CZech BusinessToday.eu

Published by CEBRE CZECH BUSINESS REPRESENTATION
www.cebre.cz

volume XIV, 2-2015

CZECH CARRIERS AT WESTERN STATES' GUNPOINT

Since the beginning of the year, Czech carriers must pay their drivers €8.50 per hour worked in Germany according to the German minimum wage law. Apart from increased financial costs, there are other associated burdens like additional reporting and records archiving. Committee on Employment and Social Affairs of the European Parliament wants the European Commission to examine the impact of the German Law and decide to what extent domestic regulations may cover foreign road transport operations. At the end of January, Germany has declared a moratorium on the application of the Act. The moratorium applies only to the transit services through Germany and not to the cases of cabotage or cross-border traffic, which is significant for Czech carriers. Many Czech companies travel to Germany for the purpose of loading and unloading goods. *„In reality, for us the German legislation means additional administrative burden associated with archiving, keeping separate records of working hours and wages and translating of all documents into German. In financial terms, it has an impact on the wage costs level, not only of those related to the drivers heading to Germany but also of those that will call for the exact same wage raise while heading to other countries, which reflects their rights according to the Czech Labour code ("equal pay for equal work"). Given the income differences within the EU, I consider it absurd to subordinate the set of domestic labour legislation, related to the transportation of goods and people to another country"*; says Jan Medveď of ČESMAD association (Association of Czech Road Transport Operators). The issue is quite alarming as other countries like France and Belgium are planning to follow the German case. In the context of Commission´s effort to deepen the Internal Market, these national initiatives are going completely in the opposite direction as they are creating additional barriers to the free movement of services and people and intervene into the domestic labour legislation of another Member State. After last year's adoption of Belgian and French law, that introduced the obligation for truckers to spend the breaks outside of the vehicle's cabin, it seems that the pressure on carriers not only persists but even is increasing.

MEPs CORNER

„Initiatives of Germany and those of Belgium and France as well are against the European aim to remove the barriers of the internal market, which in the end has the potential to ultimately increase the economic growth of the EU and the employment rate".

Martina Dlabajová,
Member of EMPL Committee (CZ, ALDE)

ENERGY UNION: ENERGY MIX SHOULD REMAIN NATIONAL COMPETENCE

On 25th February 2015, the European Commission published the concept of the Energy Union - one of its landmark projects. Specific content is still in the process of creation and will be created on the go. The main conclusions are: a) Framework Strategy for a Resilient Energy Union with a Forward-Looking Climate Change Policy, which consists of five interrelated policy dimensions and the detailed steps the Commission will take to achieve it, b) Interconnection Communication setting out the measures needed to achieve the target of 10% electricity interconnection by 2020 and c) Communication setting out a vision for the global climate agreement in Paris in December 2015. Czech businesses are persuaded that the energy mix and related responsibilities should strictly remain national competence and EU should not interfere in intergovernmental agreements of its Member States. The representatives of Czech business and employers' associations assume that the Energy Union should be based only on current energy and climate policies thus avoiding many new initiatives, and so they call for respecting of the decision adopted in accordance with 2030 energy and climate policy targets. Adoption of any further social policies cannot be at the expenses of other energy consumers. Fulfilment of the strategy will also depend on its effective governance and on compliance with the timetable set.

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 www.czechtrade.cz

News FLASH

>EURO DISCUSSION IN THE CZECH REPUBLIC

In February, Czech National Convent on EU recommended Czech Government to prepare an analysis on the impact of the euro introduction and initiate a deep public debate on threats and opportunities of the Czech Republic entry in the eurozone.

>JYRKI KATAINEN IN PRAGUE

EC Vice-President for Jobs, Growth, Investment and Competitiveness Jyrki Katainen discussed Juncker´s plan and the way how to mobilize additional €300 bn with Czech government but also businesses and large public on 24th February in Prague.

>SOLUTION TO THE LACK OF QUALIFIED PEOPLE

Czech businesses can for the first time decrease their tax base for 2014 by the new tax relief related to the support of vocational training provided to students from technical high schools and universities.

