



GRAYLING ACTREND

Grayling's report on legislative changes
across Central & Eastern Europe

May 2023

GRAYLING
creating advantage

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This report was prepared by Grayling in Central & Eastern Europe (CEE) and examines laws passed in eight CEE countries (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia, Croatia and Serbia) in 2022. Grayling's Public Affairs teams used publicly available data for the research and the report covers primary legislation only. In terms of media coverage, Grayling's teams did not conduct a quantitative analysis of the coverage generated by each piece of legislation; if an article focusing on the act in question appeared in one of the most respected and/or widely-read media outlets, it was categorized as an act which generated "significant" media coverage.



LEGISLATIVE ENVIRONMENT ACROSS CEE

BULGARIA



2022 started on the wrong foot for the Bulgarian Government, with a newly appointed, liberal cabinet in office, backed by a diverse and unstable coalition in the House. The majority was aiming to avoid any conflict with various stakeholders and had no view on conducting real reforms in the judiciary, law enforcement and finance, despite previous claims. That is why very few bills were passed in Q1 despite Parliament being operational at the time. In Q2 the ruling coalition dissolved and so did the Parliament. A couple of early elections were held. Once the legislature reconvened it was in disarray after inconclusive election results. The year ended with a semi-functional legislature and the clear possibility of another early election in 2023.

CROATIA



The Croatian Government was very busy in 2022, preparing necessary laws and bylaws for Croatian entry into Schengen Area and adoption of the Euro. Croatia is now the 15th country which is member of NATO, the EU, the Schengen Area and has adopted the Euro. With a stable majority in the Parliament, the Government had no issues proposing (and adopting) its desired legislation. That being said, the last ordinary Parliamentary session of the year saw a majority of laws being amended through extraordinary procedure as the currency swap approached. In parallel, all ministries were preparing for accession to the Euro, which meant that some bylaws or laws had to be delayed as administration's capacity was lacking. To compensate for the delay, an extraordinary Parliament session was organised just before Christmas to adopt some of the most important laws, one being the Labour law which had been in the pipeline for two years. The adoption of the Labour law was also one of the conditions to secure funds from the next envelope from EU's Recovery and Resilience Facility.

CZECHIA



In the Parliamentary elections held in October 2021, the current governing coalition won a comfortable majority of 108 out of 200 votes. Although it includes a wide range of political parties (Conservative, Liberal-Conservative, and Progressive-Liberal), the Government has so far shown considerable stability by the standards of Czech politics. There have been no major disputes within the coalition, and the political situation in the country is expected to remain stable in 2023. Additionally, Czechia is currently in a rather rare period with no elections scheduled for a year. The last time such a situation occurred was in 2015. The next elections in which Czech citizens will participate will be those for the European Parliament in 2024. For the current Government, this means a unique opportunity to initiate significant systemic changes.



HUNGARY

After the outbreak of the war in Ukraine in February 2022, the agenda of the Hungarian Government was built around the war in the neighboring country and a constitutional amendment was voted that authorised the Government to declare a state of danger in case of an armed conflict, war or humanitarian disaster in a neighboring country. In April 2022, the ruling Fidesz-KDNP gained a fourth consecutive term with a Parliamentary absolute majority at the election, however the child protection referendum held at the same time as Parliamentary elections was invalidated. After the Parliamentary election, European Commission triggered the previously untested rule of law conditionality procedure under the Regulation to protect the EU budget against Hungary. This led to negotiations between the Hungarian Government and the European Commission regarding conditions for Hungary's access to the Recovery and Resilience Facility. In line with the conditions of the European Commission, in the second half of the year of 2022, the domestic legislative environment was determined by the necessary legislative steps to fulfil the 27 super milestones set by the European Union. Moreover, the Government reacted to the worsening economic situation by implementing austerity measures, with heavy-handed price controls in all sectors of the economy including the price of numerous food items, interest rate caps, fuel price caps, energy price caps, and introducing windfall taxes on targeted industries as well as with massive tax hikes to freelancers.



POLAND

The outbreak of the war in Ukraine has fundamentally disrupted the geo-political landscape in Poland, transforming its domestic economy and politics. As the result, the main economic and political topic in 2022 remained undeniably high inflation, which reached levels not seen since the transformation of the Polish economy in the late 1980s and early 1990s. In order to mitigate its effects, the Government decided to successively introduce shield programs, which took the form of a shield allowance (Gov't cash handouts to households), reduced indirect taxes such as VAT and excise taxes, as well as a guarantee of a maximum price for electricity and heat. Those initiatives filled the legislative dock in the first half of the year. Overall, in 2022, the Sejm has passed 198 laws, nine more than in 2021. The higher number of laws passed may partly be due to the higher number of drafts submitted to the Parliament in 2021 that have since been worked on and passed into the next year. A larger number of Parliamentary initiatives comes from the fact that this procedure allows Government to bypass the public and ministerial consultation stage, which significantly shortens the legislative process.



ROMANIA

With a stable PSD-PNL-UDMR ruling coalition that came into power in November 2021, backed by a solid Parliamentary majority as well as by President Klaus Iohannis, Romania's 2022 legislative output was solidly dominated by Government-submitted legislative acts. 2022 saw the end of the Covid-19 state of alert (March 8) and a two-figure inflation rate, with rising foodstuff and energy prices impacting the cost of living. In 2022, Romania is by far the regional record-holder in several legislative areas: total number of legislative acts, the highest percentage of laws passed by means of extraordinary procedure, and the highest number of legislative acts with an impact on business that targeted general business laws (taxation, labor). Judged by the number of laws, with the exception of Services, Romania ranked first in the region on all counts: General Business, Energy, Healthcare, ICT, Finances, Agriculture and Industrials. A sector-based regional comparison based on proportionality not number of laws, shows Romania ranking in the top three on Energy, Healthcare and ICT.

60% of the total legislative acts passed in 2022 were passed by the Government, turning it into a legislator proper. In 2022 the Parliament concluded the legislative process on only 15% of the legislative acts adopted by the Government, while the average lifespan of a Government issued legislative act in Parliament remains 2 years. In Parliament, 2022 saw the final wording and conclusion of the legislative process largely on the Covid-19-related legislative acts passed in 2019-2020. This gives an indication that 2023/2024 will largely be eaten-up by the cost of living-related hot topics of 2022.

2022 also saw an influx of legislative acts introducing structural reforms driven by the agreement on the allocations within Recovery and Resilience Fund. Compared to the RRF-driven legislation, the OECD demanded reforms take a smaller size.



SLOVAKIA

2022 was incredibly turbulent for the Slovakian Government. In September, one of the coalition parties withdrew from the Government, leaving it with a minority in Parliament. In December 2022, the minority Government led by the Prime Minister Eduard Heger lost a no confidence vote and by end of January 2023 the Parliament reached an agreement on an early election. These are to be held on 30 September 2023. As a result, the legislative situation in Slovakia is incredibly uncertain, with parties focusing more on election campaigning than legislative changes.



SERBIA

With the Serbian Parliament being dissolved at the beginning of February 2022 due to early elections in April, and the new Government not being formed until October, legislative activities were on hold for most of the year. As a result, Serbia adopted a significantly smaller number of laws than it probably would in a typical year. Other notable characteristics of Serbian legislative activities in 2022 included a high percentage of laws proposed by the Government (97%), a high percentage of laws that did not have a significant impact on business (83%), and a high percentage of laws that were passed without public consultation (90%). The laws that garnered the most media attention were those governing changes in the electoral system, payroll taxes for freelancers, and financial aid for citizens aged 16-29 as a means of overcoming the Covid-19 crisis.

