

Czech BusinessToday.eu

Published by



volume XVII, 1-2018

HOW WILL THE EU SCREEN THE FDI?



The EU is one of the major places in the world that is very open and favourable to foreign direct investment. However, the open regime might become a bit more restrictive. President of the European Commission, Jean-Claude Juncker, mentioned in his State of the Union speech that Europe must defend its strategic interests and is not a naïve free trader. According to the Commission, in some cases the open regime attracts foreign investors to acquire assets in companies of strategic importance to the EU, especially in the field of critical technologies, infrastructure or security. Therefore, the Commission suggested several measures that should create a legal framework that would screen foreign direct investment coming to the EU, while preserving the openness of the EU toward investment from outside countries. So far, 12 countries in the EU have their own investment screening mechanism,

however, the systems differ in terms of scope and design. Czech business and employers' organizations welcome the effort made by the Commission in the area of foreign direct investment. The framework needs to be created on the basis of proportionality, transparency and non-discrimination, and must be in line with the rules set by the World Trade Organization. Furthermore, Czech business and employers' organizations call on the Commission to further specify which sectors would fall under the scope of the framework. Also, the Commission should clarify whether the screening mechanism would be applied to all investment or only to an investment surpassing a certain threshold in terms of value. Last but not least, the proposal shouldn't diminish the competitiveness of the EU and European companies. As it is a sensitive topic, the approach of the Commission should be balanced and fair.

MEP CORNER



"Member States are fully competent to assess which foreign investments are beneficial to them and which are not, as well as the degree of strategic risk. I understand that some big players including European Commission would like to set the tune, but this is definitely not an area in which the EU should intervene. Member States must have the last say."

Jan Zahradil (ECR, ODS),
Vice-Chair of International Trade Committee of the European Parliament

GOODS PACKAGE LARGELY WELCOME BY BUSINESSES

Selling products in the EU should be easier. In December, the European Commission tabled two legislative proposals which will both facilitate the sale of goods in the internal market and strengthen controls to prevent the sale of dangerous products. Czech consumers, as well as Czech companies, often complain that products entering the European market from countries outside the EU do not comply with safety standards. It is precisely on these checks that the Commission will focus. The increase in e-commerce has resulted in the entry of more dangerous products to the EU market and companies have long called for more

effective controls. Strengthening controls within the EU as well as for the entry of goods into the internal market will, according to the proposal, be ensured through better cooperation between the supervisory authorities. Another positive is that the Commission is seeking to strengthen the principle of mutual recognition. Czech firms are faced with non-standard requirements for additional certifications or other operations in some Member States even though their product has already been authorized and marketed in the Czech Republic. Czech businesses welcome the initiative because they want a functioning internal market without any

unnecessary requirements being placed on them. However, experience with some EU Member States have so far made it clear that our products are not always welcome in their markets as they could compete with their domestic products. Czech business organisations welcome the better use of SOLVIT information and the use of inputs within SOLVIT will be particularly welcomed by small and medium-sized companies, which do not have the legal means of large companies.

News FLASH

>RECORD IN CZECH EXPORTS

In 2017, compared with 2016, Czech exports increased by 5.6% and imports by 6.3%. The trade balance surplus in the national approach reached CZK 152.6 billion, which was a year-on-year decrease of CZK 11.1 billion.

>CZECH GDP GROWTH OF 3.2% IN 2018

In its Winter Economic Forecast for 2018, the European Commission expects the Czech GDP growth to moderate in 2018 and 2019 but to remain strong at 3.2% and 2.9%, respectively, underpinned by domestic demand.

>CZECH REPUBLIC IS READY TO PAY MORE

The Czech Republic is ready to discuss the increase in Member States' contributions to the EU budget so as to fill the gap caused by Brexit. The final decision of the Czech Republic will depend on the new structure of EU budget expenditures after 2020.



