Green Deal - Europe aims to be the first climate-neutral continent by becoming a modern, resource-efficient economy.
- A Europe fit for the digital age - The EU's digital strategy will empower people with a new generation of technologies.
- An economy that works for people - The EU must create a more attractive investment environment, and growth that creates quality jobs, especially for young people and small businesses.
- A stronger Europe in the world - The EU will strengthen its voice in the world by championing multilateralism and a rules-based global order.
- Promoting our European way of life - Europe must protect the rule of law if it is to stand up for justice and the EU's core values.
- A new push for European democracy - We need to give Europeans a bigger say and protect our democracy from external interference such as disinformation and online hate messages.

Promotion and development of the EU free and open market for digital and IT services will have a positive influence on all six priorities. Digital technologies are part of all aspects of human activity today. In future their presence and role will be even bigger.

## 8. Transform French-German GAIA-X Project into a true EU Project

Allocating a fixed budget in each EU country for the GAIA-X Project and making it a project that brings together all EU countries. The goal of the GAIA-X Project is to establish a common standard for data storage and processing on locally located servers and in line with strict EU data privacy regulations. Today, the initiative is driven by an Association created by 22 French and German companies. It is a good initiative to create in the EU a common data-exchange mechanism in line with common needs of trust and European standards of protection of data and privacy rights.

Without a new EU standard for data providing transparency, controllability, portability, and interoperability of services it will be very difficult to preserve European sovereignty. Especially in times when data is the new oil.

At the same time the anonymity on the Internet has to be rethought. Nasza-klasa.pl (eng. our-classroom.pl) was a Polish social networking service used by alumni and students before the time of Facebook. The concept was very similar to Facebook with one important difference. You had to register within one of the defined classes in the defined school. Later you could of course join other classes and publish there, but everybody would know who you are and from which school and class you are joining. Hate speech and fake news were never an issue in this portal. Unfortunately the service couldn't withstand the competition of Facebook and was closed 27th July 2021.

## 9. Establish EU Delegations to the largest IT companies

The revenues of the Polish government, the 8th largest revenues among EU governments, are only a little bit more important than the income of Apple. The income of Apple is bigger than the revenues of the government of Austria, Denmark, Finland, Czechia, Portugal, Ireland, Greece, Romania, Hungary, Slovakia, Luxembourg, Croatia, Bulgaria, Slovenia, Lithuania, Latvia, Estonia, Cyprus and Malta. (Table 1 and Table 2). At the same time, for Apple and other top IT companies EU is a leading market. Without European engineers and European customers they would not be so powerful.

As major tech companies tend to be bigger than many EU Member States, it would make sense to have an equal level of EU representation at these organizations too. For that reason, we propose the establishment of EU Delegations to the largest IT companies, which would operate in a similar manner as EU Delegations to no-EU countries are operating, as functional embassies around the world. Lead by the Head of Delegation, these units would report to the EDO, and would make sure that they not only keep an eye on the newest developments of the IT giants, but also engage them in the early phases of new product development to address the legitimate concerns of the EU and protect the rights of its citizens.

Table 2. **Revenues of EU governments**

| Rank | Country | State budget revenue in billion EURO |
|---|---|---|
| 1 | Germany | 1566,9 |
| 2 | France | 1210,4 |
| 3 | Italy | 786,0 |
| 4 | Spain | 465,4 |
| 5 | Netherlands | 351,0 |
| 6 | Sweden | 236,3 |
| 7 | Belgium | 229,0 |
| 8 | Poland | 217,5 |
| 9 | Austria | 184,9 |
| 10 | Denmark | 166,4 |
| 11 | Finland | 122,5 |
| 12 | Czechia | 89,6 |
| 13 | Portugal | 87,0 |
| 14 | Ireland | 83,6 |
| 15 | Greece | 82,2 |
| 16 | Romania | 71,6 |
| 17 | Hungary | 59,6 |
| 18 | Slovakia | 36,9 |
| 19 | Luxembourg | 28,0 |
| 20 | Croatia | 23,7 |
| 21 | Bulgaria | 23,2 |
| 22 | Slovenia | 20,5 |
| 23 | Lithuania | 17,7 |
| 24 | Latvia | 11,4 |
| 25 | Estonia | 10,8 |
| 26 | Cyprus | 8,5 |
| 27 | Malta | 4,7 |

Source: Eurostat in 2021.