It is worth noting that a significant number of laws adopted in Serbia in 2022 related to specific activities which may not be typical subjects for laws in other European countries. These include laws on confirming agreements or memorandums of understanding with other countries or institutions, or the country's loans in foreign banks or financial institutions.

As a candidate for EU adoption, one would expect Serbia to work more intensively on harmonizing its regulations with the Union. However, this was not the case in 2022, despite the strong ruling coalition and its (claimed) dedication to the EU accession road. The majority of legislative acts adopted in 2022 related only to the country's financial operations and infrastructure investments, as well as changes in the electoral system, neither of which contributes significantly to further development or solving existing structural issues.

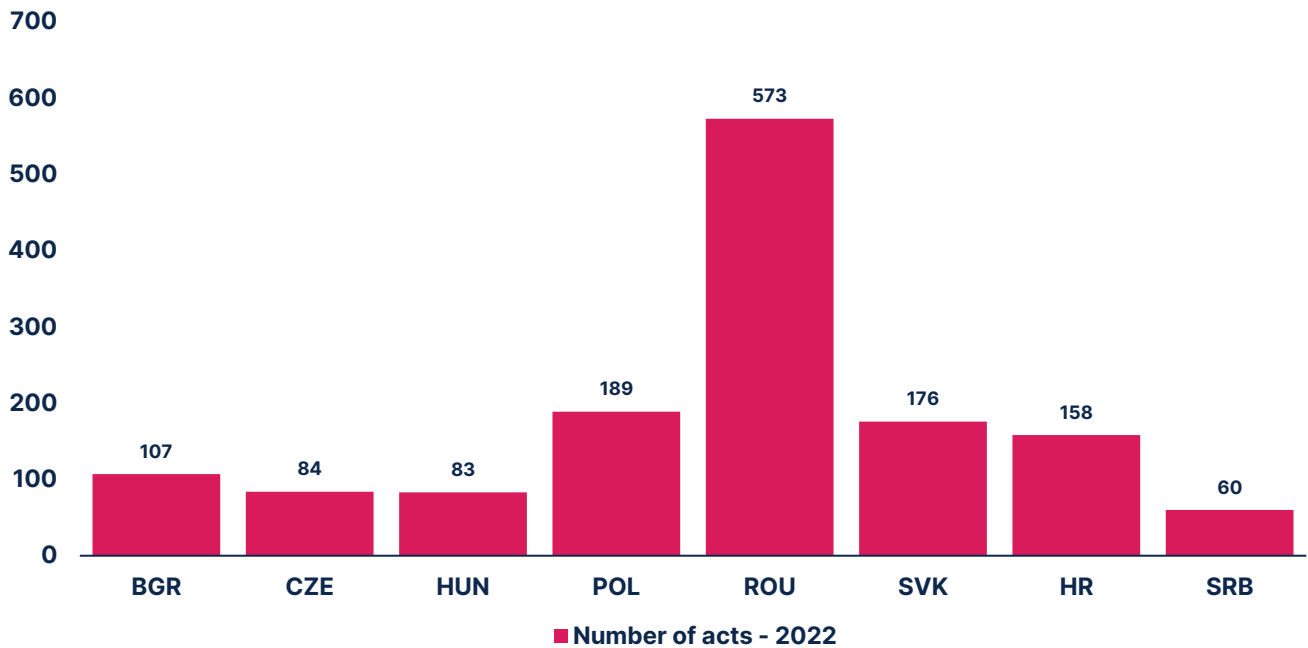
GRAYLING'S ACTREND REPORT: THE KEY FINDINGS



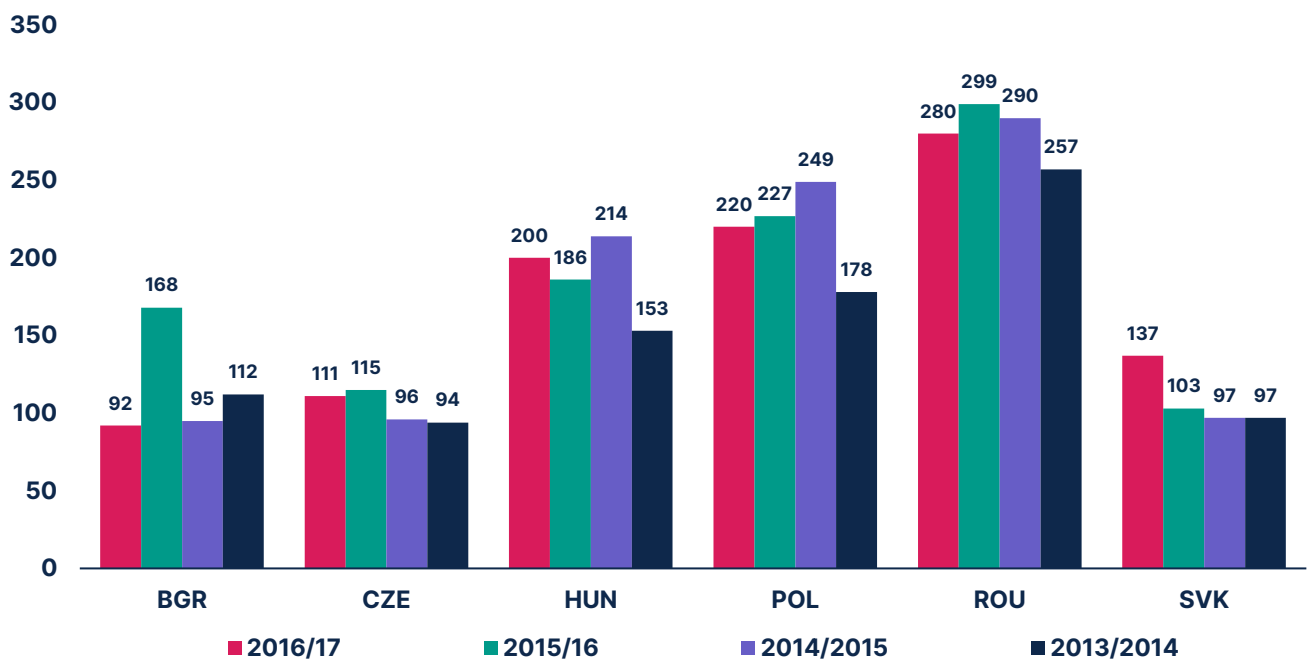
1. POST-COVID RECOVERY FOLLOWED BY THE START OF THE UKRAINE WAR – LEFT A MARK ON THE LEGISLATIVE PROCESS

1,437 primary legislation acts were approved in the eight CEE countries between January 2022 and December 2022, Romania leading by far in quantitative terms. Compared to the figures of 5 to 10 years ago (2013-2017) we have witnessed a 14%* increase in the number of laws adopted by CEE countries.

Number of approved acts in 2022



Number of approved acts 2013-2017



*N.B. Croatia and Serbia were first added in the report covering 2022; data from these two countries was not included in the overall regional comparison revealing a 14% increase in 2022 compared to the previous five years.

The ranking of the countries has not changed much over these years: Romania leads the way in terms of the volume of legislation passed, followed by Poland. In third place, Slovakia overtook Hungary. However, the overall increase in legislation was spearheaded by Romania's total number of 573 primary legislation acts.

