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25TH ANNIVERSARY THE SINGLE MARKET MARKED BY RETURN TO PROTECTIONISM



Unjustified national restrictions that have a disruptive impact on the transport sector cause fragmentation and harm the whole economy of the EU. National barriers in transport sector are disproportionate, unjustified and are endangering competitiveness. Ahead of the February Competitiveness Council, nine countries (Bulgaria, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia) sent a declaration on competitiveness of the EU Single Market to the Council. In the declaration, the Member States pointed out that the European

Commission should act as the Guardian of the Treaties. The 25th anniversary of the EU Single market and the 60th anniversary of the Rome Treaties should be marked with zero barriers to service provision. But it is already clear now that this would not happen. The Commission tries to facilitate the provision of services in the EU through its new services package but on the other hand, it leaves room for national protectionist measures. We should fight unfair and illegal practices and not to give space to new barriers to the Single Market.

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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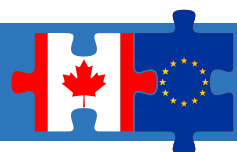
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> EC GIVES A GOOD NOTE TO THE CZECH ECONOMY

In its annual analysis of the economic and social situation of the Czech Republic, the Commission assessed the macroeconomic situation as the one without imbalances - economic growth remains robust, the unemployment rate is the lowest in the EU and inflation is of 2%. The Czech government made a significant progress in strengthening fiscal framework and attractiveness of teacher profession. On the contrary, the limited progress have been achieved in public procurements, in R&D expenditure governance, in the use of e-government services, tax simplification and pension and healthcare expenditure which pose a risk to the long-term sustainability of public finances. Still there is a good perspective. The public debt is under 40% and the real GDP growth is forecast to accelerate to 2.6 % in 2017.

GREEN LIGHT FOR CETA



Mid-February, after months of uncertainty over the outcome of negotiations, the European Parliament gave its green light to CETA – Comprehensive Economic and Trade Agreement between the EU and Canada, paving the way for its provisional application. The agreement will remove tariffs on the majority of goods and services traded between the EU and Canada, ensure mutual recognition of certification and open up Canadian public procurement market to European companies. Furthermore, it will protect over 140 European geographical indications on the Canadian market and ensure high environmental and

social standards. Before the voting in the European Parliament, the Ministry of Industry and Trade of the Czech Republic presented results of the impact study focused on impacts of CETA on the Czech Republic which show that increases in Czech exports can be expected mainly in the agricultural and food, textile and chemical sector. Apart from that, Czech companies will mainly profit from the improved market access and mutual recognition of certification, as well as reduced tariffs for some of the main Czech export commodities. European, as well as Czech business organizations welcomed warmly the result of the European Parliament plenary vote supporting CETA agreement, mentioning that CETA is the most advanced trade agreement concluded by the EU so far. It is a great success given the growing protectionist and anti-trade sentiments in the world these days. The agreement should be applied provisionally as of 1st April 2017 as EU national parliaments still need to approve the final version of the agreement. Czech business organizations continue to support the agreement and hope for a swift ratification of the agreement by the Czech Parliament.

WHAT TO EXPECT FROM E-CARD?

The new Services e-Card presented by the European Commission in its Services Package on 10th January could facilitate the life of businesses. Service providers delivering services in several EU countries still face many administrative barriers and regulatory requirements. The so-called e-card should ensure that the home authority would deal on behalf of the service provider with requirements of the host country. After having secured all the procedures, the provider

will be able to deliver the service in another country indefinitely, unencumbered by additional administrative requirements. It seems as a great solution for businesses. But we should not forget that it relies only on the willingness and efficiency of national authorities. The e-card should not, in any case, overshadow the problems (administrative and regulatory barriers), on the contrary it should help to point them out and solve them. If this will happen, then it definitely has a business support.



EESC CORNER: THE FUTURE OF SERVICES ACROSS EUROPE FROM THE EMPLOYERS' PERSPECTIVE



The adoption of the directive on the posting of workers for the provision of services in 1996 was a significant step towards delivering a single market for services. Its rules have worked well for twenty years and have ensured a balance between the right to provide services and the protection of the posted workers. The rules are clear, fixed and easy for businesses to grasp. Prior to the EU enlargement in 2004 when there had been 15 Member States, the posting of workers had not constituted a major problem. The EU enlargement in 2004 representing the opening up of new business opportunities worked in both directions. Healthy competition was established in the services sector throughout Europe and the labour costs became a completely legitimate competitive factor when determining the price of services. The process of posting workers for the purpose of providing services ceased to be transparent within the EU 28, and Member States were slow to carry out their obligations regarding the enforceability of adopted rules, which is always a breeding ground for unfair and illegal practices, with repercussions for businesses, workers, customers and consumers. Calls to remedy this situation led to the adoption of the enforcement directive 2014/67/EU. The aim of this directive was to strengthen enforcement, improve businesses' access to information on national web portals and improve cooperation

between the Member States. The transposition of the enforcement directive has yet to take place in all Member States. In June 2018 the European Commission will be required to produce an implementation report, evaluate the directive's contribution and, if necessary, propose further measures. Nevertheless, the Commission presented the proposal for the revision of posting of workers directive without waiting for the results of the implementation of the enforcement directive intending to vigorously enforce the principle of equal pay for equal work in the same workplace in an economically unequal Europe. Although the president of the Commission, Mr Juncker, declared that he would focus on big issues, effective legislation, unanimously agreed solutions and legal certainty, it was the directive on the posting of workers affecting 1.7 million out of the 500 million people that had become his biggest test. The European Economic and Social Committee was the first European institution to analyse the Commission's proposal and adopt an opinion. The EESC, as the representative of the whole of European civil society, unburdened by the internal interests of political parties or the protectionist endeavours of Member States, was in the best position to act as a litmus test for evaluating the real added value of the revision of the directive and its impacts. It squandered this opportunity, however, when it abandoned

the principle of dynamic compromise, which had hitherto been fundamental to its role of providing expertise. The Employers' Group took the drafting of the opinion very seriously, aware that the proposal was highly sensitive for all of its three groups. Unity did not prevail even among the employers themselves. It was therefore necessary to adapt the methods and forms of cooperation. The two rapporteurs, nominated by employers and trade unions, agreed to assess the draft objectively together, make known their differences of opinion about individual proposals from the Commission, and reach compromises whenever realistically possible. Although the majority of employers do not support the revision of the directive, their numbers in the EESC were willing to support the balanced and objective document drafted in good faith by the two rapporteurs. This compromise text was eventually used as a counter opinion by the Employers' group. This is because, following the substantial changes made to the original draft by the SOC section, the text put to the vote at the 521st plenary session in



December 2016 was no longer acceptable to the majority of Employers' Group members.

Vladimíra Drbalová,
EESC Member,
Group I – Employers

CEBRE CALENDAR:

- **31st March** – EU VAT reform debate, Prague
- **13th June** – Sector seminar – Energy, Brussels

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