## 10. End-user license agreement (EULA) for Dummies

Today's EULAs appearing on the screen of our computers is a classic case of the information asymmetry. An average user does not have the slightest idea what terms and conditions apply when he signs up for the services of a new online provider, whether it is in online banking, betting or social media. One can usually get a several pages long dense legal text about who is handling data, how it can be deleted, etc. while the requirements are further complicated by GDPR regulations.

There is already an example in another highly complex and technical sector though, which can serve as a best practice in the online case too, and that is the sector of pharmaceuticals. In all drugs sold on the European market, there has to be a so-called Product Information leaflet, with a standardized (and easy to understand) content detailing the summary of product characteristics, the package leaflet and labeling. The minimum amount of information required as well as the format of the leaflet is standardized by the European Medicines Agency. Obviously not everyone is reading these small sheets of papers thoroughly, but the opportunity is there for everyone to better know what kind of drugs they will be taking, what might be the possible side effects, and whether they are allowed to drive a car or operate heavy machinery after they have taken the pills. But the real point is that the EU requires pharma companies to at least partially remedy the information asymmetry by providing easily comprehensible information of the basic effects of the drug, so that patients and medical professionals alike could make better informed decisions on which drugs to take.

Similarly, digital service providers could be required to have EULA's in a simplified, comprehensible form that end-users can understand too, organized around a few key questions like how data is used, shared and protected, how it can be deleted, how the use of the service can be terminated, what traces remain after termination, etc. This should be a short summary of what the use of the service entails for the individual. This would of course not dissuade people from posting on-line, but at least they would have an idea what this means to their online footprint in the long run.

# Differences

As of today, in the area of digitalisation, we identify three main differences between Central and Eastern Europe (CEE) and Western European countries (WE). They are following:

1. Number of CEE large and medium companies with capabilities to invest.

2. Place of CEE and WE companies in the chain of creation and production of global products.

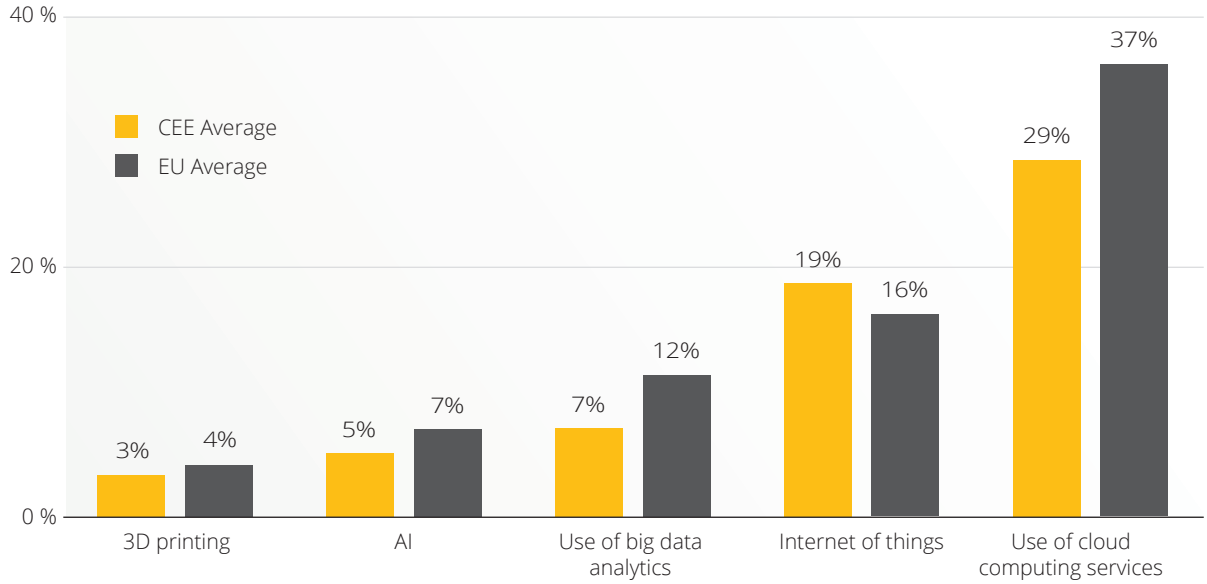
3. Usage of digital technologies.

