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DEREGULATION OF PROFESSIONS MUST BE BUSINESS- AND CONSUMER- FRIENDLY

In early October, the European Commission adopted a Communication on evaluating national regulations on access to professions. The Communication reacts to the requirements of the modernized Directive 2005/36/EC dealing with the recognition of professional qualifications, which is to be approved by the Council in November. The Czech Republic with its 362 regulated professions belongs to the EU Member States with the highest number of regulated professions. Over the next two years, Member States will undergo a mutual evaluation and justify barriers restricting the access to certain professions. Given these facts, CEBRE – Czech Business Representation to the EU hosted a debate on 22 October 2013 in Prague to discuss the modernized Directive on recognition of professional qualifications and the persisting administrative obstacles in this area in the Czech Republic. During the debate, Manuel Hubert from the European Commission informed about the benefits of the European Professional Card concept which has been introduced within the revised Directive. "Basically, it is an electronic confirmation that aims to facilitate and speed up the administrative procedures necessary for the recognition of professional qualification in another Member State", explained Mr. Hubert. He also highlighted that under the modernized Directive, each MS is supposed to create a full list of regulated professions pursued in its territory by March 2014, thus creating European map of regulated professions. In the Czech Republic, the Ministry of Education, Youth and Sports is currently working on this task. Markéta Holečková from the Centre for the recognition of professional qualifications stated that although the number of regulated professions has been in gradual decline since 2005, the Czech Republic is still on the top in comparison with other EU Member States. Pavla Břečková, Member of the Board of the Czech Association of Small and Medium-Sized Enterprises and Crafts said "we should keep in mind that although the deregulation is necessary and desirable, it must go hand in hand with the protection of consumer health and safety, which is our top priority".

CZECH BUSINESS CAN BENEFIT BOTH FROM CETA AND TTIP AGREEMENTS

Both the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and the EU-US Transatlantic Trade and Investment Partnership (TTIP), that are currently the two main topics of EU foreign trade policy, aim at removing trade barriers in a wide range of sectors to make the trade flows between the EU and the North America even more intensive. Successful conclusions of these two agreements will not only bring significant economic benefits, but will also strengthen political relations between both sides of the Atlantic. If we talk numbers, trade between the Czech Republic, the USA and Canada, both in goods and services, rises. The increase in trade in goods with the USA was by 20% last year and the trade in services with Canada grew even by 25%. Czech business community welcomed the launch of both agreements. Their greatest benefits consist of better access to public procurement, improved investment environment and equal treatment. In the field of standards, companies prefer mutual recognition rather than full harmonization, which is very difficult to achieve. It is necessary to ensure that both parties of the agreement begin to recognize safety standards, which would help European companies to save resources when entering the US market. The agreements were discussed at CEBRE event held on October 9, 2013 during the International Engineering Fair in Brno.

From left Pavel Fára of the Confederation of Industry of the Czech Republic, Anna Teličková, Ministry of Industry and Trade CR, Jaroslav Jelínek, Ministry of Industry and Trade of CR Office in Canada and Alena Vlačihová of CEBRE

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.

www.komora.cz

www.spcr.cz

www.kzps.cz

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News FLASH

>CZECH REPUBLIC SUPPORTS TELECOMMUNICATION PACKAGE

During the two-day European Council Summit in Brussels, Czech Prime Minister in resignation Jiří Rusnok has expressed the support of Czech government to telecoms package introduced by the European Commission in September. The package also includes highly discussed abolition of roaming charges.

>CANADA PROMISED TO LIFT TRAVEL VISAS FOR CZECHS

Based on the CETA negotiations, Canadian Prime Minister Harper confirmed that the visa requirements for Czech citizens will be removed in the next few weeks. The EU-Canada free trade agreement is expected to increase bilateral trade in goods and services by a fifth to 25.7 billion EUR a year.

>CZECHS ARE WAITING FOR THE NEW GOVERNMENT

Czech Social Democrats won in the parliamentary election held on 25th-26th October. The party faces a tough task forming a government after a wave of voter anger. The challenge will be to set up the new Government and negotiate with the anti-graft movement "ANO" (meaning "Yes") led by a businessman, Slovak-born billionaire Andrej Babiš who won the second place.