In 2022 only Romania exceeded the 200-act milestone, while Poland, Slovakia and Croatia were above the 150 mark, Bulgaria slightly above the 100-act milestone, leaving Hungary, Czechia and Serbia below the 100-act milestone. Over a 5-year span, Romania and Hungary hold the record for the highest increase, and the sharpest decrease in the number of primary legislative acts. While the number of acts grew by a third in Romania, in Hungary it was halved.

Hungary – 50% down, Romania – 30% increase over the past five years

On 24 May 2022, the Hungarian Government adopted the 10th Amendment to the Fundamental Law of Hungary that authorized the Government to declare a state of danger in case of an armed conflict, war or humanitarian disaster in a neighbouring country – reacting to the outbreak of the war in Ukraine. With this step, the power of Government to adopt emergency Government decrees has been extended after the special legal order was declared by the Government three times during the coronavirus pandemic.

The Hungarian Government declared the state of danger as of May 25, 2022 with a Government decree, then extended the special legal order with an additional 180 days as of 1 November 2022. Since the latest state of danger declared with a reference to the pandemic was still in effect when the new one was declared, the special legal order was in effect throughout the year of 2022. The state of danger declared in view of the armed conflict and humanitarian disaster in Ukraine allowed the Government to govern by decree. Thanks to mentioned developments, the domestic legislative environment was determined by Government decrees. While only a few bills were actually submitted to Parliament in 2022, total of 637 Government decree was published in the National Gazette – according to the official statistics 267 out of the 637 Government decrees were adopted as emergency decrees. Moreover, as the ruling parties have a two-thirds majority in the Hungarian Parliament, they are able to amend any law or the Fundamental Law of Hungary with their supermajority. The rule by Government Decree that is the main reason for Hungary slipping down the rankings.

Over the past five years, Romania saw an 30% average increase in the number of Laws passed in Parliament. The sharpest increase came from the Government-initiated legislative acts. Whereas up until 2019 the number of Ordinances was constant around the 100 mark, starting with 2020 we witnessed a massive rise in the number of Government Emergency Ordinances. Romanian decision-makers' response to the pandemic may explain the sharp increase.

In 2020 Romania reached a record of 235 Ordinances, out of a total of 298 Laws that were approved in Parliament that year, turning the Government into the main legislative power. While 2020 was an exceptional year, which was a dramatic increase in the number of Government-initiated primary legislation from 116 in 2019 to 235 in 2020, this trend continued throughout 2021 and 2022.

In 2022, another exceptional year given the Ukraine war, inflation and energy prices, the number of Ordinances reached 229, while the total number of Laws adopted by the Parliament was 385, 10% of which being 2022 Ordinances. Considering that in 2022 the Parliament approved only 41

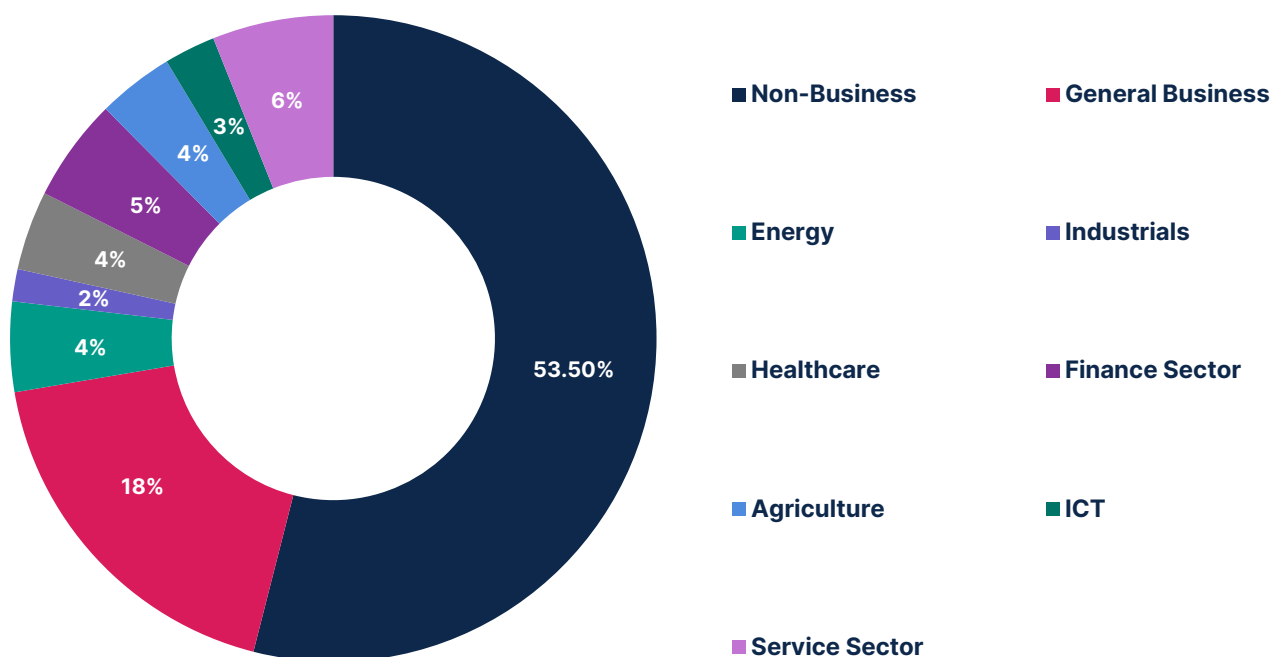
out of the 229 Ordinances, and that the average period the Parliament takes to debate and pass an Ordinance is 2 years, this relatively low percentage of acts approved in Parliament gives an indication on Parliament’s activity for the next years.

2. ALMOST HALF OF THE APPROVED ACTS HAD A DIRECT IMPACT ON BUSINESS

The proportion of approved acts with a direct impact on business is in line with the pre-2020 levels, standing at a regional average of 46.5%. The increase compared to the previous decade is just 1.5% overall. However, differences appear upon closer comparison. Countries such as Bulgaria, Poland, Slovakia and Romania remained around the 50% mark ($\pm 5\%$), while Croatia and Czechia went slightly above 60%. In contrast, Hungary and Serbia are well below the historical average. At the other end, in 2022, 36.1% of Hungary’s legislative acts had a direct impact on business, while Serbia stands at 16.6%.

While the percentage of legislative acts with direct impact on business is similar to pre-pandemic years, including the percentage of acts with an impact on general business, 2022 shows a new arrangement of legislative priorities. Industrials sees the biggest drop, from above the 5% mark before the pandemic and a peak in 2017 at 7% to just 1.6% in 2022.

Business vs Non-Business impact in 2022



A sector-based breakdown for 2022 shows that the most impacted sectors were services, followed by finances and energy, while the least impacted three sectors were industrials, ICT, and agriculture. However, the evolution of the legislative impact would have to be contextualized starting from the ample differences between the countries.

With regards to the impact on energy, Poland ranks first with 21% of its legislative acts regulating this sector, followed at a distance by Romania (12.46%) and Hungary with 10%. At the other end, Bulgaria and Croatia stand at 4%.

