

REVISION OF THE POSTING OF WORKERS DIRECTIVE: PRINCIPLE “LESS IS MORE” HAS GONE



Adding new rules to the posting of workers issue proposed by the European Commission in March would bring more complexity and over-regulation if adopted. On 20th July, the Commission decided to follow up with the revision of the Posting of Workers Directive despite the opposition of 11 national parliaments. Issued yellow card has not stopped President Juncker's determination to add more bureaucracy and illegality when it comes to the posting of workers. Current problems with posting such as fake self-employment or non-payment of wages or social security by the employer in the posting country should be addressed by the Enforcement Directive 2014/67/EU which was due to be transposed only by June 18th this year. In coherence with the principle of evidence based policy-making that the Commission, Parliament and Council endorse, the effects of the implementing legislation should be awaited and evaluated in order to judge if any new measures are necessary. It seems that the Commission's principle “less is more” has already been forgotten. The proposal made in March damages flexibility and balance represented by the current directive. It will

create legal uncertainty by broadening the reference to the minimum pay rates to “general remuneration” as well as extending universally applicable collective agreements from the construction sector to all sectors. We deem it not necessary as the problems to be tackled regarding working conditions mainly exist in the construction sector. Here again, better cooperation of the Member States and thorough inspections are needed. These are not the new rules which would solve the problem. The extension will only complicate life in other sectors. The new rules will also limit posting to two years, however posting in some sectors can be longer. The Commission once again has not taken into account the economic reality. Last but not least, so-called principle of “equal pay for equal work” is misleading and simply not true. The more preferable conditions for posted workers will still be maintained and a German worker posted to Romania will certainly not receive salary according to general conditions applied in Romania. Applying these rules to 0.7% of workers in the EU will not ensure the convergence of wages which must be done according to the market.

COUNTRY SPECIFIC RECOMMENDATIONS – GUIDELINES FOR SHORT AND LONG RUN



In its 2016 recommendations for the Czech Republic, the European Commission pointed out the need for sustainable public finance, removing the regulatory and administrative barriers impeding investments, improvement of the management of research and development system including matching academic world with private. The recommendations adopted so far have focused rather on short term targets. This time - within the sixth cycle, the Commission has also made its comments on long term targets such as public finance and economy development. The recommendations reflect the government's political programme. However the realization and political support of individual initiatives are key, agreed representatives of

national and EU institutions, trade unions, business and other stakeholders who discussed the CSRs on 15th June 2016 in European House in Prague. The speakers agreed that the recommendations focus on key areas of Czech economy, though the political support and implementation are key. They highlighted that the recommendations should focus on a long run and ensure stability of decision-making process regarding the public finance. On the other hand, the speakers deem that the recommendations lack areas such as level of wages, work productivity and quantified administrative burden on businesses. The CSRs were confirmed by the European summit held in June and formally approved by ministers of finance at their meeting in July.

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

>NEW PUBLIC PROCUREMENT LAW

From 1st October, the new law on public procurements will come into effect. The law reflects the transposition of three EU directives. The contractor will have the possibility to use one of the nine types of public procurement procedures. Businesses complain about the complexity.

>FAST TRACK FOR UKRAINIAN WORKERS

In July, the Czech government adopted a fast track for employment of workers from Ukraine. This procedure can ensure 5 thousands of new workers coming to the Czech Republic which has one of the lowest unemployment rates in the EU.

>JIŘÍ RUSNOK – NEW HEAD OF CZECH NATIONAL BANK

In July, Jiří Rusnok, former prime minister, became the Governor of the Czech National Bank (ČNB). ČNB will follow the regime of foreign exchange interventions in order to maintain the Czech Crown around 27CZK/EUR.

>CZECH AMBASSADOR TO CUBA

After 27 years of unoccupied position of ambassador in Havana, the Czech Republic will have its ambassador to the Republic of Cuba. Cuba issued the agreement to Vladimír Eisenbruk in July.

