

Czech BusinessToday.eu

Published by



volume XVI, 4-2017

HOW WILL TRUMP'S POLICIES INFLUENCE THE EU?



Recently, the President of the United States Donald Trump passed the milestone of his first hundred days in office. Some of his actions and decisions were expected and predictable, some of them were rather surprising. Putting the evaluation of his policies aside, President Trump definitely brought new momentum both to US domestic and international politics. The impact of his presidency on the EU economy and the overall implications for EU-US relations were discussed by the representatives of EU institutions, the Czech government, economic experts and other stakeholders at a debate that took place on 26th of May 2017 in the European House in Prague. Vice-President of the European Parliament Pavel Telička (ALDE/ANO 2011) said that it is still too early for a deeper evaluation of Trump's presidency. So far, Trump's decisions lack consistency and, therefore, it is more difficult to anticipate his future actions, both domestically and vis-à-vis international partners. Under the mandate of President Obama, the Transatlantic Trade and Investment Partnership (TTIP) between the EU and the US came to a mature stage of negotiations. However, under President Trump, the deal has been put aside. Aleš Chmelař, Chief EU Analyst of the Office of the Government of the Czech Republic, says he cannot imagine that under President Trump, TTIP negotiations would mature further than they are at present. He expects

that the negotiations might turn more political and whilst both partners could reach a political agreement, a deep trade and investment agreement similar to TTIP is not so likely. President Trump has also been active at the international level. He withdrew from the Trans-Pacific Partnership (TPP) and Paris Agreement, promised to renegotiate the NAFTA agreement and also introduced his intention to implement a tax reform that would significantly disadvantage American companies exporting outside of the US as well as imports to the US. Although this seems to be a negative sign, according to Jan Bureš, Chief Economist at Patria Finance, the proposed fiscal expansion could lead to a stronger US dollar, which would have a positive impact on European exporters. During the debate, participants had the opportunity to vote on several questions related to this topic. The results showed that almost two thirds of the participants support TTIP and more than half of them believe that TTIP negotiations will continue. However, TTIP will need some significant changes in order to stay alive. Almost two thirds of the participants believe that Trump won't be able to implement the majority of his policies. Despite that, he will continue with his sharp rhetoric. As for the future of economic relations between the EU and the US, more than half of the participants think that EU won't be a major point of interest for Trump and that the mutual relationship will cool.

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

>IVAN PILNÝ AS A HEAD OF FINANCE

Andrej Babiš (ANO 2011), former Minister of Finance of the Czech Republic, has been replaced by Ivan Pilný (ANO 2011) on 24th May.

>CZECH ECONOMY GREW BY ALMOST THREE PERCENT

In the first quarter, the Czech GDP grew by 2.9 percent year-on-year thanks to external demand and growing household consumption rates.

>EC RECOMMENDATIONS TO THE CZECH REPUBLIC

On 22nd May, the European Commission issued mainly positive recommendations to the Czech Republic. To ensure the long-term sustainability of public finances it recommends to increase the effectiveness of public spending and remove obstacles to growth (in particular by streamlining procedures for granting building permits and further reducing the administrative burden on businesses, by rolling out key e-government services, by improving the quality of R&D and by fostering employment of underrepresented groups).

MEPs CORNER



Time will show that it is in the interest of the U.S. to have an above-standard relationship with some of its strategic partners such as the EU. A restart in talks is possible, however we cannot expect the same TTIP as was previously proposed.

Pavel Telička,

Vice-President of the European Parliament (ALDE/ANO2011)

LOW ATTENTION TO BUSINESS IN THE DIGITAL SINGLE MARKET

The needs of businesses are not given enough priority in the Digital Single Market strategy. „The Commission and co-decision makers need to work towards solutions that are fit for both consumers and for entrepreneurs; this is not a political option, it's an economic need“, says Arnaldo Abruzzini, CEO of EUROCHAMBRES. Business' and employers' organisations reacted to the Commission's revision of the DSM strategy published on May 10.

According to BusinessEurope, Europe should rebalance its risk-averse approach to digital policy and foster the economic and societal benefits new technologies offer. Legislation is only required where real market failures exist. Both organisations agree that Europe needs a greater focus on better regulation principles and that the DSM strategy must ensure a level playing field with legal certainty and stability.



MOBILITY PACKAGE: WHEN WILL THE NATIONAL RULES DISAPPEAR?