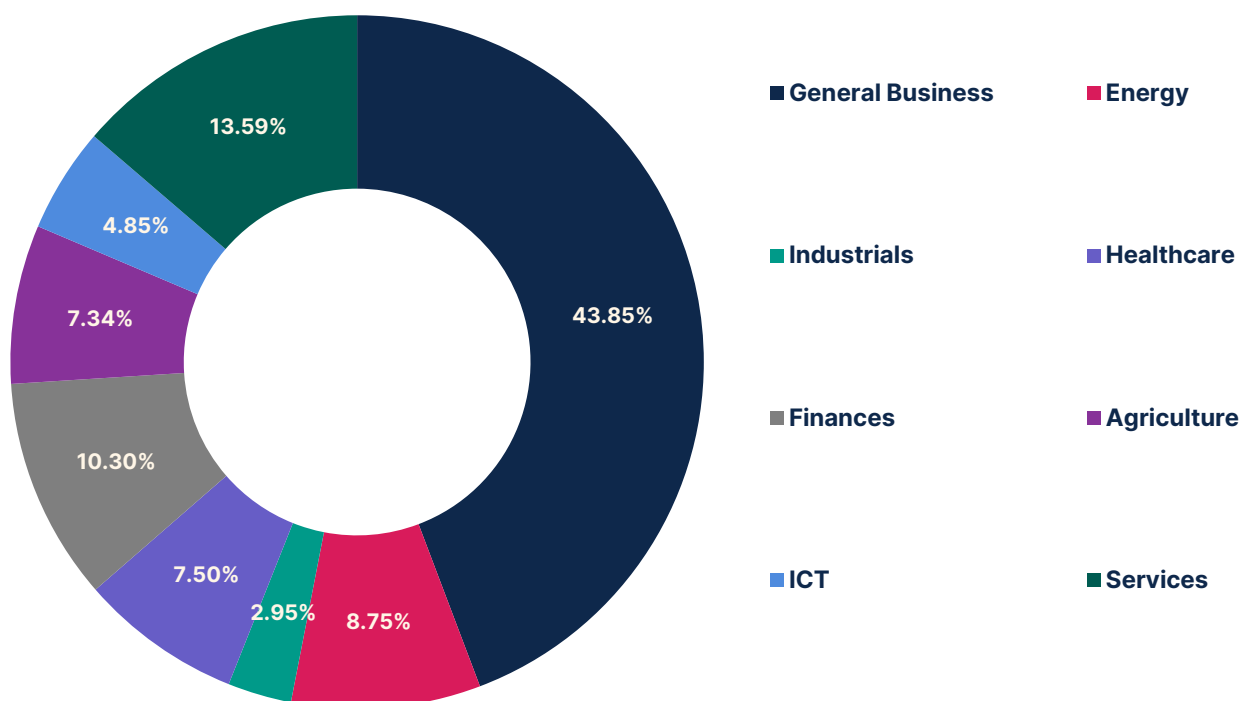
On healthcare, Slovakia ranks first with 15.8% of its total business-related acts impacting this sector, followed by Romania with 13.9% and Poland with 13.1%.

The ranking changes for the finances sector, Hungary leads with 20%, followed by Croatia with 16.8% and Bulgaria with 16%. Czechia and Poland rank first on agriculture, with 11.5% and 11.1%, closely followed by Hungary with 10%.

On the ICT sector Czechia also had the highest percentage of legislative acts, 9.6%, followed by Romania (7.7%) and Hungary (6.6%). Bulgaria (2%), Croatia (3.1%) and Slovakia (3.6%) are below the pre-pandemic average.

The services sector registered the highest variations in 2022. Croatia outranked the other countries in the region with 25%, followed by Czechia standing at 21.1%, while the regional average was 5.9%.

Impacted business sectors in 2022



While pre-pandemic averages showed that the most affected industries in the region were services (14.1%), agriculture (12.2%), and healthcare (11.5%), while the least impacted sectors remained ICT (4.3%) and energy (4.5%), 2022 showed a change in legislators' actions. Services continues to lead (around the 14%), however finances came second at 10.3% followed by energy (8.75%) and healthcare (7.5%). The services sector registered the highest variations among the countries in the region, followed by ICT.

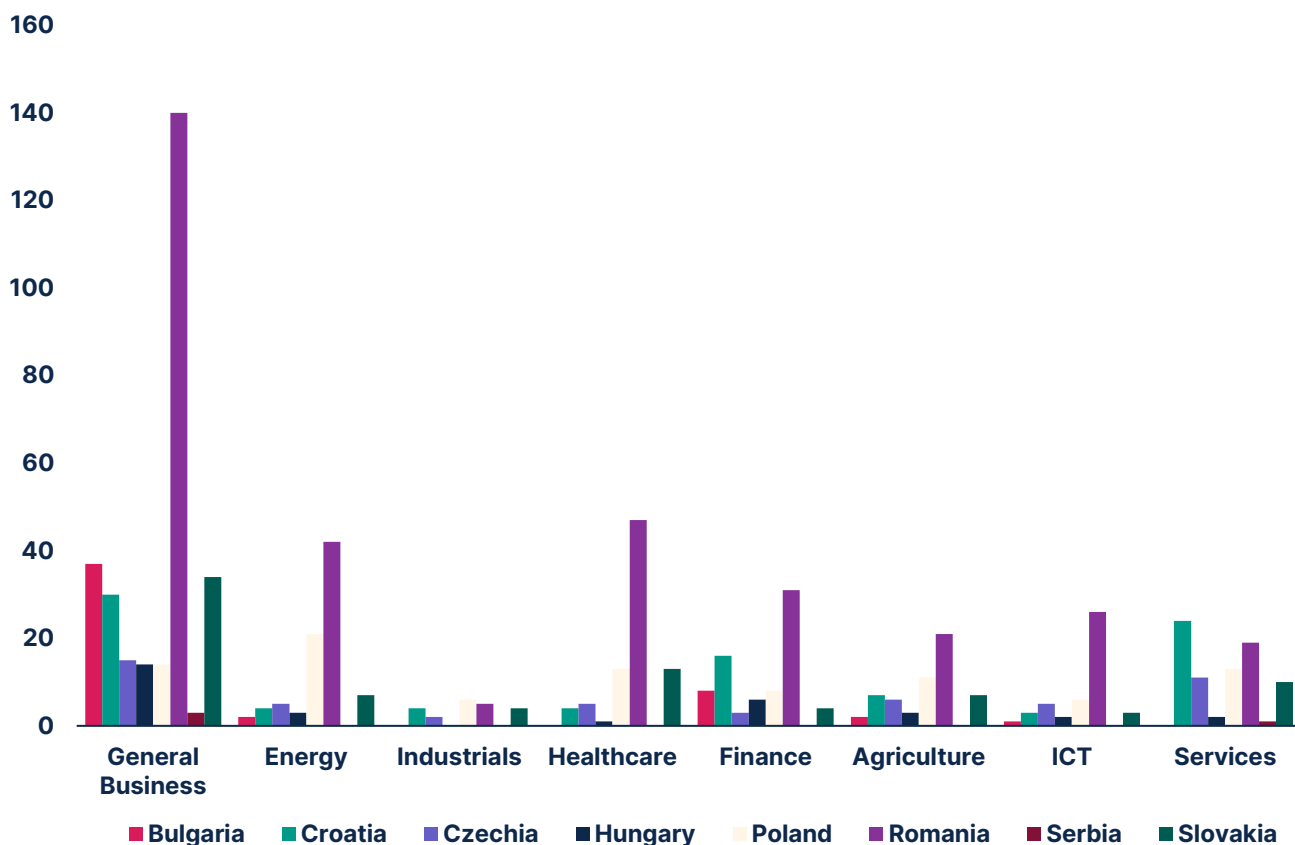
General Business shows the highest contrast between the eight countries, Romanian legislators passing 140 primary legislation acts in 2022. Under the category of "General Business" we included

general legislation with a direct impact on the business environment – law on state budget, tax regulation in general (including excise tax, VAT, income, profit and dividends), competition law, public procurement and labour. Romania’s record-breaking number of laws on general business in 2022 is almost on par with the pre-pandemic average of the entire region combined, which stood at 158.

