



Public Affairs in Central Europe

Public Affairs Council Webinar

11th February 2020



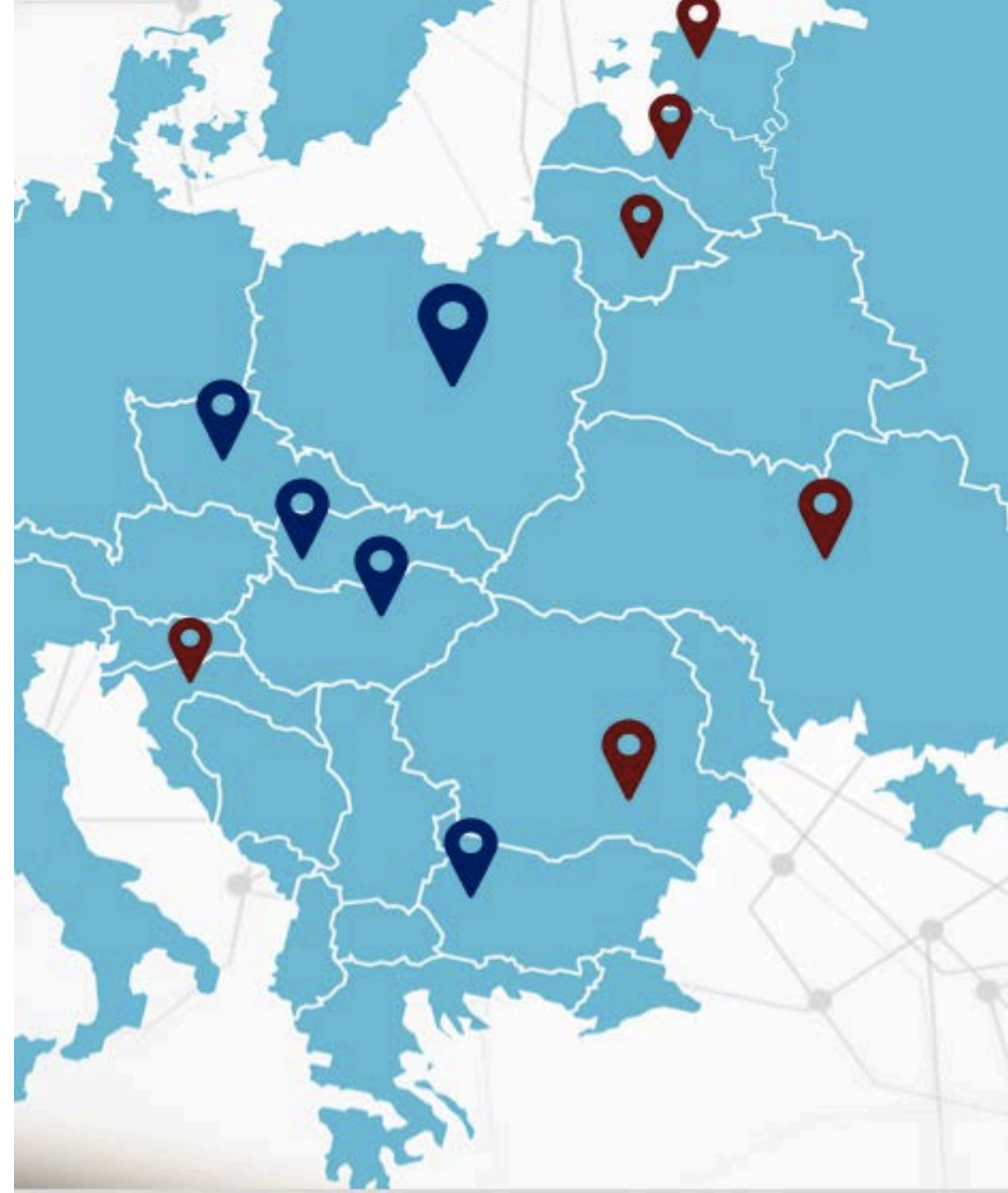
CEC GOVERNMENT RELATIONS

CEC Government Relations (CEC) was established in 1993 and is today **the leading public affairs and political communications agency in Central Europe.**

We offer professional public affairs and strategic communications services to clients across a full range of sectors, including FMCG, Digital & IT, Pharma & Health, Financial Services, Energy & Environment, Alcohol & Tobacco, Infrastructure, Media and Defence.

We have wholly-owned offices with over 60 employees in Warsaw, Budapest, Prague, Bratislava and Sofia; affiliates in all the other regional capitals; and we work with leading PA agencies in Brussels, London and Washington DC.

Our client base is almost exclusively multinational with a focus on US, UK, European and Asian corporations, and we work closely with local Embassies and Chambers of Commerce.