The main difference between CEE and WE is the number of large and medium companies with capabilities to invest. At the same time, the majority of CEE companies are lower in the chain of value creation of many global products than the WE companies contributing to the creation of the same product. This is mainly due to historical reasons but still has a very important impact on the economy. Higher in the added value creation is your company, the higher margin you can create. The higher margin you are creating, the more income you have. The more income you have, the more you can invest.

In the 90' we were taught, in the newly free from communism countries of CEE, that the capital didn't have nationality. During the financial crises in 2007-2009 we have learnt that maybe the capital didn't have the nationality but the ownership did. French, Dutch or German companies are managed by French, Dutch or German managers and their first focus is, and it is natural, their own countries. It is why, in case of troubles, they close a factory far away from their HQ and in good time, open a R&D Center close to their HQ.

The usage of digital technologies is another difference between WE and CEE companies. Except the internet of things solutions in all other areas like the usage of cloud computing, big data analytics, artificial intelligence and 3D printing is higher in Western Europe (Tab. 3)

Figure 19. **Usage of digital technologies in CEE and EU**




Source: Report "Paving the Digital Path in Central and Eastern Europe" CEP



Those differences contribute to the situation that the income gap between CEE and WE is still important. There is an important risk of "brain" transfer from poorer to richer parts of the EU. Unfortunately in the case of digital business those "brains" are moving outside the EU to the US. The Venture Capital owners are also inviting the CEE entrepreneurs to establish their companies in the US because it will be not only easier for them to manage but also the US market is more open for innovation and new projects. The "brain" transfer to the US is also affecting WE countries.

# Summary

In 1997 one of the authors of this report had on his desk an Italian PC (Olivetti), a French switch (Alcatel), an American operation system (Microsoft) and a Polish antivirus software (mks_vir). 25 years later, on his desk, he has got a Chinese PC and switch and American OS and antivirus.The EU has lost the first 20 years of the digital revolution.

Digital strategy for the EU needs a new start. But instead of writing a new document or a next multipage policy, the EU needs to **INVEST** into;

- next generation computing
- integration of IT with bio technologies
- next level process automation
- applied Artificial Intelligence (AI)
- v new tools for programming
- digital twins and process virtualisation

and **REVERSE THE PROCESS** in which digital social media are destroying public discussion, undermining democracy and tolerating the spread of fake news and hate.

European Leaders have to wake up, because like it or not, the future will be much more digital than we can even imagine today. This future will be created by digital companies. Today, on the list of top 20 IT companies there is none from Europe. Despite our ambition and glorious past, the future of Europe will be planned somewhere unless we change this situation.

The outbreak of the pandemic uncovered that the European Union and the individual countries failed to create conditions for a growth of digital companies that would be the leaders of the technological drive in the world. The countries of the Central and Eastern Europe should defend a twofold approach to set up a correction of these tracks and prepare a twofold approach to help correct the current weaknesses of the system dominated by a limited system of big actors and prepare the SMEs to maximize their potential in the digital economy.

The first strategic focus should be on the development of a critical institutional and legal environment to support the growth of the domestic businesses. The second focus should be on the European institutions and defense of a fair and competitive digital market. The backbone of the new framework is the definition of digital rights of the businesses and individual consumers. In order to achieve this, the European Union has to tackle the information asymmetry as well as create specific institutions, which fight against the existing powerful monopolies.

In terms of the specific recommendations, the first two, the establishment of a European Digital Ombudsman and an Online Regulatory Agency, intend to create a structure of oversight over the European digital market. While it is necessary to remove the internal barriers between the different countries, a simultaneous setup of the European legal and political framework is needed. This framework must adopt a careful approach, where it allows the market participants to compete in a free and fair digital market.

