

## UNANIMITY IN FIELD OF TAXATION PRESERVES MEMBER STATES' INTERESTS



The European Commission is pressing ahead with a plan to end national vetoes in some decisions on tax policy. The proposal gains support from some MEPs and Czech businesses would like to stress that the principle of unanimity in the field of taxation should be maintained. It preserves Member States' interests and serves as a national vehicle to stimulate growth and respond to fiscal challenges. Tax matters are a competitiveness issue for Member States not only within the EU but also with regard to third countries. A change to qualified voting could lead to countries

being voted out where they do not share the same view as other Member States. Several proposals as presented by the European Commission on fiscal matters, particularly in the area of corporate tax, would have negative implications on the future growth of EU Member States. Tax issues framed in the EU Treaties was not an easy debate and this delicate political compromise has to be maintained especially in the light of Brexit. Opening new risky debates might lead to new divisions and tensions among Member States.

### MEPs Corner



*"Council blocks the road to fairer taxation, which is needed to enlarge the benefits of globalisation and reduce its disadvantages. Had the Single European Act not paved the way from unanimity to qualified majority voting we would have never developed the Single Market as we know it today."*

Petr Ježek, Chair of Special committee on financial crimes, tax evasion and tax avoidance of the European Parliament (ALDE)

## News FLASH

### > EUROPEAN CENTRE OF EXCELLENCE ON AI

At February Competitiveness Council, the Czech Republic announced that it will apply for a European Centre of Excellence on Artificial Intelligence.

### > LIFE OF BUSINESSES SHOULD BE EASIER

The Czech Chamber of Commerce launched a Legal electronic system which will inform businesses about all legal obligations that are relevant for them. The system is voluntary and paid.

### > CZECH AI STRATEGY

In line with the European Commission's plan, the Czech Republic is preparing a national strategy on artificial intelligence. Academia, the private sector and think tanks are being consulted. The strategy should be ready in April.



## TDM EXEMPTION WILL EASE ARTIFICIAL INTELLIGENCE DEVELOPMENT

On the 13<sup>th</sup> of February, representatives of the European Parliament, the European Commission and the Romanian presidency in the Council of the EU reached a provisional deal regarding the revision of the Copyright Directive. The negotiations have been very heated, especially in the European Parliament which indicates the importance of the reform. The new rules based on the Directive will have a major impact on the development of the single digital market, from the implementation of Industry 4.0 and robotics to artificial intelligence and machine learning. Apart from the two infamous articles of the proposed Directive – 11 and 13, one of the key aspects of the

copyright reform for the area of artificial intelligence and machine learning was article 3a which focused on text and data mining. This mechanism has major importance for big data processing and machine learning. Therefore, Czech business associations welcome that the provisional agreement from the trilogue includes an exemption from the copyright restrictions for text and data mining, which means that researchers and scientists will be able to use automated technologies to analyse large data sets for their activities, while establishing a legal certainty that they don't infringe the copyright rules. Text and data mining was one of the hot topics during the

negotiations because some parties deemed the exemption will harm copyright holders. However, the use of the content for text and data mining will only be allowed in cases where the user will have legal access to the content and after the approval of the copyright holder, meaning that the rights of the holders won't be infringed. Czech business organizations are convinced that the exemption will help to exploit the potential of European research and keep the EU in the forefront of the fourth industrial revolution.

## SINGAPOREAN GATEWAY TO EU-ASEAN TRADE COOPERATION OPENED

On the 13<sup>th</sup> of February 2019, the European Parliament endorsed three agreements that will enhance cooperation between the EU and Singapore. Apart from the free trade agreement, MEPs gave their green light also to an investment protection agreement and a partnership and cooperation agreement. While the trade agreement will come into force shortly after the conclusion of the legislative process, the investment protection and the partnership and cooperation agreement will have to be ratified by national Parliaments of EU Member States. Czech business associations warmly welcomed the approval of the agreements by the European Parliament. It is a very important step towards a long-term cooperation

not only with Singapore, which is already a major trading partner of the EU, but also to other ASEAN countries, as it is the first EU free trade agreement with an ASEAN member. ASEAN is the 3<sup>rd</sup> biggest trading partner of the EU outside Europe and the estimated growth of 4.8% this year is a signal that the trade cooperation can be further enhanced. According to the agreement, almost all custom duties will be eliminated within the next five years which will create further opportunities for European and Czech companies. Although it still has to be approved by the Member States, the investment protection agreement is equally important as the volume of bilateral investment between the EU and