SETTING UP THE RELATIONSHIP WITH CHINA

At the end of July, the College of Commissioners held an orientation debate concerning political, economic and legal impacts of the expiry of some provisions in China's Protocol of Accession to the World Trade Organisation which will end on the 11th of December 2016, and the possibility of granting China the market economy status that would significantly change the way that antidumping tools to protect EU market have been used. The first orientation debate took place already in January 2016. After that, the European Commission has performed thorough impact assessment focused on possible economic consequences and job loss in member states. Furthermore, a public consultation was launched. There are three possible options on how the Commission can deal with China: firstly, to leave the current legislation as it is; secondly to remove China from the list of non-market economies and apply the standard methodology for dumping calculations; and thirdly, to change the current antidumping methodology and set a new approach that would keep the firm trade defence system while

meeting international obligations. According to the Commissioners, the EU has to take into account the current reality of vast overcapacity in China that negatively influences and jeopardises EU industries, and adapt its trade defence instruments to it. At the same time, the Commission supports free trade and recognizes the importance of China as a major EU trade partner. According to Czech employers' and entrepreneurs' organizations, the expiry of WTO provisions does not automatically mean that the market economy status has to be granted to China. It has to be taken into account that China does not meet almost any conditions of market economy. Weakening of trade defence instruments would mean a high risk for certain industries in the Czech Republic. Furthermore, they fear that this weakening would lead to significant job losses. Therefore, Czech employers' and entrepreneurs' organization support the effort of the Commission to swiftly modernise trade defence instruments of the EU and to strictly stick to WTO rules. The final position of the Commission will be known by the end of the year.



EESC CORNER – NEED FOR FAIR INTERNATIONAL TRADE

The Consultative Commission on Industrial Changes (CCMI) prepared recently two important opinions of the European Economic and Social Committee (EESC) on Europe's industry exigency of protection against unfair competition practices. In the first EESC Opinion (CCMI/146) "Market economy status for China" EESC warns against granting China the market economy status (MES) and calls on the European institutions to promote fair international competition and actively defend European jobs and European values with efficient trade defence instruments (TDIs). The EESC points to the disastrous impact a possible granting of the MES to China would have on Europe's industry and consequently on Europe's labour market. The EESC insists on China's fulfilment of the five EU criteria for achieving the MES. Industries which would particularly be affected are aluminium, bicycles, ceramics, glass, motor vehicle parts, paper and steel. The EESC advises the Commission to use a non-standard methodology in anti-dumping and anti-subsidy investigations into Chinese imports under the China WTO Accession Protocol. Committee also calls for a simplified approach for those sectors where SME participation is relevant in order to allow them to participate in antidumping files. In the second EESC Opinion (CCMI/146) on "Steel: Preserving sustainable jobs and growth in Europe", the EESC regards the steel industry as the basis of Europe's industry and considers the steel sector as one of the high-risk sectors. The EESC calls on the Commission to immediately address the unfair trade practices of exporting countries, in particular

China, by enhancing the effectiveness and efficiency of trade defence instruments, including abolishing the "lesser duty rule", registering imports prior to the adoption of provisional measures and retroactively applying definitive antidumping and/or countervailing duties three months before the adoption of provisional measures under the Basic Regulation. Additionally the EESC reminds of the need to balance the commitment on climate change with the need to maintain the competitiveness of Europe's industry and suggest giving free allowances to the most competitive facilities in order to encourage other facilities to improve their performance. European industry should be compensated for any indirect costs resulting from ETS. To ensure competitiveness of Europe's steel industry it is essential boosting investment in European steel industry including modernising plants and equipment. Research and development of new and better products and more efficient processes must be a guiding principle. The voluntary sustainability schemes developed by the industry should be taken into account and properly rewarded in public procurement regulations as the best way to promote the sustainability approach across the entire EU market. CCMI looks at industrial challenges across a wide spectrum of sectors and combines over fifty years' experience with consultative dialogue. Both opinions were adopted at the EESC plenary session on 14th July 2016.



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CEBRE CALENDAR:

- **8th September:** CEBRE debate on the New Skills Agenda for Europe (Prague)
- **20th September:** CEBRE debate on Posting of Workers Directive revision (Prague)
- **20th September:** CEBRE founders meet Czech MEPs (Prague)
- **5th October:** CEBRE co-organises a workshop on Investment Plan for Europe (Brno)
- **7th October:** CEBRE co-organises a debate on social dumping (Brno)
- **13-14th October:** Czech business mission to Belgium (Brussels, Antwerp)

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