CEE – A Complex Patchwork

- NATO and EU Membership
- Institutional Variety
 - *Visegrad Four*
 - *Bucharest 9*
 - *Three Seas Initiative*
 - *Any limits? Ukraine? Georgia? Belarus?*
- No Single Template – Every Country in Different
 - *Different Historical and Political Cultures*
 - *Rapid Elite Turnover*
 - *Electoral Volatility*
- Increasing Self-Identity of Region

Parliamentary Elections Timeline

	Last Election	Next Election
Bulgaria	March 2017	May 2021
Croatia	September 2016	December 2020
Czech Republic	October 2017	October 2021
Estonia	March 2019	March 2021
Hungary	April 2018	April 2022
Latvia	October 2018	October 2022
Lithuania	October 2016	October 2020
Poland	October 2019	2023
Romania	December 2016	2020
Slovakia	March 2016	February 2020
Slovenia	June 2018	2022



The CEE Economies

- High Economic Growth
 - *9 out of 12 fastest growing EU states are from CEE*
- Highly Qualified Labour
- Innovation Capacity of the Region
- Major Recipient of EU funds
 - *Between 2007 and 2015 – CEE received 175.89 billion Euro*
- Improving Infrastructure
- Political Commitment to attracting US Investment

Strategic Challenges

- Strong perception of Russia Threat
 - *Aggression at periphery: Georgia, Crimea, Ukraine*
 - *Military build-up at border: Belarus, Baltics, Kaliningrad*
 - *Disruption in CEE via energy, cyber and propaganda tools*
 - *Push for collective defence of Eastern border*
- Increasing Concern Over China
 - *5G*
 - *Belt and Road*
- Energy a Spur for Regional Cooperation and EU engagement
 - *Battle over Nordstream*
 - *Development of regional energy infrastructure*
 - *Focus on LNG relationship with USA*
 - *Energy diversification a key goal*
- CEE Sceptical of New Macron Vision
 - *Push for Federalization*
 - *Rapprochement with Russia*
 - *US-Sceptic*
 - *Caution on EU Expansion*
 - *Aggressive Climate Agenda*

CEE Has Strong Sense of Common Interests and Looks to US For Support

Strategic Responses

- CEE sees US as key security guarantee
 - *Defence*
 - *Energy*
 - *Climate*
 - *Migration*
 - *Cultural issues*
 - *“Sovereignty” agenda*
- US Engagement in Three Seas Initiative
- US as Desired Investor

- **AND** Work With EU
 - *Single market (energy, capital, digital)*
 - *Competition policy*
- But Some Conflicts
 - *Over-regulation undermining technology opportunities?*
 - *Nordstream*
 - *Tensions over rule of law*
 - *Broader cultural resistance*
- Next budget cycle
 - *Just Transition Fund*
- Challenges and Opportunities of Brexit
- Leverage of EU Presidencies (Croatia)





The Croatian EU Presidency

- Croatia Presides Over EU Council Until the end of June 2020
- Key Areas of Focus:
 - *Mutliannual Financial Framework (EU budget)*
 - *Expantion of EU in the Balkans (North Macedonia and Albania to Open Negotiations)*
 - *EU Digital Assembly in May in Zagreb*
- Germany (2020) and Slovenia (2021) Next Presidencies after Croatia
- Multinationals Regularly Engage with EU Presidencies to Highlight Policy Priorities with High Level EU and European Stakeholders



Attitudes to Advocacy and Lobbying

- Early 1990s Highly Unregulated – Reputation of Lobbying at a Low
- 1990/2000s Corruption Scandals Across the Region
- Governments Move to Regulate the Industry in 2000s
- US/UK FCPA/Bribery Act Regulations Have Major Impact
- Media Focus is High
- Anti-Corruption Drive in Some Countries
- Time Has „Separated out the Wheat from the Chaff”
- Reputation Easy to Gauge
- Public Affairs Industry Increasingly Self-Organized
- Agency Track Record and Credibility A Key Currency



Monitoring and Tracking Regulatory Threats

- Monitoring is Key
- The Value of Public Affairs is Information and Intelligence – the Meeting is Secondary (3 „P“: Policies, Processes, People)
 - *Beware of Agencies that Trade on „Contacts“*
 - *Political Flux makes relationships tenuous and time-limited*
 - *Decision Process is Complex and Impervious to Relationships*
- Increasing digitalization of information
 - *Social Media, Esp. Twitter a Key Source of Knowledge*
 - *Digital Empowerment of Pressure Groups and Social Activism*
 - *Parliaments and Governments Now On-Line*



Successful Case Studies (Hungary)

- Assisting to overcome permanent regulatory challenges in the highly regulated tobacco sector for more than 20 years
- After failed discussions and cancelled cooperation between the Client and the Government, reopening negotiations and securing a multi-annual deal in scientific publishing
- After facing a sector specific tax and a hostile regulatory environment in retail sector, successful repositioning of the Client from being the scapegoat, to finally becoming a strategic cooperation partner of the Government
- Successful European-level defence strategy in a hostile takeover bid in the energy sector
- Key amendments passed in a European Directive as part of a pan-European campaign in the solar energy sector



Successful Case Study (Romania)

- In 2017, COMCAST NBC/UNIVERSAL identified Romania as an ideal location for filming a number of movies/shows they were developing
- The challenge was to make Romania a competitive filming destination given that many other countries offered significant incentives
- The subject, and the potential opportunity was discussed with a large number of key stakeholders (both political and local industry) in order to build consensus around the need for Romania to establish its own film incentive scheme
- In June of 2018, the Romanian government issued Decision No 421/2018 to grant state aid to the film industry. The scheme aimed at promoting the national cultural identity of Romania and brought an important boost to film production by offering significant financial support to film producers (including to major international production companies who may equally qualify for the scheme)



Successful Digital Case Study (Poland)

- <https://www.youtube.com/watch?v=9ZEoJrvY27g>



THANK YOU
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