>EC COUNTRY REPORT 2015 – CZECH REPUBLIC

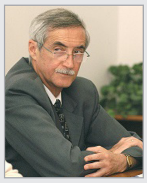
The Czech economy returned to growth in 2014 and it is expected to grow somewhat further in 2015 and 2016. The return to growth has been largely driven by domestic demand, with investment growing particularly strongly and household consumption picking up. Unemployment is falling back towards its long-term average.

CAPITAL MARKETS UNION BY ITSELF IS INSUFFICIENT

The lack of investment and high dependency of European businesses on bank lending are the main grounds of the new Commission´s proposal on Capital Markets Union. The European Commission aims at providing companies with a better approach to the sources of funding across the EU, at contributing to investment mobilization in private sector and at facilitating diversification of the sources of funding. The impact of Commission´s proposal on the range of investment products and investment needs of companies was discussed with stakeholders and financial experts at a debate hosted in European House in Prague on 25th February. Some participating experts stressed that deeper integration and stimulating liquidity on the capital markets could result in continuous pressure on competitiveness of Czech companies that are recipients of foreign capital. Experts and visitors also agreed that the Capital Markets Union is first and significant step to improving current situation, but by itself is insufficient. *"When accessing finance, companies are struggling with non-functional infrastructure causing that fiscal solutions do not answer legislative and administrative solutions"*, said Jana Michalíková, Director of Czech Association of Capital Markets. Therefore improvement of legal environment and less fragmentation of market is only a part of the solution to asymmetry between potential investors and companies looking for financing. According to Martin Špolc, representative of DG FISMA of the European Commission, bigger diversification of financial instruments will result in lowering the dependency of businesses on bank financing, reducing costs of financing and boosting the economic growth. It will create a better environment for the investors as well by giving them broader variety of investment opportunities and turning savings into productive investments, including infrastructure projects. The proposal on Capital Markets Union was introduces along with a public consultation that is open for all stakeholders until 13th May 2015 and its results will be used for creating an action plan that is supposed to be published in the third quarter of this year.

EESC CORNER: SELF-REGULATION AND CO-REGULATION

Regulatory burden is considered the main obstacle in their activities by most of European SMEs. Overregulation is also one of the causes why Europe is losing its competitiveness in the face of other global players. European institutions are aware of it and are trying to make the life of entrepreneurs easier by developing new approaches to the legislation being it Smart regulation, Better regulation, Administrative burden reduction, Regulatory fitness (REFIT) etc. These policies include commitments to improve the impact assessment procedures, to apply the SME test on every legislative proposal and to make ex-post evaluation of efficiency of the regulation. Still the overall number of regulation that affects entrepreneurs is tremendous. There is therefore the reason to search for alternatives. There are two methods that offer a large potential of fast and flexible approach and they are co-regulation and self-regulation. They can be both used to regulate the economic and social relations or commercial practices among various economic stakeholders; co-regulation can complement or supplement hard law. Self-regulation can become an alternative to it under certain conditions. These methods are not covered by the treaties but are defined in the Inter-institutional Agreement between Commission, Parliament and Council. The new impulse for increased role of self and co-regulation came with the digital agenda when the Commission decided to establish The Community of Practice that looks at the role of self- and co-regulation in addressing the challenges brought about by new technologies and hyper-connectivity. The European Economic and Social Committee pays consistent attention to self and co-regulation since middle nineties. The Committee is now working on an own initiative opinion dedicated to this issue. It points out the benefits of self- and co-regulation mechanisms such as removing obstacles to the single market, simplifying laws, flexible and speedy application, freeing up legislative circuits, and shared responsibility of participants. However, they also have their limits, which depend primarily on effective monitoring and sanctions and total compatibility with all existing legal rules, and on the need for an adequate legislative framework in areas like financial services, health and safety and services of general interest. The EESC proposed the following principles that should rule the self- and co-regulation mechanisms: they must always respect all existing legal European and international requirements, they must be transparent, providing practical information that is accessible to all, and their objectives should be stated clearly and unequivocally. Their achievement should be measurable, using objective criteria and reliable indicators.



Ivan Voleš
Member of the EESC

CEBRE CALENDAR:

- 17th March 2015; CEBRE meeting with Czech MEPs (Prague)
- 24th March 2015; CEBRE debate on Energy Union (Prague)