The third recommendation focuses on the need to define the actual position and role of social media companies. These have appeared as a relatively recent phenomenon, which has entered the area typically represented by publishing houses. Such institutions typically have had a complete control and responsibility for the content published within the platform.

Social media broke this approach. Two factors were responsible for this shift. The business model of social media companies allowed individuals to contribute freely. The second factor relates to the massive membership on these platforms as it leads to a considerable amount of the content that needs to be checked.

The last proposal in this area is to demonopolize the position of the social media companies that benefit from the current advertising streams. The local and national media outlets face financial difficulties that could be mitigated if we balance the playing field between the large and small actors in the advertising market. The leaders of Alphabet and Meta are currently dictating the rules of advertising practice in European countries.

The second set of proposals focuses on the shaping of the digital single market. This area focuses on aspects of infrastructure that would help build the capacities of the majority of the actors in the digital marketplace. In order to begin the process, the first part is to invest in the overall digital infrastructure and the general adoption of the digital technologies.

There aren't global leaders yet in many areas of technology. This is where the EU should invest its money, time and effort. The European Union has a very good chance to establish itself as a global leader and a power that manages to dictate the tempo and the direction of the innovations. Without quality infrastructure across the EU, any attempts for a digital transformation benefiting all its members will fall short of its potential.

The European Union should focus on the promotion of the free and open market for digital and IT services. As a critical part of that, the European Union should create a more attractive investment environment for growth that creates quality jobs, especially for young people and small businesses. This approach could strengthen the current commitments to make the business environment suitable to SMEs.

The EU should also look at the successful projects of the individual countries or across regions and bring them to the European level. Based on the example of the GAIA-X Project, the European Union should identify other projects that have the potential to help the best European SMEs, to become the global leaders again. Improving the business environment for SMEs and supporting the know-how sharing and practical partnerships between European businesses and institutions will help. The example of the data storage and processing on the local servers to be in line with the EU standards on data privacy is a good initiative.

The EU delegations within the largest IT companies could help tackle the power imbalances against the smaller EU member states. The income of, say, Apple is bigger in revenues than a vast majority of the EU countries. At the same time, these IT companies depend on the uptake of qualified workforce, which the EU and member states spend enormous sums of money to train. Without European engineers and European customers these companies would have much lower capacity and income as well.

The last of the aspects recommended by this paper is to bring the legal aspects not just to terms with the EU's policy makers but also with the users that need to understand the specific aspects of the license agreements. The information asymmetry creates an apathy or even distrust to digitalisation that can hamper the digitalisation's potential.

Since the average user does not often have any idea regarding the specific terms and conditions when joining specific service providers, the content and the structure of the agreements need to be rethought. The users can currently get a several pages long dense legal text about who is handling data, how it can be deleted, etc. while the requirements are further complicated by GDPR regulations, which created further legal rules for SMEs.

# V. Summary

The annual debate entitled ***Conference on the Future of Europe*** aims to summarize the pan-European debate. Its results and conclusions will most likely be announced on Europe Day, 9 May. This report presents the voice of the citizens of the Visegrad Group countries and their needs. The document is of strategic and geopolitical importance - it can be used by politicians from the V4 countries when formulating the EU position on the EU political system, energy policy, and digitalisation, and it can also be a source of information for citizens on the challenges facing European integration. The Visegrad Group presented recommendations on areas important for the future of the European Union.

According to experts, the institutional future of the European Union shall not move towards further centralization. A strong European Union is one, in which both citizens of Western, Central, and Eastern Europe have a strong sense of belonging to the Community. Experts are in favor of subsidiary integration, i.e. one in which EU institutions support weaker states and national democratic communities in solving their problems. Integration should also be more flexible, tailored to the needs of residents in individual countries and the pace of their economic development. It is the inhabitants of individual countries, in accordance with democratic procedures, who should decide on the pace of further integration. If they wish, they may not only extend integration but also decide to keep it in those areas which, in their opinion, do not require the transfer of further powers to EU institutions. EU institutions should concentrate on integrating states and tightening cooperation, and not on imposing unification - especially in matters of ideas and values that may be regulated by local democratic communities, in accordance with their cultural and constitutional traditions.

