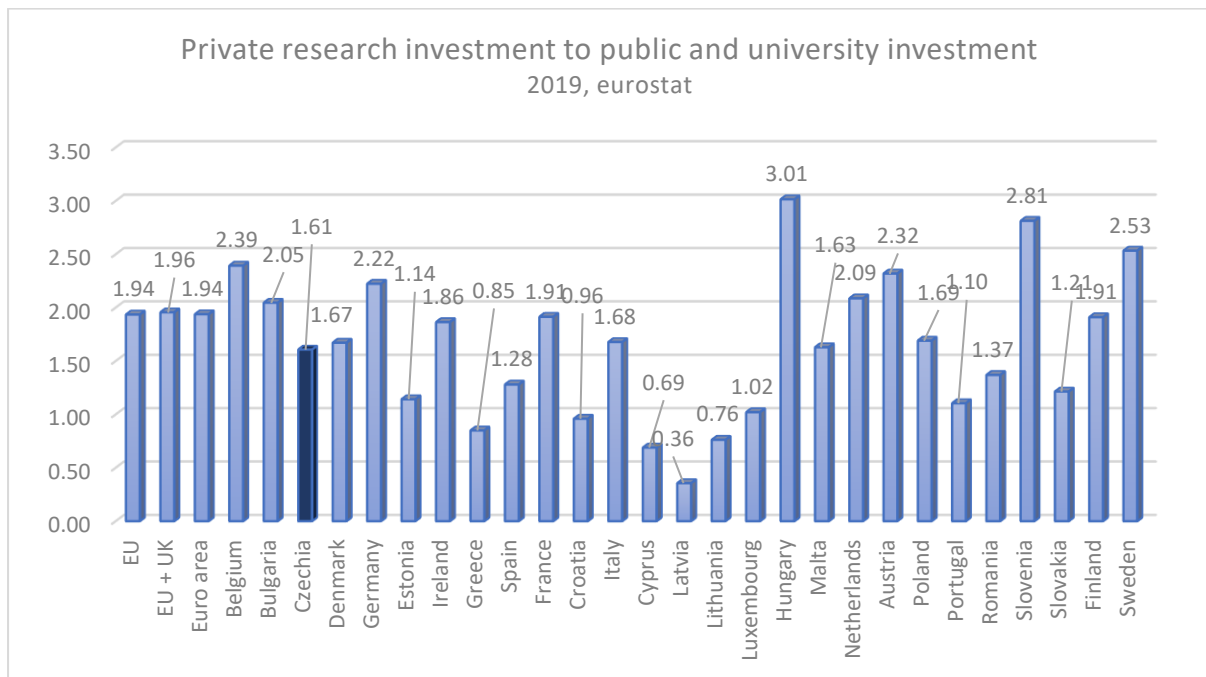


We appreciate the opportunity to comment on the Czech National Recovery plan. Our comments are based on our chamber's purpose to support the growth of Czech and American economic relationship and our goal to make the Czech Republic a top ten economy in the EU. We will therefore focus on areas of the recovery plan in which American business can contribute and which will increase the country's innovative potential (the primary source of economic growth).

The National Recovery Plan presents a once-in-a-generation opportunity to increase the Czech Republic's innovative capacity (among other things, including addressing climate change and health care). This opportunity is based solely on public funds flowing from the EU and distributed by the Czech government. To maximize the long-term impact of the plan, policymakers should consider how to utilize each euro available to stimulate at least two times the private investment.



Focusing on stimulating private investment into research & development will address two of the fundamental challenges to Czech economic prosperity: 1) the access to the capital essential for sustained research and 2) the probability that research will result in innovation.

Research funding in Europe is dominated by Germany (33% of total EU research funding is spent there). The gap between research spending in Germany and the Czech Republic is not merely due to the size of the country (Germany spends 1050 PPS per person to the Czech Republic's 490 PPS per person. If nominal research spending increases over the next decade at the levels achieved in 2015-2019, the German advantage in financing will grow from 95 billion PPS (2019 actual) to 112 billion PPS (2024 projected) to 132 billion PPS (2029 projected). To narrow this gap in financing innovation, the Czech Republic will need to dramatically increase the commercial research conducted.<sup>1</sup> Since the amount of commercial research funding available in the Czech Republic is limited due to the size of

<sup>1</sup> The Czech Republic already spends above the EU average per person in government (79.7 PPS per person in Czech Republic versus 66 per person in EU), but lags behind in per person private research funding (301 PPS per person in Czech Republic versus 374 per person in EU). Germany spend 724 PPS per person in private sector and 144 PPS per person in government.

the market, commercial research funding from international players need to have a significant role to compete in global innovation.<sup>2</sup>

### **Building up from the current research base**

We believe the most effective approach to achieve the levels of investment necessary for consistent innovation is to increase and expand the current focus of commercial spending. [The Atlas of Economic Complexity](#) illustrates how a country's innovative capacity spreads in increments from existing technology to similar technology, and each node creates its own new technological offshoot. This creates technological clusters that not only generate export revenue, but also provide continuous, long-term support for university research and jobs for university graduates.

That is why we believe the best way forward is to build around existing technology producers with existing internal and university research programs and multiple global export markets. We believe the country has the necessary combination of globally competitive commercial technology and research capacity in automotive, sustainable aviation, telemarketing (the hospital bed serves as a primary platform for remote health care) and artificial intelligence in cybernetics to build last centers of innovation.

### **Health Care**

As the population ages, health care will not only consume more of the public budget, but could also be a major source of export revenue. The Czech medical sector has the high level of care and research potential to deliver high levels of innovation that will improve patient outcomes, increase the efficiency of the health care system, and create new products and treatment for export.

The best tools to attain consistent, long-term innovation are national disease plans based on data analyses of national disease registers. National disease registers collect patient information and can identify trends such as regional disparity in illness or care. National disease plans use this information to establish measurable targets for prevention, diagnosis, treatment, and post-treatment, and allocate resources more effectively to achieve those targets. Strengthening those registries and updating plans (and implementing them) in cardiometabolic and oncological disease would be an effective way to utilize the Recovery Funds. Registries could enable public scorecards of regional and individual provider performance and anonymize data for use by accredited public and private researchers.

The current government proposal contains two proposals that could generate better system performance in oncology through greater innovation. Both a Central European oncology institute and a special oncology prevention department should be seriously considered as part of the National Cancer Plan currently being drafted to establish their role within the existing oncology network and longer-term financing.

We would welcome the opportunity to further develop these proposals and develop a plan to attract the level of private support for them to make the Recovery Plan a transformational event in the growth of the Czech innovative economy.

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<sup>2</sup> The Czech Republic should aim to exceed Germany's private research spending per person.