The sharp quantitative contrast is explained by the total number of laws passed in Romania in 2022, by far outranking its neighbours, with the exception of the services sector where Croatia came first. While Romania also scored above Poland on the number of laws impacting the energy sector, the proportionality favoured Poland as regional champion on energy regulations. The Services sector is the only sector where Romania was outranked both in numbers and in proportion by Croatia.

While pre-pandemic data showed a solid amount of homogeneity in the region in terms of legislative outcomes, two years after its end and one year into the armed conflict, we can observe a high degree of variation among the eight countries that we covered. The wide variation is not only present in the number of legislative acts but also in the share and burden on specific sectors which appears to be rather country-specific, rather than regional-bound and homogeneous.

Impacted sectors in 2022 - regional outlook



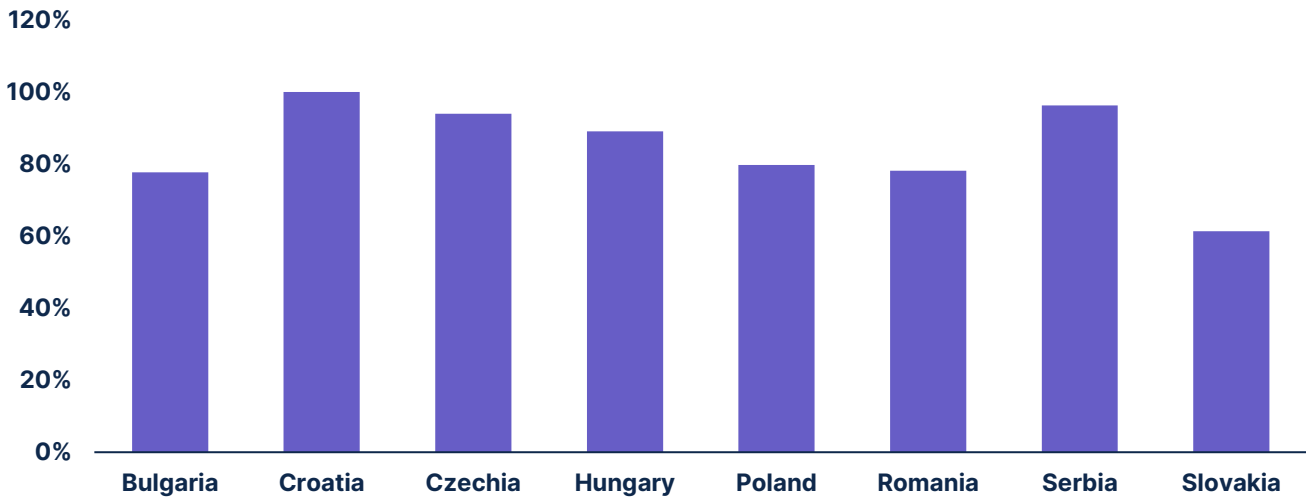
3. OVER EIGHT OUT OF TEN ACTS WERE SUBMITTED BY GOVERNMENTS

In the decade building up to last year the region saw a constant growth in the number of legislative acts submitted by Governments. This trend continues and was accelerated in 2022, reaching a new

height. Whereas in 2015-2017 for instance the number of approved acts that were submitted by Government grew from 72.2% to 76.7%, in 2022 84.5% of the legislative acts throughout the region were submitted by the Government.

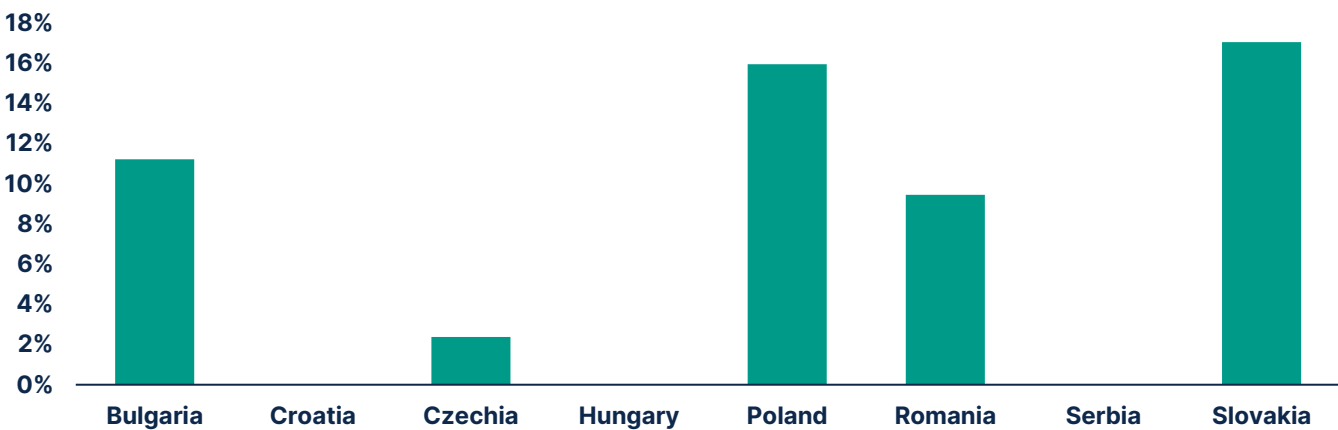
Four countries were below the 80% mark – Poland (79.8%), Romania (78.17%), Bulgaria (77.75%) and Slovakia (61.36%).

Proportion of acts submitted by Governments



The number of legislative acts with an impact on business submitted by MPs in 2022 halved compared to pre-pandemic levels, and in the case of Croatia, Hungary and Serbia it was zero. By contrast, Slovakian MPs rank first, with over 16% of the national laws passed in 2022 having been submitted by them, followed by Poland which is slightly below 16%. The overall results show a centralisation of legislative power into the hands of the Governments, especially seen in the case of legislation impacting businesses.

