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EUROPEAN SEMESTER 2013: COUNCIL RECOMMENDATIONS



Burdensome taxation, low retirement age and high corruption belong among key notions highlighted by the Council in its annual country-specific recommendations to the Czech Republic. Recommendations on economic and policy changes should help the Czech Republic to get back on track with economic growth and sustainable public finance. "Specific recommendations should be seen as a whole with relation to the last year recommendations," stressed Elena Reitano from DG ECFIN. She commended the Czech Republic for decreasing public deficit and fiscal consolidation efforts. On the other hand, she stressed the need for maintaining fiscal stability while simultaneously enhancing domestic demand. Furthermore, she suggested focusing on research, education, labour market potential, services deregulation and energy efficiency. According to

Jan Král of the Czech Government's Office the majority of recommendations are in line with ongoing national reforms. Nevertheless some recommendations do not completely reflect Czech political and social reality (e.g. pre-retirement age) or some are overly prescriptive (such as pre-school care). Therefore he suggests enhancing cooperation on future CSRs preparation between the Member States and the Commission. According to Radek Špicar, Vice-president of the Confederation, business and university cooperation is one of the key elements of the future competitiveness of the Czech Republic. The Czech Republic has a difficult task ahead: to stimulate growth and stabilize public finance, agreed speakers of the debate organized by CEBRE on 26th June in European House in Prague.

GENERAL BLOCK EXEMPTION REGULATION MUST FOCUS ON QUALITY

The European Commission has recently been working on the revision of the General block exemption Regulation (the GBER), which is meant to reduce the administration linked to granting state aid. It determines categories of aid which do not need to be notified to the EC and thus represent a key economic instrument (in 2011, state aid granted under the GBER amounted to 17.2 billion EUR). Nonetheless, functioning of the current system showed some shortcomings. The EC therefore decided to review it with the declared aim of clarifying and modifying it so that the evaluation of large schemes or ex post monitoring would contribute to a better compliance, preventing deadweight losses and distortive aid. The Confederation of Industry of the Czech Republic, the largest alliance

of employers in the country, believes that simplification of the rules is necessary and appreciates the improved clarity of the draft. Nevertheless, the Confederation thinks that it also contains some shortcomings, for example the proposed tightening of the conditions for the qualification of large enterprises for the GBER. The Confederation, as well as other stakeholders like BUSINESSEUROPE, is concerned for example with the intention to limit support for larger investment projects, i.e. to impose restrictions to aid schemes for which the planned yearly public expenditure exceeds 0,01 % of the state's GDP. State aid schemes should be assessed on their quality or ability to address the problems of the respective region, not on the company's size or the extent of the schemes.

WELCOME BY TOMÁŠ PIRKL



When I came to Brussels in 2007 as a journalist, I could not really imagine that I would „survive“ in the capital of the EU bureaucracy for more than three years. As a foreign correspondent I was covering all the developments in the EU institutions and their (sometimes fuzzy and

peculiar) decisions. Nevertheless, after some time, Brussels and EU got me, the same way as many others before, and I felt the needed to look at EU affairs from more in-depth and started to see things from other sides. Therefore, it was a great pleasure for me to accept the offer to work for the Confederation of Industry of the Czech Republic, representing a predominate part of the Czech industry. Since May I have been working as its Permanent Delegate to BUSINESSEUROPE, the main employers organisation at EU level representing more than 20 million companies from

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

>FREE MOVEMENT IS A KEY VALUE

Results of the survey on EU feelings among Czech citizens show that the freedom of movement is the most appreciated benefit of being part of the EU. Almost 89% of respondents have never experienced any kind of discrimination when travelling.

>EU PRIORITIES

Deepening of EU integration and efficient allocation of EU funding are priorities of the new Czech Government in resignation set up in July. Conditions of the setting up of the government might be the reason why the priorities lack the dates of the euro adoption and signature of the Fiscal compact.

>THE CZECHS DO NOT SUPPORT GENDER QUOTAS

The Czech Republic together with other eight countries decided not to support the EC proposal for gender quotas in boards. The number of allies seems to be high enough to block the proposal.

35 countries in Europe. I have been trying to do my best in defending the interests of our Confederation and its members not only within BUSINESSEUROPE but also vis-à-vis European institutions and other stakeholders and partners in Brussels.

Yours faithfully,
Tomáš Pírk,
Permanent Delegate
to BUSINESSEUROPE

FOOD SAFETY: DO WE KNOW WHAT WE EAT?