Singapore reached more than 250 billion EUR in 2016. Czech businesses are also pleased that the EU is keeping its promise and continues to support open global trade markets. Ways to enhance mutual cooperation between Czech and Singaporean businesses were discussed during a business mission led by the Prime Minister Andrej Babiš that took place at the beginning of this year. It was the first business mission of an EU Member State to Singapore after its signature in October 2018 and the Czech-Singaporean cooperation will continue through 2019 as a business mission of Singaporean entrepreneurs led by the Prime Minister Lee Hsien Loong is being planned later this year.

## MINIMUM INCOME HAVE TO REMAIN AT NATIONAL LEVELS SAY EMPLOYERS



541. EESC Plenary session discussed and adopted an opinion on A European Framework Directive on Minimum Income. The Employers' group voted against the directive and its counter opinion, supported by 92 voices, will become a complementary part of the adopted and distributed EESC opinion. Mr. Georges Dassis as the rapporteur of the opinion and one of the highly respected EESC members representing the workers' group has been dealing with this subject for many years already. He is highly concerned about the increasing poverty rate across Europe and is convinced that the only solution is to introduce a binding instrument at the EU level. He stressed that, in his opinion, the choice of legal instruments that would form this European framework for the establishment of a decent minimum income in Europe is justified by the requirement to ensure that all those in need of such assistance can access it, and that the support is tailored to their real needs. A decent minimum income also constitutes a tool to integrate/reintegrate people who have been excluded from the labour market and also to combat poverty among those who are in work. The Employers fully agree that it is necessary to continue the fight against poverty. There are, however, strongly diverging views about the choice of the right instruments within the EESC. For this reason the opinion was already postponed from the January plenary agenda, but it was not possible to reach a consensus, even in the form of a "corridor opinion". This is the reason why the employers' group has introduced its counter-opinion. The counter-opinion aims at presenting

a constructive and comprehensive approach to reduce poverty in Member States. It is based on the fact that the principle of subsidiarity and the division of responsibilities, as enshrined in the Treaties of the EU, clearly define the Member States as sole actors in designing social security systems. However, Member States should be supported by the Open Method of Coordination at the EU level, to facilitate mutual learning of the best national approaches. This counter-opinion suggests a comprehensive approach aiming at maximising the scope of EU level actions in this regard.

### This counter opinion recommends the following elements:

1. The focus of EU and Member State policies should be in continuing their reform efforts and creating favourable conditions for job creation. This is also the basis of all actions to reduce poverty.
2. On top of the key role of sound economic and labour market policies in the fight against poverty, an integrated approach with a targeted policy mix is needed. Minimum income plays an important role in this approach but it should be seen against the backdrop of integrated employment policies and services, notably social and health services as well as housing policies.
3. In light of the subsidiarity principle, the best level at which to tackle minimum income and implement measures aimed at reducing poverty is the national level.
4. There is scope for EU level action to support the Member States in their endeavours. The

European Union and notably the European Commission should play a more active part by supporting the efforts of Member States. The way in which Member States meet the objectives of poverty reduction should be subject to follow-up in the framework of the European Semester, which presupposes greater coordination.

5. In the light of "the Declaration on a new start on a stronger social dialogue", signed by the European Social Partners 26-27 January 2016, the role and capacity of the social partners - as the main actors at the labour markets - should continue to be strengthened both at the



European and national levels in policy-making and structural reform processes.

Vladimíra Drbalová,  
EESC Member and Vice-chair  
of the Employers' group

## CEBRE CALENDAR:

- **28<sup>th</sup> March** – Conference "Exporting to France and Belgium" (Prague)
- **29<sup>th</sup> March** – Meeting with candidate leaders for European Parliaments Elections (Prague)
- **29<sup>th</sup> April** – Conference 15 Years in the EU – Story of the Czech Economy (Prague)

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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.