On the last day of May, the European Commission adopted a long-awaited mobility package which deals with road tolls, CO₂ emissions reduction, reduction of

congestion, better safety and posting of workers and rest times. The good news is that it sets up standard rules for road transport across Europe. The bad news is that national measures still persist under the framework of German MiLoG or French Loi Macron. On 3rd May, France adopted a decree which obliges foreign hauliers posting their drivers in France to pay 40 euros to the French budget as compensation for costs incurred from running the digital system of declarations regarding the posting. Czech businesses call on the Commission to take quick and efficient action on national measures which create much red tape and go against the rules of the Internal Market. The mobility package allows for an exemption from posting rules if the period of posting to the territory where the carriage operations are performed is shorter than or equal to

3 days during a period of one calendar month. Due to the high mobility character of the transport sector, 3-day exemption is very low and will not ease the lives of hauliers who will have to comply after the 4th day (3 in total) of posting with different national rules. According to the proposal of the revised directive on posting, this means they will have to calculate the correct remuneration and comply with different national measures introduced by the Member States. The proposal on specific rules for posting (part of the mobility package) enumerates the obligations for the road transport operators that can be introduced by Member States. We would like to believe in the good faith of Member States, but our experience leads us to think that a new administrative burden will again be put on transport operators.

EESC CORNER: SPRING ENERGY PACKAGE

At the end of 2016, the European Commission published its „Winter Energy Package“. The EESC is one of the EU institutions that has been entrusted with the discussion and negotiation of these documents. That is why the EESC, in response to the Commission's Winter energy package has prepared a set of eight opinions and presented it as an EESC Spring energy package. The first five opinions were discussed and agreed by the EESC Plenary meeting on 26 and 27 April 2017.

In the opinion TEN/624 – “Clean Energy for all Package” EESC welcomes the “clean energy” package, which aims to accelerate, transform and consolidate the EU economy's clean energy transition, while retaining the important goals of economic growth and job creation. However, the EESC would also like to emphasise that serious risks and dangers exist, especially if the transition process is too fast or too slow and lacks integrated planning. Both opportunities and risks have to be considered adequately.

In the opinion TEN/620 – “Revision of the Energy Performance of Buildings Directive” EESC stressed its priority for the need for the Directive to contain more specific proposals to tackle the challenge of energy poverty. This should include clearer advice on the required content of national definitions of energy poverty, the provision of a reference definition against which to assess the comprehensiveness of national plan approaches and the delivery of advice and coordination of measures through the agency of an independent, consumer-focussed “one-stop-shop” or agency.

EESC notes in its opinion TEN/618 – “Revision of the Energy Efficiency Directive, that the Commission's proposal to establish a 30% binding energy efficiency target for 2030 (an increase from 27%), would need to be justified by demonstrating both

the economic benefits and the level of investment needed to reach these targets. It is imperative that the impact assessment take account of all the measures addressed by the energy and climate packages.

In the opinion TEN/622 – “Revision of the Renewable Energy Directive” EESC supports the objective that renewables need to embrace the market. Permanent subsidies – be they for fossil, nuclear or renewable energy sources – are not an option, for a number of reasons. The involvement of local stakeholders in decentralised energy projects is also important in increasing public support.

In the opinion TEN/617 – “Energy Union Governance” EESC supports the proposed Governance Regulation. It elaborates on a framework enabling Member States to make the lowest-cost choices for their own national energy and climate plans and mitigates the risks of stranded infrastructure assets. However, this is unlikely to happen unless changes are made to the Regulation. Associated supporting measures must be provided which will enable the building of social consensus at the national, regional and local level concerning how best to address the socio-economic and technical implications of achieving a just energy transition.

Maros Sevcovic, the European Commission Vice-President, attended the plenary session as the guest on the 27th April. In his speech, he appreciated the EC-EESC cooperation and highlighted the role of civil society in the introduction of a new electricity market model. In response to the contribution of Mr. Novotny, the representative of the Confederation of Industry and Transport of Czechia concerning open energy package issues, said that the Commission continues to fully respect the right of EU Member States to decide about its energy mix and explained that



the proposed Regional Operational Centres of Transmission Systems will not interfere with national competencies.

The further three opinions TEN/626 State of the Energy Union, TEN/625 Electricity market design and TEN/619 Accelerating clean energy innovation



were submitted by TEN Section to the EESC Plenary meeting held on May 31st – June 1st 2017.

Vladimír Novotný,
EESC Member, Group I

CEBRE CALENDAR:

- **16th June** – CEBRE founders' meeting with MEPs, Prague
- **16th June** – Debate on Road package, Prague
- **28-29th June** – Consultations with Czech companies, Prague

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