Proportion of acts with an impact on business submitted by MPs in 2022



4. EXTRAORDINARY PROCEDURES WITH EXTRAORDINARY VARIATIONS

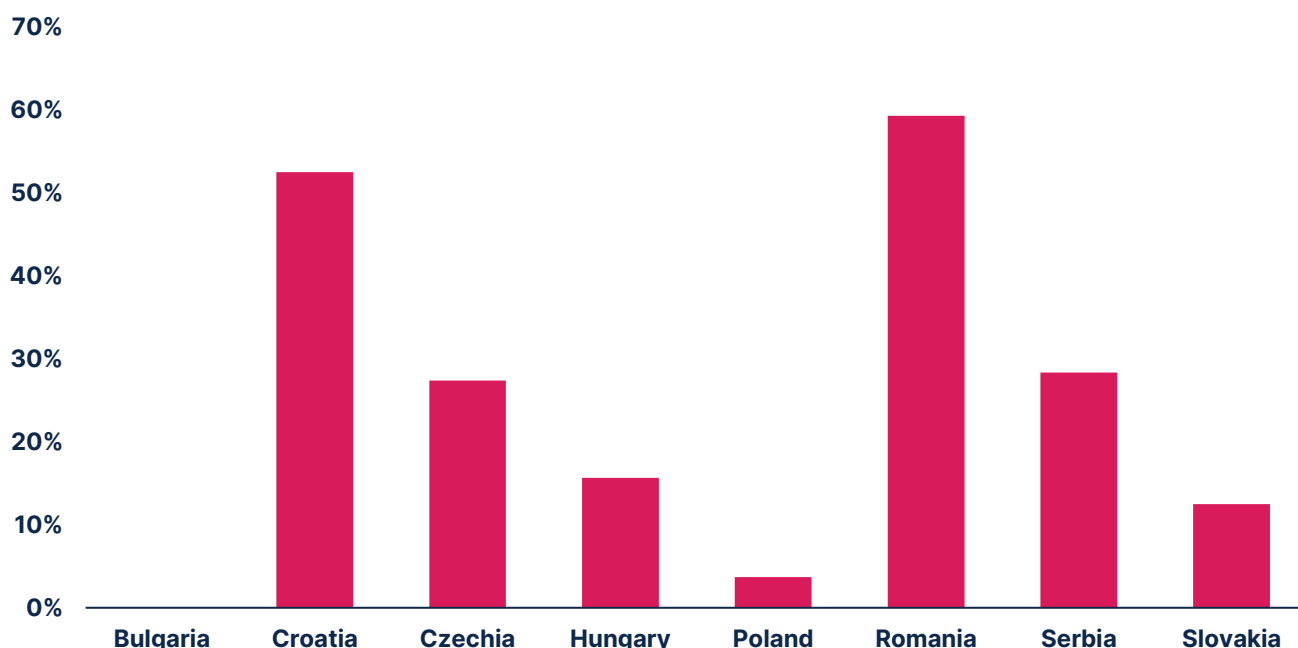
The proportion of acts passed by an extraordinary procedure did change significantly compared to pre-pandemic practices. Whereas the 2020 average was at 15% in the region, in 2022 only two

countries remained on that mark – Slovakia and Hungary. The use of extraordinary procedures increases as countries get closer to elections.

Romania sits highest in the region as the country which passes most (60%) of its legislation from extraordinary procedures. This is a significant increase on previous years, where this figure stood at 50% of all legislation. Government’s use of extraordinary procedures to legislate by means of Ordinances is allowed by the Constitution as long as the Government can justify the “urgency” behind its legislative action. Whereas in the past a stronger opposition would constantly raise this argument against this practice, after the 2020 general elections and especially after the formation of the current ruling coalition (November 2021), this argument has rarely been employed and the Government virtually has a free hand to use the extraordinary procedure. As Emergency Ordinances become the law of the land upon the publication in the Official Gazette, the Parliament still retains the right to either approve, repeal or provide the final wording on the Emergency Ordinances. However, it is important to be aware that out of the total of 229 Ordinances passed in 2022 just 33 were passed in the Parliament. The rest have been carried over into the 2023 legislative year. On average, the Parliament takes two years to give the final say on an Ordinance.

The rise in Croatia’s use of the extraordinary procedure can be justified by the transition to the Euro. Overall, 42% of Croatia’s legislative acts and 57.9% of the acts with an impact on business were related to the Euro currency swap. The currency swap was done through acts that went through the extraordinary procedure, representing 78% out of total legislation passed by these means.

Proportion of acts approved by extraordinary procedures concerning all acts in 2022



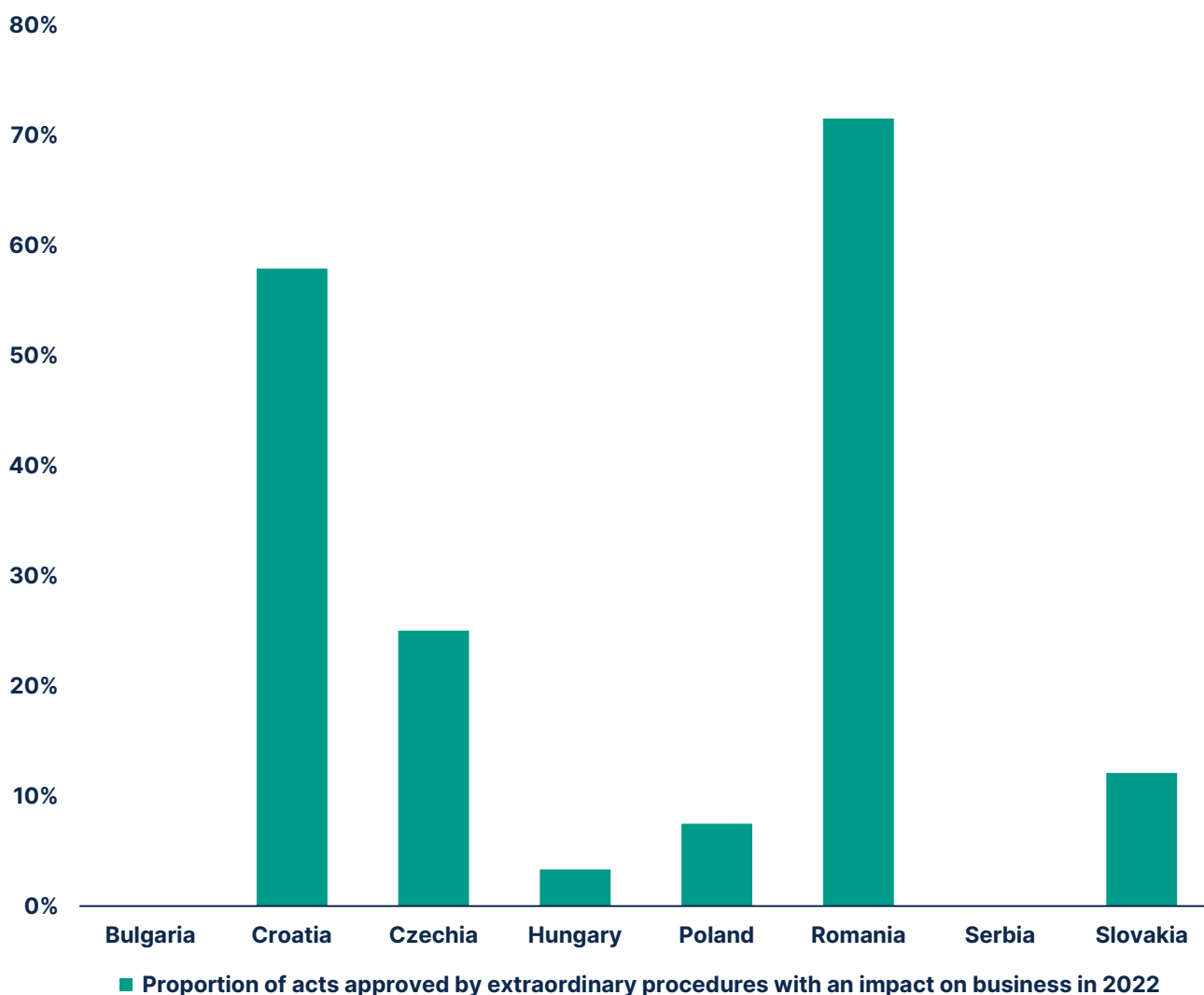
Across CEE, 24.9% of the total number of approved acts were passed by an extraordinary procedure. 38.95% of the acts with an impact on business were passed through the extraordinary procedure.

Here too, ample variations can be observed when compared to pre-pandemic levels. With only two countries above the 50% mark, namely Romania and Croatia, albeit the explanation for Croatia’s

level comes from the Euro currency swap. Overall, 2022 saw contrasting practices in the use of extraordinary procedures for legislation with an impact on business. Compared to the pre-pandemic averages, Hungary dropped from 10% to 3%, while Czechia surged from 5% to 25%. While the percentile increase is smaller in comparison with the highest variations in the region, Romania too reached a new peak and jumped from the 50% before 2020, to 72% in 2022.