In the light of the horse meat fraud, policymakers, businesses and consumers are rowing over the level of regulation imposed on food safety measures and prevention. Consumer trust is indispensable for competitiveness of food supply chain, an industry generating annual turnover of €500 billion and representing one tenth of all EU trade. Recent disturbances in consumer trust have therefore stirred a debate about product safety, in particular on the new Regulation 1169/2011 on the provision of food information and the package of measures reinforcing official controls and animal and plant health protection across agri-food chain. On 15th May, the European House in Prague hosted a debate on this topic. In connection with the horse meat fraud, Ladislav Miko, Deputy Director General of DG SANCO pointed out that the current EU legislation addresses only safety of products, not the subjective quality. Therefore, it is up to the consumers to demand higher quality by choosing better quality products over lower prices. In addition, he stated that this fraud has at least proven

the effectiveness and efficiency of the EU Rapid Alert System for Food and Feed (RASFF). According to Olga Sehnalová, Member of the European Parliament's IMCO Committee, the trust of consumers has been affected mainly by insufficient controls and therefore she demands stricter and more transparent regulation on food labelling. On the contrary, Klára Trněná from Consumers Defence Association CR considers further legislation unnecessary. In her opinion, the emphasis should be put on thorough controls and stricter sanctions. Businesses are not opposed to controls in general, as they perform product-testing themselves. According to Petr Baudyš, representative of the Czech Confederation of Commerce and Tourism, a new legislative proposal might not be enough and shifting responsibility on businesses would be hard to implement. "Consumers are still the most important auditors," he concluded.



From left Jiří Fialka from Ministry of Agriculture CR, Ladislav Miko from the European Commission, Alena Vlačíhová from CEBRE

AMENDED EIA – A NEW ROAD BLOCK FOR ECONOMY RECOVERY

A proposal amending Directive 2011/92/EU on the Environment Impact Assessment (EIA) discussed in the EP raises numerous concerns. The proposal is allegedly aimed at correcting shortcomings, reflecting ongoing environmental and socio-economic changes and challenges and aligning it with the principles of smart regulation. The EIA directive should be implemented flexibly and proportionately; the imperative is to avoid excessive and unnecessary delays throughout the whole chain of approval processes. The proposed amendment of the EIA directive is led by the best intentions to streamline the EIA process and facilitate required investments. Unfortunately, many of the suggested provisions lag behind such intentions and would make things worse. The most serious problems are summarised as follows:

- An attempt to graft substantive legal requirements onto the principal process regulatory item: the "new challenges" are the best example how it should not be done.
- The frame of the assessment should therefore be limited to those effects which are caused

explicitly by the specific project, and exhibit expected significant effects on the environment.

- Scoping can be an interesting instrument for setting the extent of assessment; a point of discussion is if it should be a compulsory provision, perhaps, better, not.
- The addition of monitoring requirements would add additional costs and burdens, as well as complexity. For example, it is not clear what would occur when transferring ownership of land.
- The concept of "reasonable alternatives" is too wide and imprecise. It is likely to increase the number of appeals to the detriment of the legal certainty of the projects.
- The Commission should not be empowered to adopt delegated acts adapting the Annexes II.A, II and IV.

The MEPs should refuse to use the Amendment of the EIA Directive to streamline the existing provisions, and refrain from amendments prepared by the Greens. No new obligations should be introduced, and the existing audit programme should not be extended. Ultimately, the Commission proposal

EU-SOUTH AFRICA SUMMIT



On 18th July, the leaders of the EU and South Africa met in Pretoria for the Sixth EU-South Africa Summit. This year's main topic was Job Creation through Inward Investment and the summit was divided into four thematic parts: mutual economic challenges, strategic partnership, peace and security and global challenges. South Africa, as well as the EU, has to deal with high youth unemployment and perceives youth unemployment as a threat to development and regional integration, but also to peace and security. For this reason both sides expressed the will to create South Africa-EU Business Council and a possibility to establish an Employment and Social Affairs Dialogue. The EU will further support education and skills under the EU financed development programme. Both partners expressed their satisfaction with steadily growing trade and economic relations, and therefore called for a quick finalization of Economic Partnership Agreement negotiations. They hope the negotiations could be concluded by the next summit, which will be hosted by the EU.

and the green amendments would lead to considerable delays of the consent procedures, to increased administration costs and to great legal uncertainties. It bears the risk that due to the even more complex procedures industrial and infrastructural projects will become contestable and finally fail. As the progress blocking provision is the new requirement to subject exploratory works (unconventional energy sources, for instance) to the EIA process!



Josef Zbořil,
Member, EESC

CEBRE CALENDAR:

- Debate on "2030 framework for climate and energy policies" – 9th September 2013 (Prague)
- CEBRE consultations with Czech companies – 7th -9th October (Brno)
- Debate on "EU FTAs in North America and their impact" – 9th October 2013 (Brno)

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CEBRE – Czech Business Representation, protects the interests of the Czech business community in relation to EU institutions, informs Czech businesses about EU legislation affecting them, trains Czech entrepreneurs in Brussels and represents Czech business associations at European business federations. Contact: Czech House, 60 Rue du Trône, 1050 Brussels, Tel: +32 2 502 0766/+32 2 502 8091, e-mail: brussels@cebre.cz, www.cebre.cz