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## SOCIAL DUMPING – A BARRIER TO A SINGLE MARKET



The European Parliament is preparing its own-initiative report on social dumping in the EU. The Employment Committee is playing the leading role and TRAN and FEMM are preparing their opinions. Czech business community is very much concerned about the report and majority of its proposals which can create on behalf of "social dumping" new dividing lines between the old Member States and those who joined the EU after 2004. This fact is worrying and can negatively influence the common project of Single Market and on contrary it could slow down the process of convergence. The report supports the introduction of the equal pay principle across the EU. The economic situation of each member state in the EU is different and it is not possible to ensure the same salary to the same job across the European Union.

This reflects the fact that the competence in setting up minimum rates of pay and social protection still lies in hands of Member States. In our opinion, it should remain a national competence. We understand the worry of some countries when it comes to posted workers and their pay. However, the Posting of workers directive from 1996 and its enforcement directive from 2014 to be transposed before the summer shall set up clear rules in this respect. For this reason it is necessary to leave some time to the transposition and assessment of its implementation before taking any new action. The principle of equal pay for equal work is already applied at company level, but equal pay for equal work on equal place does not simply fit to the real situation. From business perspective this principle is simply not manageable affecting sound competition.

## MEPs CORNER



*"Considering the different GDP levels between Eastern and Central Europe and Western Europe, it is important at this stage that different national practices regarding minimum rates of pay and social protection are left to be managed by the Member States."*

Martina Dlabajová,  
Vice-chair, EMPL Committee (ALDE)

## NEW TRANSATLANTIC DATA FLOW FRAMEWORK – THE PRIVACY SHIELD

At the beginning of February, the European Commission and the United States agreed on a new framework for transatlantic data flows, the so-called EU-US Privacy Shield. The agreement is the reaction to a judgement of the European Court of Justice from the 5<sup>th</sup> of October 2015 that says that the current transatlantic data transfer framework, known as the Safe Harbour is invalid and cannot be used any longer. The agreement enabled the data transfer from the EU to the United States freely, because American companies that signed this agreement agreed to meet the European data protection conditions that are stricter than those in the US. However, the decision of the court claimed that the Safe Harbour is not valid as it concluded that American surveillance authorities had access to personal data of European users. The new agreement should put

stronger obligations on American companies that deal with European personal data. In addition, the US assured that it will limit the possibility to access personal data of European citizens to public authorities for law enforcement and national security reasons. Furthermore, if an EU citizen feels that his/her personal data have been abused, there are several redress possibilities embodied in the agreement. The Privacy Shield agreement announcement was welcomed by the business community, because the invalidation of Safe Harbour caused serious problems and uncertainty for both EU and US based companies. EU businesses therefore urge the Commission to finalize Privacy Shield negotiations as soon as possible and give companies a sufficient time to adapt to new rules, which is especially important for SMEs.

CEBRE was founded in 2002 by the three most important Czech business organizations - Czech Chamber of Commerce, Confederation of Industry of the Czech Republic, Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic with kind support of the Ministry of Industry and Trade via its Trade promotion agency CzechTrade.



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## News FLASH

### >CZECH BUSINESSES INTERESTED IN JUNCKER'S INVESTMENT PLAN

High interest in Juncker's plan was recorded at a high-level conference "Investment Plan for Europe – a tool for strengthening economic growth" on 22<sup>nd</sup> February in Prague. The aim was to inform about investment opportunities for Czech businesses in this flag initiative of the Commission.

### >4,000 NEW CZECH ENTREPRENEURS

According to the Czech Social Security Administration, the number of entrepreneurs in the Czech Republic rose by 4,000 last year. There were 976,000 self-employed registered, with the highest density in Prague and in the Central Bohemia Region.

### >CZECH EMPLOYMENT GROWTH RATE HIGHEST SINCE 1993

The Czech employment growth rate reached a record 71% in January 2016, making it the highest rate since 1993. However, businesses lack skilled workforce as 108,000 vacancies are still available.

### >FAVOURABLE CZECH COUNTRY REPORT 2016

The European Commission has issued its 2016 Country Reports as part of the European Semester. The report acknowledges strong economic rebound and good labour market situation. However, inadequacies can be found in the field of taxation system and public administration.