EU WANTS TO INVEST MORE IN CHINA

The European Union and China have made an important step to tighten the relationship between these two important economies. On October 18, the Foreign Affairs Council approved the mandate to start negotiations on investment agreement with China that should mainly improve the protection of EU investments and reduce barriers to investment. According to the investment flows between the two markets, there certainly is a space for improvement. While the amount of trade flows accounted to more than 430 billion EUR in 2012, making the daily trading volume more than 1 billion EUR, the investment flows are very low. Only 2.1 per cent of EU foreign direct investment goes to China and the same situation is on the Chinese side. Although these numbers are changing every year, there certainly is a large untapped potential for increasing. Almost all EU member states have a certain kind of bilateral investment agreement with China; however, the new agreement would replace all of them while securing even higher level of EU investors' protection. The business community greeted the start of the negotiations with mixed feelings. While it approves the potential such a large investment agreement could have, it stresses that only transparent and equal deal is acceptable. One of the main challenges will be ensuring non-discriminatory market access, which is a key element of a successful agreement, especially for the EU side. Currently, European companies are sometimes struggling to enter Chinese market, especially in the sectors as transport, telecommunications or energy, and so the very open EU market sometimes reacts with protectionist measures. Another important part of the deal for the businesses will be the dispute settlement system, where the EU should aim for a transparent and effective framework that will protect their financial interests and improve legal certainty. Furthermore, EU companies demand clear rules on transfer of technology and high level of Intellectual Property Rights protection. The growing interest in investment cooperation of China and EU Member States, especially from Central and Eastern Europe (CEE) is stressed by the so-called Warsaw initiative, signed between China and CEE countries in April last year. In the framework of this initiative, China Investment Forum will be held between 12th and 14th November in Prague. Tens of top Chinese companies willing to invest in this region will participate in the event and the Chinese delegation will inform also about the interest to attract more investment in China, which has so far reached 500 billion USD. The new Chinese government seem to be more open to dialogue with the EU than the previous one, which could be the beginning of a new strategic partnership. Some say that successful conclusion of the investment agreement could be the beginning of Free Trade Agreement negotiations, but there is still a long path ahead to this goal.

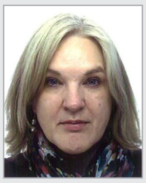
EESC CORNER – SINGLE RESOLUTION MECHANISM

The proposed Single Resolution Mechanism for the Banking Union would complement the Single Supervisory Mechanism which will see the European Central Bank directly supervise banks in the euro area and in other Member States which decide to join the Banking Union. The Single Resolution Mechanism would ensure that if a bank subject faced serious difficulties, its resolution could be managed efficiently with minimal costs to taxpayers and the real economy. The proposal will provide for a strong and integrated single system for dealing with failing banks.

The Single Resolution Mechanism would work as follows:

- *The ECB, as the supervisor, would signal when a bank in the euro area or established in a Member State participating in the Banking Union was in severe financial difficulties and needed to be resolved.*
- *A Single Resolution Board, consisting of representatives from the ECB, the European Commission and the relevant national authorities, would prepare the resolution of a bank.*
- *On the basis of the Single Resolution Board's recommendation, or on its own initiative, the Commission would decide whether and when to place a bank into resolution and would set out a framework for the use of resolution tools and the fund. For legal reasons, the final say could not be with the Board.*
- *Under the supervision of the Single Resolution Board, national resolution authorities would be in charge of the execution of the resolution plan.*
- *A Single Bank Resolution Fund would be set up under the control of the Single Resolution Board to ensure the availability of medium-term funding support while the bank was restructured. It would be funded by contributions from the banking sector, replacing the national resolution funds of the euro area Member States and of Member States participating in the Banking Union.*

The EESC welcomes the proposals to set up a Single Resolution Mechanism and associated financing mechanism, which, alongside the proposals on the Single Supervisory Mechanism, the European Stability Mechanism and the recovery and resolution of banks, forms an important new building block in developing the Banking Union. The resolution procedures set out in the mechanism will need to be efficient and effective, and the proposed instruments will need to be mobilised with the required speed at both national and cross-border level should the need arise, particularly in emergencies. With regard to the Single Resolution Board, it is vitally important for its members to have the greatest possible independence and expertise and for democratic scrutiny of its decisions to be built in. The Committee welcomes the proposed Single Bank Resolution Fund. The legal basis of the fund should be clarified as soon as possible. The Committee considers it important to ensure that the resolution fund has the financial resources it needs to fulfil its role properly. When setting the target level for the fund, fed by contributions from the banks, the various financial sector recovery measures in different areas should be taken into account. Czech businesses are being careful about the SRM proposal, sharing the concerns of the Czech government that the SRM could lead to transfer of risks and costs to countries outside the system and to distortion of the Single Market integrity. This is very important especially for the Czech economy, taking into account that most of the banks are subsidiaries of large euro zone banks and their potential transformation to affiliated banks would lead to the loss of national supervision and to the use of their assets on parent bank rescuing.



Marie Zvolská,
EESC Member– Employers Group

CEBRE CALENDAR:

- Debate on "Fast track to Innovation" – 12th November, 2013 (Brussels)
- Debate on "Public Procurements" – 12th November, 2013 (Prague)
- Sector Networking Seminar on "Water Supply and Wastewater Treatment in EU External Aid Programmes" – 21st November, 2013 (Brussels)