On the level of Central and Eastern Europe, it is particularly important to develop a common opinion and establish unity on strategic issues for the region, such as the energy security of the Visegrad Group. It should be noted that most of the energy in the Visegrad Group comes from non-renewable energy sources. EU strategies and programs adopted at the supranational level were to change this situation. Until the outbreak of the war in Ukraine, it was gas that was supposed to be the source of the "green transformation". However, the outbreak of the war in Ukraine changed the geopolitical order. It turned out that the energy policy pursued by the EU institutions supports Russia to a large extent. The Visegrad Group should become independent from external supplies and become independent in energy production. Diversified energy supplies are in the national interest of the Visegrad Group countries. The issue of independence of the European Union from the aggressor's state should be a priority for the Member States, however, actions related to it should take into account the possibilities of national economies - jobs, workers' rights, protection of consumers against sudden price increases. It is important not to introduce changes abruptly, especially in the name of the national interests of other countries. The inclusion of nuclear energy in the EU taxonomy is in line with the interests of the Visegrad Group and will help it diversify its energy sources, in line with EU strategies, for achieving a climate-neutral economy.

The EU digital policy should be regulated at the European level through the adoption of relevant regulations and directives. In addition to the establishment of new offices to protect Internet users, the law should be altered to be more accessible and comprehensible for the average user (shorter clauses, regulations). Importantly, the European Union should create a more attractive investment environment for economic growth, thanks to which it will create new jobs, especially for young people and small enterprises. Large investments are needed in the digital development of the Member States so that they have also the highest-level technological solutions that will be used by countries around the world. The aim should be to reduce the dominance of American companies in this market. According to experts, online media should be subject to much greater control, if only because of the care for the quality of information and increasing the security of using the users' network.

The main goal of the projects financed by the Visegrad Fund is to strengthen cooperation between the citizens of the Visegrad Group countries - which was achieved thanks to this project. Entities that had not previously had the opportunity to cooperate with one another were given the opportunity to participate in a joint project and joint consultations on strategic policies of the European Union, which had a positive impact on the exchange of intellectual ideas and building a common voice of the region in the international debate. Emphasizing the commitment to European affairs of the strong intellectual centers of the V4 countries strengthened their position in the international arena, and the proposed solutions - we hope that they will become the starting point for a discussion about the future of Europe. We also take into account the point of view of Central European countries.

Angelika Gieras

# VI. About the authors (alfabetic)


## Angelika Gieraś

(angelika.gieras@sobieski.org.pl)


Graduated from the Faculty of Political Science and International Studies of the University of Warsaw (with distinction). She has worked with the European Parliament, the European Commission and was EU Career Ambassador for the European Personnel Selection Office. Since 2019, she has been associated with the Sobieski Institute, where she is involved in the coordination of national and international projects. Lecturer at the University of Warsaw, the State School of Public Administration, the University of Finance and Computer Science in Łódź. She leads workshops for the Polish public administration on the course of the recruitment process for a work in the EU institutions, expert of the National School of Public Administration for seconded national experts in the EU. The research work is the civil service in the institutions of the European Union.


## Tomasz Grzegorz Grosse

(tomasz.grosse@sobieski.org.pl, tggrosse@op.pl, tgrosse@uw.edu.pl)


Is a sociologist, political scientist and historian specialising in the analysis of the EU and Member States' policies, public management, geoeconomics, Europeanisation, and theoretical thought on European integration. He has held various fellowships, e.g., at Oxford University, Yale University, and the Max Planck Institute for the Social Sciences in Cologne.


## György Ilyash

(gyorgy.ilyash@ifat.hu)


Graduated at the Eötvös Loránd University, foreign policy analyst with special expertise in Russian affairs. György Ilyash is an expert in Russian history, politics and strategic thinking, works on political processes in the post-Soviet space; explores the transformation of Russian foreign policy and the development of Russia's Arctic region, Russia's strategies in the Arctic, etc. Sound experience in research methodology, held senior positions in various research projects. Research focus/Areas of expertise: Russia-China relations, EU-Russia relations, Eastern Partnership, economic relations. He is interested in geopolitical forecasting and Tech-IR (Technology and International Relations).

