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CETA DEADLOCK (HOPEFULLY) BROKEN



The Comprehensive Economic and Trade Agreement between the EU and Canada, or rather its acronym – CETA, was one of the buzzwords of Brussels' bubble in the last couple of days, although not in the way it was meant to be. The reason for that was that the region of Wallonia refused to give a mandate to Belgian government and basically to the whole EU to sign the agreement. CETA was considered as a so-called mixed agreement, meaning that although the foreign trade policy agenda is the competence of the EU and the European Commission negotiates trade deals with third countries for the whole EU28, in this case a ratification from each member state was necessary prior to the official signing of CETA. And as the federal Belgian government needs the green light from all its regional and community governments, there was a problem. The issue the Walloon government had with CETA was mainly with the new Investment Court System and their worries that large multinational companies would gain the possibility

to sue Wallonia, and also with the worries that Belgian market will be flooded with hormone-treated beef and other agricultural products. It seems that after intensive negotiations, the Commission managed to give Wallonia enough guarantees (including the possibility to refuse CETA if any of the above mentioned worries would come true) and that, hopefully, CETA will be signed in the end. However, European and Czech business organizations think that the situation with CETA significantly harmed the image of the EU not only vis-à-vis Canada, but all other partners with whom the EU negotiates or envisages to negotiate free trade agreements in the future. Canada is the EU's natural partner and therefore it is only natural to enhance trade bonds as well. Therefore, European and Czech business organizations urge the Commission to make the best effort to correctly explain the benefits of trade policy not only for companies, but also for EU consumers, and to avoid similar deadlocks in the future.

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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MEPs CORNER

"The signature of the two landmark agreements, the EU-Canada Strategic Partnership Agreement and the Comprehensive Economic and Trade Agreement, known as CETA is a great news. But now, unfortunately, there begins the next act of the drama, which is the ratification by national parliaments."

Luděk Niedermayer (EPP),

Member of Special Committee on Tax rulings and Other Measures Similar in Nature or Effect



EUROPEAN PARLIAMENT OF ENTERPRISES

Czech entrepreneurs voted on legislation that affects them on October 13th in the European Parliament. On the simulated vote within the European Parliament of Enterprises Czech companies discussed and voted on issues concerning the internal market, education, trade policy and sustainable economy. Entrepreneurs had a unique opportunity to comment on the forthcoming European legislation. At the beginning of the event, more than 700 companies from the European Union expressed their feelings towards Brexit. Most of them stated that the withdrawal of Great Britain from the EU would have an impact on their business and present British entrepreneurs even said that they would move their business to the EU27. During the session on common trade policy, entrepreneurs requested the Commission to put an emphasis on removing all obstacles and support the internationalization of small

and medium-sized companies within the free trade agreements. The vast majority of businesses also stated they are not sufficiently familiar with the impact of negotiated trade agreements. Participants in the poll pointed out that the granting of market economy status to China will have destructive negative impact on the European economy. European entrepreneurs also assessed the state of the internal market, which in their opinion is not sufficiently integrated to allow free and competitive business. Although the administrative, legal and tax exemptions discourage entrepreneurs to carry out activities in the internal market, it is still the most important tool for European integration. European Parliament of Enterprises was organized for the fourth time by the Association of Chambers of Commerce and Industry EUROCHAMBRES, whose full member is the Czech Chamber of Commerce.

News FLASH

>CZECH BUSINESSES ARE DOING WELL

SMEs are experiencing a good year and almost 40% of them expect further improvements in their business for the second half of 2016. The greatest optimism is among midsize companies. This is the result of the economic barometer conducted on 6-month periodical basis among the members of the Czech Chamber of Commerce to map their economic situation.

>SUPPORT OF SMEs - NO MANDATORY BANK ACCOUNT

The Ministry of Justice of the Czech Republic is trying to simplify operations for setting up companies. It is preparing an amendment to the law which will abolish the obligation to create a bank account when establishing a company with small basic capital.

>CZECHS RANK AT 27TH POSITION IN "DOING BUSINESS 2017"

According to a World Bank report "Doing Business 2017" which assesses the business regulatory conditions, the Czech Republic moved to the 27th position from the total of 190 countries (an improvement of 9 positions).