Almost three quarters of Romania’s legislation with an impact on business was passed through the emergency procedure. The most impacted sectors were energy and healthcare with an equal share of 88%. General Business comes 10% below this level with 78.5% of the legislative acts passed through the emergency procedure. Next in line is ICT with a solid 50-50 split between ordinary and extraordinary procedures.

Proportion of acts approved by extraordinary procedures with an impact on business in 2022

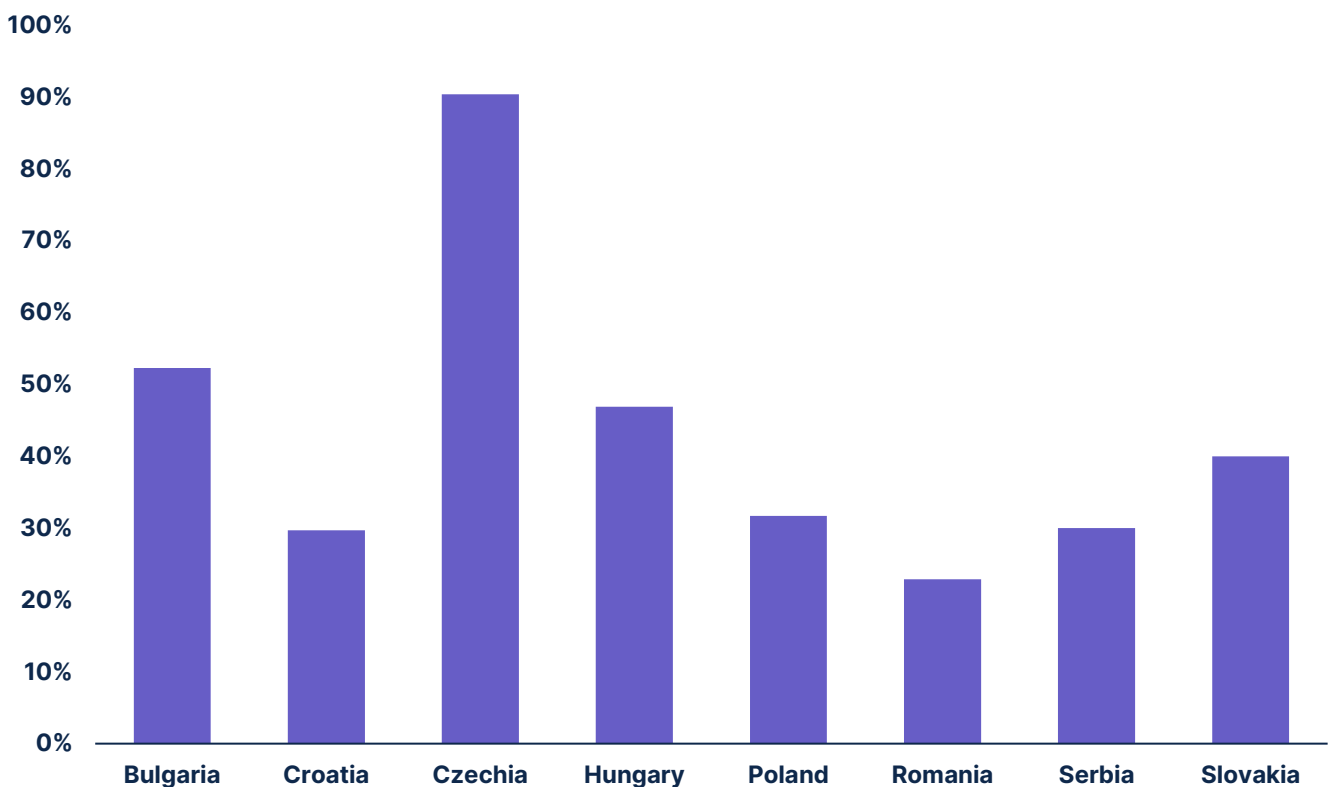


5. MEDIA ATTENTION DECREASED COMPARED TO LAST YEAR

While media attention is both historically and nationally-bound as well as being prone to a high degree of variations, in 2022 the regional average of legislative acts that made headlines in generalist publications stood at 42.3%. This is in line with the post-pandemic averages.

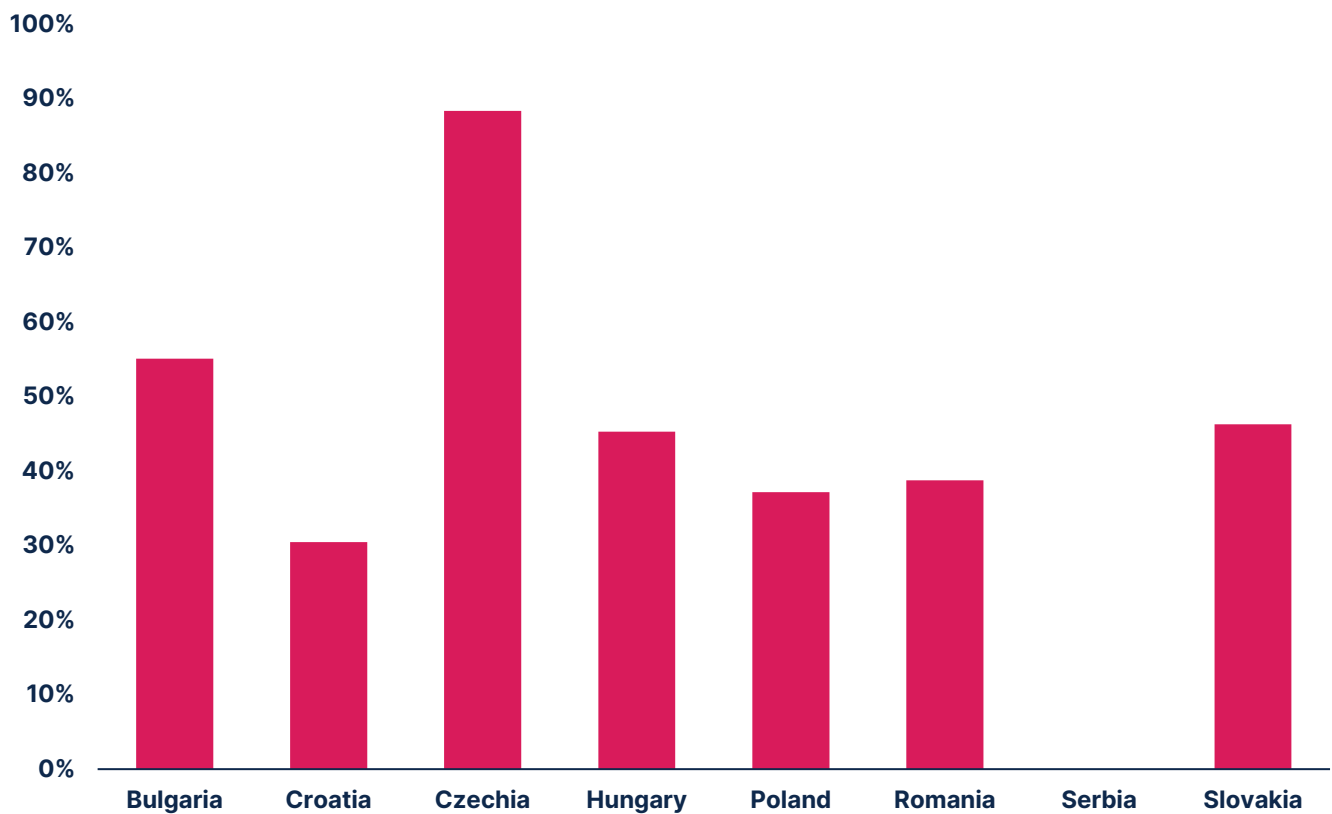
However, variations appear at a national level. While Czechia outranked the entire region with significant media coverage on 90.4% of the total legislative acts, at the other end, Romania (22.9%), Croatia (29.7%), Serbia (30%) and Poland (31.7%) have significantly lower coverage rates.