## Rafał Libera (rafal.libera@sobieski.org.pl)

INSTYTUT SOBIESKIEGO

He has many years of experience in project finance gained while working on the structuring and financing of complex projects in Africa, Asia and Europe. He is currently a manager in a group of companies providing services and technology to corporations in the oil and gas industry and offshore wind farm operators.

Co-founder and President of the Board of the Transatlantic Future Leaders Forum Foundation, which works to develop transatlantic relations and runs a unique internship programme in the US Congress and the British House of Commons for Polish students. In addition, he is President of the Board of the Polish City Club, an association that brings together and organises regular meetings for Polish professionals and entrepreneurs working in London. He has lived abroad (Great Britain, France) for 13 years. He graduated from University College London. He is a lawyer by training

## Roman Máca (maca@politicsandsociety.cz)

INSTITUTE FOR POLITICS AND SOCIETY

Roman has been working as an analyst at the Institute for Politics and Society (IPS) – a political think tank connected with the Czech Political Party ANO. He focuces on topics such as information security, hybrid threats, disinformation and radicalisation. Befor joining IPS he worked an analyst of the European Values think tank and as a project manager of the Czech National Safer Internet Centre.

Roman studied International Development Studies at the Scientific Faculty of the Palacky University in Olomouc and Regional and Political Geography at the Scientific Faculty of the Charles University in Prague .

## Bartłomiej Michałowski (bartlomiej.michalowski@sobieski.org.pl)

INSTYTUT SOBIESKIEGO

Has been involved in the ICT market for over 20 years. He deals with ICT solutions for government administration, local government, telecommunication, military and production companies. He has worked for Orange, CISCO, Hewlett-Packard, Statoil and the Warsaw Stock Exchange. He was also the CEO of OBRUM, a company producing mobile bridges, engineering tanks and digital products for military training and simulator centers and the CEO of two startups in the area of robotics and distributed energy.

Author of the reports: „The Internet of Things and Artificial Intelligence in Poland", „(Truly) digital Poland" and "Industry 4.0". Sobieski Institute expert since 2006, Board member since May 2019. Author of two books about Poland and publication about different election systems in Poland and UK.

## Martin Reguli (martin.reguli@hayek.sk)

F. A. Hayek Foundation

Martin Reguli is a senior analyst at the F. A. Hayek Foundation, a leading free-market think tank, focusing primarily on the areas of economics, social policy and foreign affairs at the level of Slovak Republic and European Union. He is active in the consultations about the education policy as well as the digitalisation progress in the V4 region. He helped organised multiple projects and conferences bringing together different actors from the area of business, academia and the public sector.

Martin Reguli has direct experience with work in the legislative chamber and with the research projects in the areas of foreign policy. He regularly appears in the media and offers commentaries regarding the key public policy areas.

## Šárka Shoup (shoup@politicsandsociety.cz)

Šárka Shoup is the director of the Institute for Politics and Society. Dr. Shoup covers transatlantic, economic and migration issues. Her doctoral research was on the issue of migration, the results of which were published on the Web of Science. Prior to joining the Institute for Politics and Society, Šárka worked as a project manager on analyzing the potential trade relations between Latin America and Visegrád Group. Šárka participated in internships in Cyprus, Corfu, Malta, and Brussels. Additionally, she has studied at the University of Juaréz del Estado de Durango (Mexico) and IDRAC (France).

She holds a doctoral degree (Ph.D.), engineer degree (Ing.) and master's degree (MBA) from the University of Economics in Prague. She holds a master degree (MA) from the Université Jean Moulin Lyon 3. In 2020, Šárka was elected as a member of the Board of Directors of the European Liberal Forum, think tank of the ALDE Party.