EU INVESTMENT PLAN - FINANCING BUSINESSES IN THE CZECH REPUBLIC

The Czech Republic does not sufficiently use the financial support from the infrastructure window of Juncker's Investment Plan which allows the financing of investment in major projects. On the other hand, it manages well to draw funds to support small and medium-sized enterprises. SMEs support for investment is possible via subsidized loans and guarantees offered by commercial banks. Banks would welcome the allocation of greater volume of money, since they are often forced to discontinue the credit programs due to insufficient funds. According to the Ministry of Trade and Industry of the Czech Republic the financial support of entrepreneurs via financial instruments is more efficient than through grant schemes. The ministry plans to entrust the Czech-Moravian Guarantee and Development bank with the implementation of financial instruments,

particularly through the provision of soft loans and issuing guarantees for loans granted to final beneficiaries by commercial banks. The European Investment Bank, which manages the investment plan, offers a wide range of products. This includes loans for long-term projects (12-15 years) with a capacity from 50 to 500 million euros. The bank lends money for projects in the field of infrastructure, environment, innovation and SMEs support. Companies interested in the investment can use the European Investment Project portal that allows investors to select from projects published by implementers for a small fee. In spite of its modest results for the Czech businesses they support the proposal to extend the duration and the scope of the European Fund for Strategic Investment till the end of the present Multiannual Financial Framework.



EESC CORNER: EU BUDGETARY POLICY ON CROSSROADS



The EU Budgetary Policy is on crossroads. It is especially due to the fact that the EU priorities and circumstances determining the EU developments have been recently radically changing and the EU Budget is not able to effectively reflect to them. The other reason is quite procedural. We are now close to the end of the third year of the Multiannual Financial Framework period which means the right time to think about the next one. Additionally, its current Mid-term review could be another opportunity for deeper considerations the future EU Budgetary instrumentarium. An own initiative opinion focused on the Performance-based EU Budget and its focus on real results – the key to sound financial management underlines especially the following results and conclusions:

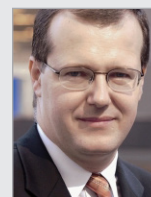
- the EU Budgetary expenditures are not only to comply with the rules of legality and regularity, but there must also be a targeted and systematic focus on the results and performance the budget delivers in addressing the EU priority areas;
- adopting performance culture rules in relation to the EU Budget requires maintaining close linkage between the scope and nature of expenditure, on the one hand, and a comprehensive set of

performance indicators for measuring results and performance, on the other hand. The performance culture is not acquired in a single step, but through a process of development that presupposes both the appropriate legal environment and the selection of tools for encouraging key actors to adapt the desired behaviour;

- a budget conceived in these terms constitutes an instrument of EU fiscal policy for delivering real results and impacts in EU priority areas that bring a clearly quantifiable added-value. This means that any discussion of a performance-based EU Budget is also a discussion of EU policy priorities capable of bringing about the necessary structural changes;
- there is an enormous need for simplification as the EU Budget remains extremely complex in all manner of ways, which makes it difficult to manage effectively and to measure its real results and benefits. Simplification certainly does not mean to reduce the qualitative benchmarks and requirements; the contrary is true - simplification means a more open space for respecting qualitative standards.

The opening of this autumn EU season has brought a very intensive platform of many debates on this

issue, incorporating into this other very important topics, like the debate on the revenue side, the budgetary flexibility during the medium-term period, compliance with the other transfers existing in the EU, among others. This is perhaps a sufficient number of evidence and rational arguments to declare that the EU Budgetary paradigm is really on crossroads. The consensus on result and performance focus would be a good precondition that after the EU Budget crosses the road, its next direction will be the correct one. The EU Budget can constitute an essential tool in dealing with the EU's existing challenges and structural changes. The post-2020 multiannual financial framework should act, together with a new competitiveness and development strategy and the social rights pillar (currently in preparation) as a crucial medium-term strategic platform, with the structure and weighting of particular expenditure items adjusted to real-life needs and priorities.



Petr Zahradnik,
EESC Member,
Group I - Employers

CEBRE CALENDAR:

- **15th November:** Sectoral seminar "Water, Wastewater & Waste Management" (Brussels)

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