## CEBRE FOUNDERS MET CZECH MEMBERS OF THE EUROPEAN PARLIAMENT

Social dumping in transport, Single Market Strategy for Goods and Services and development of the digital single market - these were the main topics highlighted by the key representatives of the CEBRE founders at the regular meeting with the Czech Members of the European Parliament. CEBRE founders called on Czech eurodeputies to discuss with them the important agendas that will be addressed in the European Parliament and may have a significant impact on Czech companies and the whole EU internal market. Such topic is for example the report on social

standards drafted by Rapporteur Balas. The report proposes the principle of equal wages and social protection for the same work at the same place in Europe. *"We reject this proposal, because it does not respect the natural law of demand and supply and the requirements cannot be provided on economic differences in individual countries. Furthermore, the proposed measures may be the pretext for pressure of the old Member States to fight against cheaper labour from EU countries that joined the EU after 2004"*, commented the President of the Czech Chamber

of Commerce Vladimír Dlouhý. Other topics such as the refugee crisis, granting China the market economy status and the Transatlantic Trade and Investment Partnership TTIP were also discussed. Czech MEPs stressed the need to discuss the issue of granting the market economy status to China in the Czech Republic. In conclusion, CEBRE founders appreciated the growing interest of MEPs in tackling the issues that directly affect business and also the courage to defend national interests, although they are sometimes in conflict with the views of political parties they represent.

## EESC CORNER: EU BUDGET AND EFFORT FOR ITS IMPROVED PERFORMANCE



The topic of EU Budget performance and result orientation has recently become a very strong and visible issue and one of the key and most accented priorities of the EU economic policy. With the new Juncker European Commission, established in November 2014, and especially thanks to its Vice-President for Budget Kristalina Georgieva, the focus on results and impacts of EU budgetary expenditures has substantially strengthened. Also a fragile balance regarding the budgetary performance has been reached in the Council. The 2014 Commission discharge being prepared by the European Parliament follows this trend too, currently very much in line with the current Dutch Council Presidency. And finally, also the European Economic and Social Committee (EESC) has approved an agenda on this issue where this article's author is going to be a rapporteur of his own initiative opinion. What is the matter? So far, the EU Budget has been viewed mostly from the formal legality and regularity aspects and the real impacts of supported activities has been observed quite insufficiently. Nobody politically

relevant tested the EU Budget expenditure policy in terms of its contribution to the real economic performance and not even with the other EU economic policies (whose paradigm has radically changed in 2009 – 2014). European institutions, especially the Commission, have enormous numbers of primary data at their disposal that are not used to contribute to the performance-based EU Budget. What to do to make the EU Budget more effective in the future? It is suitable to follow the principles of sound financial management, respecting the performance culture environment. Performance-based EU Budget means an adequate focus of its expenditures on real EU priorities for the particular period tested through their contribution to the EU value-added. It needs to create a strategy, to support its simplification and flexibility (based on economic reality). It is also connected with the focus on financial return and therefore on a more intensive utilisation of innovative financial instruments. Big changes are realistically feasible for the period after 2020. It should be about a synergy

not only among the particular EU Budget's headings, but also with other sources, mobilised, for example, by the European Fund for Strategic Investments (EFSI). This synergy could consequently lead to a new concept of EU Budget after 2020, consisting in a similar model for cohesion, competitiveness and agricultural actions.



Petr Zahradník,  
EESC Member,  
Group I – Employers

## CEBRE CALENDAR:

- **14<sup>th</sup> -17<sup>th</sup> March:** Mission of Czech and Slovak Energy companies to the EU (Brussels)
- **15<sup>th</sup> March:** Presentation on business opportunities in the Czech Republic (Ghent)
- **31<sup>st</sup> March:** Debate on Anti-Tax avoidance Package (Prague)
- **4<sup>th</sup> April:** Debate on Access to online digital content (Prague)
- **4<sup>th</sup> April:** Debate on Seals of Excellence (Brussels)
- **19<sup>th</sup> April:** Debate on Services Passport (Brussels)
- **17<sup>th</sup> May:** Debate on Services Passport (Prague)

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