## Péter Stepper (peter.stepper@ifat.hu)

Has received his MA degree in International Relations at the Corvinus University of Budapest in 2021. From 2013 he has worked as the editorial head of Security Policy Review, then from 2014 and 2016 as a lecturer of ELTE TÁTK. He also worked as lecturer for the International Business School from 2016 to 2018. He defended his PhD thesis in 2018 at the Multidisciplinary Doctoral School of Covinus University about forced migration as a security challenge in the Visegrad region. From 2016 to 2021, he was a research fellow at the Antall József Knowledge Centre. From 2019 he is Adjunct Professor of the Department of International Security Studies at the National University of Public Service. From August 2021 he is a Program Manager and Senior Research Fellow at the Institute for Foreign Affairs and Trade. His research area is the Visegrad cooperation, security policy, transatlantic relations and NATO.

## Márton Ugrósdy (marton.ugrosdy@ifat.hu)

Is the director of the Institute for Foreign Affairs and Trade in Budapest, Hungary. His research interests cover transatlantic issues, energy security, and US foreign policy in Central and Eastern Europe. He joined IFAT in 2015 as a part-time research fellow. Before his assignment at IFAT, Márton worked as the editor-in-chief of Kitekintő.hu, at the time Hungary's only online news portal dealing exclusively with international relations for seven years. Márton is a graduate of Eötvös Loránd University in Budapest with a major in political science, where he also received the prestigious Republican Scholarship for academic excellence twice during his studies. He earned his PhD from the Doctoral School of Political Science and International Relations at Corvinus University of Budapest, where he also works as a part-time lecturer. He is an alumnus of the Hungarian-American Enterprise Scholarship Fund, which allowed him to gain work experience at the Center for Strategic and International Studies in Washington, DC.

# VII. About the partners of the Report

## **Institute for Foreign Affairs and Trade** (Külügyi és Külgazdasági Intézet)

One of the main intellectual and scientific centres in Hungary. An accomplished non-governmental organisation conducting research, analyses, and creating reports and expert opinions. It empowers civil society through various activities, especially through regularly organised projects and conferences focusing on values such as civil society, democracy, the rule of law, and regional and European integration. The notable experience of our partner's experts was another factor that made us choose The Institute For Foreign Affairs and Trade. We hope that our partner's expertise will strengthen the substantive aspects of our project and allow for a better analysis of many issues related to the civil society in the European Union and the V4 region.

## **Institute for Politics and Society** (Institut pro politiku a společnost)

The mission of the Institute is to cultivate the Czech political and public sphere through professional and open discussion. We aim to create a living platform which defines problems, analyzes them, and offers recipes for their solution in the form of cooperation with experts, politicians, international conferences, seminars, public discussions, and political and social analysis available to the whole of Czech society. We believe that open discussion with experts and the recognition of the causes of problems is a necessary presumption for any successful solution to the political and social problems facing society today.

## **F. A. Hayek Foundation** (The F. A. Hayek Foundation Bratislava)

The F. A. Hayek Foundation is an independent and non-political, non-profit organization, founded in 1991, by a group of free-market oriented Slovak economists. The core mission of the F. A. Hayek Foundation is to establish a tradition of market-oriented thinking in Slovakia – an approach that had not existed before the 1990's in our region. From this classic liberal tradition, to offer practical reform proposals for market solutions to economic and social problems; in the reform process to widen and propagate throughout Slovakia classic liberal ideas, provide a platform to exchange of ideas of experts and the broader public, and develop the basic liberal ideas and values.

## **The Sobieski Institute** (Instytut Sobieskiego)

The Sobieski Institute is a leading Polish think-tank established in 2005. We propose solutions that will allow Poland to become a strong and efficient state, which guarantees economic freedom and ensures a balance between freedom and civic responsibility. We believe in a strong, efficient, independent and ambitious Poland. A Poland in which there is a balance between freedom and civic responsibility. Change in the state is a never-ending process. That's why we don't just point out imperfections and challenges, we offer solutions. At the same time, we make sure that they are easily accessible and affordable, because everyone should be able to decide on the shape of the state, not just the privileged. For change begins with each of us.

TWORZYMY
IDEE DLA POLSKI

INSTYTUT
SOBIESKIEGO

**Instytut Sobieskiego**
Lipowa 1a/20
00-316 Warszawa
tel.: 22 826 67 47

sobieski@sobieski.org.pl
www.sobieski.org.pl

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