THE DAY "D" FOR GDPR IS APPROACHING

From 25th May 2018 new data protection rules, the so-called General Data Protection Regulation will apply. Czech business and employers' organisations are raising awareness among Czech businesses on the GDPR. Last year, the Confederation of Industry of the Czech Republic with the kind support of the Czech Ministry of Trade and Industry organised 11 seminars under the project called GDPR Academy, where the new legal obligations and changes compared to the current situation were explained and training on better processing of clients' personal data was provided. Last year, the Czech Chamber of Commerce issued a brochure about the GDPR and this year it is still to organise 8 workshops dedicated to this topic. The high interest from companies in participating in these workshops and

questions received by the business organisations show still more information campaigns and more detailed guidelines for specific sectors are needed, especially for the smallest companies. On January 25th, the European Commission adopted new guidance on the direct application of the GDPR as well as a new online tool for SMEs informing them about their obligations linked to the new rules. At the same time, the European Commission called on the Member states to adapt their national legislation in order to meet the requirements of the Regulation. The Czech Republic has not so far adapted its regulation. The businesses are worried about the timing and call for a quick actions from the Czech government but also more activity to raise the awareness about the new rules which will be enforced.



EESC CORNER: PROPOSAL FOR A DIRECTIVE ON TRANSPARENT AND PREDICTABLE WORKING CONDITIONS BROADEN EMPLOYERS' OBLIGATIONS



In November 2017, the Gothenburg Social Summit adopted the proclamation to the European Social Rights Pillar (EPSP). The proclamation is an intergovernmental agreement without legal obligation. Under EPSP, however, the European Commission is now coming up with major legislative proposals that do not respect the principles of subsidiarity and proportionality in many ways, challenge the drive for better regulation, disparate social dialogue, complicate life for businesses, and ultimately jeopardize job creation.

One of such legislative initiatives is the Commission proposal to repeal Directive 91/533/EEC on the employer's obligation to inform employees in writing of the terms and conditions of the employment contract and the employment relationship and replace it with a more complex one on working conditions based on article 153(1)(B) TFEU. This proposal is included in the EC work program for 2018. The Directive 91/533 / EEC has passed the check of effectiveness of the legislation under REFIT with a positive result. The legislation

of the Member State is highly consistent with the directive, the transposition deficiencies are minimal and the directive is considered to be relevant and important part of the EU legislation. The European social partners have not reached agreement on the opening of joint negotiations due to the different views on the scope of the modernization of the directive. The Commission therefore came up with its own proposal for a fundamental interference with the directive, which substantially extends the rights of employees and the obligations of employers. The Commission does not like the freedom of Member States to apply the definitions of "employee" and "employment relationship". For the purpose of the revised directive, therefore, it proposes a universal definition of "worker" so as to extend its scope to all types of employment contracts and all forms of employment. The goal is to create a minimum level of universal protection. The new nature of the directive - the extended duty of information, new rights and reinforcement of employee protection means, increases the rigidity of the regulation and

brings additional administrative burdens for businesses. Differences in national regulations, labour law practices and collective bargaining traditions in the individual EU Member States in the face of the newly proposed rules and a graded universal definition for all will bring a lot of legal uncertainty for businesses and cool their interest in creating jobs. In principle, it is no longer about revising, but fundamentally transforming a simple and practicable directive that the employers do not question in a comprehensive package of universal worker rights. The new proposal is not justified in the day-to-day practices of companies, in the REFIT conclusions or in the regular Eurofound surveys, which show that over 80% of EU respondents are satisfied with their current working conditions.



Vladimíra Drbalová,
EESC Member,
Group I – Employers

CEBRE CALENDAR:

- 27-28th February – Meeting with Czech exporters (Prague)
- 12th March – Debate on GDPR (Prague)

AVAILABLE
IN BRUSSELS!

CZECH & SLOVAK
LEADERS



www.komora.cz



www.spcr.cz



www.mpo.cz



www.kzps.cz



www.czechtrade.cz

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.