Proportion of acts which generated significant media attention (all approved acts) in 2022



When it comes to the Proportion of acts with an impact on business which generated significant media attention in 2022 the ranking remains unchanged, Czechia outpacing the region. However, apart from Serbia with a coverage of legislative acts on business close to the marginal error, Czechia is the only country in the region where coverage on business legislation is slightly below the general coverage of all legislative acts, registering a 2% difference.

Proportion of acts with an impact on business which generated significant media attention in 2022



On the other hand, legislative acts with an impact on business in Romania, Slovakia, Hungary and Poland have higher rates compared to the coverage of all legislation. The biggest difference in favor of business legislation is in Romania (15.9%), followed by Hungary (6.4%), Slovakia (6.3%) and Poland (5.5%). = This tendency towards business is consistent throughout the last decade, with one major exception, Romania. One major difference appears in the case of Romania, namely a major drop of nearly 50% in the media coverage of legislative acts with an impact on business.

OUTLOOK



BULGARIA

2023 is unlikely to be much different than the preceding couple of years. The political instability will continue with Bulgaria just emerging from an early Parliamentary election held 2 April and most probably heading into another round of elections in October. The Parliament will remain dysfunctional for the better part of the year and even important bills, such as transposing EU directives, are now stuck in the legislative pipeline with pending penalties.



CROATIA

Croatia is likely to continue to deliver “business as usual” throughout 2023. We don’t expect that the Government will have any issues when proposing or adopting any piece of legislation in 2023. Also, according to the legislation plan for 2023, there aren’t any laws that could jeopardize the Government’s position by mobilizing and unifying the opposition around any key single issue. Three ministries will propose the most laws which govern finance, economy and agriculture. 2023 is the pre-election year and the Government wants to avoid any negative PR to secure their win in 2024. Vox populi surveys continuously show that the Government (HDZ – Croatian Democratic Union) has the most support, while support for the opposition is split between many parties.



CZECHIA

In 2023, the Government plans to focus particularly on consolidating public finances and gradually reducing the large budget deficits that have accumulated in recent years. So far, the Government’s attention was largely devoted to addressing the refugee and energy crises related to the war in Ukraine, as well as the EU Council Presidency. Consequently, the Government did not have time to tackle necessary reforms. It is therefore expected that in 2023, the governing coalition will significantly reform the tax system and, despite pre-election promises, increase certain taxes. The main part of the discussion on the new tax package is expected to take place between May and October 2023. At the same time, the Government will have to make significant cuts in public spending. Another of the Government’s main priorities is to present a proposal for pension reform. Although according to the original plan this was supposed to happen already in February this year, the Minister of Labour and Social Affairs is still delaying the presentation of the draft and it is questionable whether he will succeed in what all his predecessors failed to do. Legislators will therefore have their hands full in 2023, but at the same time we can expect heated discussions with the opposition in the Chamber of Deputies, which will significantly complicate the approval of fundamental changes.



HUNGARY

It is expected that legislative work carried out in the Parliament in 2023 to be mainly determined by implementation of judicial reforms. This reform package is part of the 27 super-milestones the Government has committed to the European Commission in a bid to unblock the European Union's Cohesion and Recovery Funds. Besides judicial reforms, Hungary's legislative outlook includes the implementation of other reforms – such as related to green and digital transitions, the anti-corruption, the rule of law and protecting the EU budget – that can also ensure Hungary's access to the EU funds. The state of danger declared with a reference to the war in Ukraine is in effect until May 29, 2023; we expect the Government of Hungary to extend the special legal order beyond this. With the extension of the state of danger, the Government would still be able to govern by decrees, however, the number of regulations made before the Parliament may be increased in order to reach an agreement with the European Commission regarding blocked EU funds.



POLAND

The beginning of 2023 has been and will remain for the upcoming months dominated by the Parliamentary election campaign. The stakes are high and the result still unpredictable. Winter was not as harsh as expected, and in the end, there were no shortages in electricity or heat distribution as had been feared. As a result, within the first three months of the year, the ruling United Right has been recovering in opinion polls, restored its hopes for keeping the power and serving the third term in office. Meanwhile, the opposition has been losing momentum. As its support started dwindling, discussions of broader electoral alliance re-emerged. This might come as a surprise given the state of the economy, with record high inflation of 18.4% and GDP going down. Latest data from the Polish economy shows a decline in production and in economic growth, coupled with continuing inflationary pressure, which overall amounts to stagflation.

It is expected that the pace of legislative process will halt by the middle of this year, with the Government passing only necessary bills. With only six sessions remaining, no new legislation will be processed, unless absolutely necessary. Focus on enacting legislation, which is already in the pipeline, as any remaining files will be automatically scratched with the new Parliamentary term. However, there is a possibility the ruling party may wish to submit draft legislation, including proposals for new social benefits in order to increase their chances of obtaining a better electoral result.



ROMANIA

Considering the current political environment with a thinning opposition and a ruling coalition that brings together the two main political parties – Social Democrats and National Liberals – which is heavily backed by a solid majority in Parliament, it is expected that the legislative process in 2023 will carry on post-2020 fashion: the Government as the main initiator of legislative acts. In Parliament we expect the debates and adoption of the Government Ordinances passed in 2021 and 2022. The National Recovery and Resilience Plan outlining Romania's RRF allocations also shapes forthcoming legislation. Here we highlight the reform of the tax system and of the Tax Agency, as well as that of the pension system. On top of that, Romania's OECD accession process will add another layer of reforms and focus on key legislation with a deep impact on Romania's business environment. Finally, as we approach the 2024 super-election year, old themes such as labour taxation, pensions, tax reforms (including the debated windfall tax or the shift from a flat-rate to progressive taxation) are expected to rise up the political agenda. All things considered, the certainty is that 2023 will bring a high number of primary legislative acts – three months in and the Romanian Parliament has already adopted 71 laws, and the Government passed 40 Ordinances.



SLOVAKIA

Following the agreement of the Parliament on the date of the early elections to be 30 September 2023, most of the parties have already started with pre-election campaigns. Even some of the legislative changes in Parliament can be considered as pre-election moves from some of the current Parliamentary parties in both coalition as well as opposition. However, latest opinion polls show yet another shift in political preferences as parties with left-wing orientation are seen as more attractive, while the right-wing parties potential for success rests upon their ability to find agreement and form a coalition. Regardless of that, the next Government will most likely be left-wing oriented with a main focus on social policies and bolstering the welfare state. Another unclear element in the outlook is lack of financial coverage of already approved social policies and whether the current Government will be successful to find the full financial coverage by the early elections, which for the moment being seems to be unlikely.



SERBIA

As public and political interest in Serbia is largely focused on international relations and resolving the relationship with Kosovo, and with another round of early elections already being discussed, it is unlikely that there will be significant changes in legislative activities in 2023 compared to previous years. This is especially true if the Parliament is to be dissolved again until the end of the year. Although several important laws have been stalled in Serbia for several years now, there are no indication that these will be adopted this year either.

ABOUT GRAYLING

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