CZech BusinessToday.eu

Published by CEBRE CZECH BUSINESS REPRESENTATION

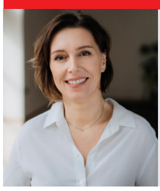
www.cebre.cz

volume XVIII, 4-2019

ABSENCE OF A1 FORM CAN LEAD TO HIGH PENALISATION

Businesses should not forget about the A1 form when travelling within the EU. The document proves that a person is provided with social insurance in his/her home country. Some EU Member States strictly check that EU citizens on a business trip on their territory have a valid A1 form, the absence of which can lead to significant penalties or removal of the right to attend events such as fairs or exhibitions. Czech businesses usually experience this kind of approach in neighbouring countries such as Germany or Austria, but similar controls are also reported by companies from other EU countries when their employees visit other Member States. This issue is starting to affect the whole of Europe, creating more obstacles in the internal market. Indeed, in case of short visits or events, it represents unmanageable bureaucracy. Penalties for not complying with the rules can differ from country to country. In France it can mean a fine of EUR 3,269; in Austria penalties start at EUR 1,000 and may be as high as EUR 10,000. Current EU social security coordination rules say that the A1 form is needed during business trips within the EU. The inconvenience comes with short business trips or the attendance of exhibitions, fairs or workshops, which usually do not last longer than one day. Despite the fact that the rules are the same for all Member States, the controls vary from State to State. But, if a company gets a call from a foreign business partner inviting him/her for a meeting, there is a little chance that the A1 form will be issued within one day. The European Association of Chambers of Commerce EUROCHAMBRES, of which the Czech Chamber of Commerce is a member, called on the Commissioner Thyssen to deal with this issue, so that the form should not be required during short business trips and that high penalties should not be imposed. But this issue is not the only one that businesses face on the internal market. The differences in the implementation of EU rules and the "gold-plating" complicate the life of EU businesses. Czech businesses are calling on the new EU institutions to take the issue of the barriers in the internal market seriously. Favourable conditions for business can help to create jobs and growth.

MEP CORNER



"The European single market is not yet complete, as there are still some obstacles which have to be removed. I am very disappointed, instead of doing so, some EU Member States are tending to protect their markets and are making the life of businesses more difficult."

Martina Dlabajová, Member of the Committee on Industry, Research and Energy, European Parliament

ePRIVACY REGULATION MUSTN'T BE RUSHED, SAY EUROPEAN BUSINESSES

Although the discussion regarding the proposal of Regulation on Privacy and Electronic Communications (ePrivacy) started back in January 2017, when the Commission released the draft act, the EU institutions haven't been able to find a satisfactory compromise that would suit all during the mandate of the Juncker Commission. The European Parliament's Civil Liberties Committee adopted its position in June 2017 and the whole Parliament gave it the green light later that year, but the discussions have since been blocked in the Council. The reason for that is that the Member States, as well as other stakeholders, have raised serious concerns regarding the proposal. European and also Czech businesses belong among those stakeholders. The main concern of businesses is that the proposal needs to be in line with two other major legislative acts, the General Data Protection Regulation (GDPR) and the European Electronic Communications Code (EECC). However, that isn't the case with articles 6 and 8 of the proposal. Furthermore, article 6 should permit further processing of all types of personal data with appropriate safeguards, which would enable innovation and development of the Artificial Intelligence sector. Last but not least, the proposal should clarify what type of machine-to-machine (M2M) communication would fall under the scope of the regulation. The EU declared that it wants to be the leader in the sector of Artificial Intelligence, Industry 4.0, Internet of Things and Robotics. For that to happen, a robust legal framework that enables innovation while protecting users' data and privacy needs to be created. Czech businesses call on the EU institutions to reassess the whole proposal, carry out a deep impact assessment and respond to all the concerns of the stakeholders.

News FLASH

>7% DIGITAL TAX COULD BE HARMFUL

The Confederation of Industry of the Czech Republic warned that the proposed 7% Czech digital tax could have negative effects on businesses and calls for a long-term and international solution. That is why the Czech Chamber of Commerce called on the Government, hence the Ministry of Finance to withdraw the proposal and wait for a harmonized solution at EU level.

>SETTING UP A COMPANY IN CZ STILL SLOW AND EXPENSIVE

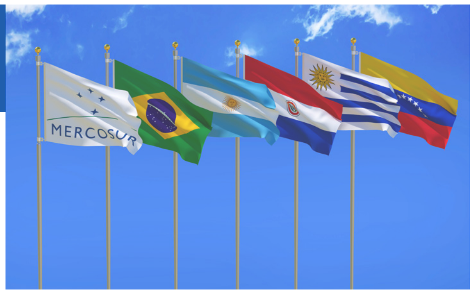
The Czech Republic still doesn't comply with the EU recommendation that it should be possible to set up a business within 3 days while not spending more than 100 EUR. Currently, setting up a company costs 169 EUR, but the expenses should be reduced to 139 EUR soon.

>BETTER CONDITIONS FOR THE SELF-EMPLOYED

The Ministry of Industry and Trade and the Ministry of Finance of the Czech Republic introduced a new package that should simplify the life of self-employed persons. Easier tax returns, family business support, a single contact point and legislative changes only twice per year are among the proposed measures.

CEBRE – Czech Business Representation, protects the interests of the Czech business community in relation to EU institutions, informs Czech businesses about EU legislation affecting them, trains Czech entrepreneurs in Brussels and represents Czech business associations at European business federations. Contact: Avenue des Arts 19 AD, 1 000 Brussels, Tel:+ +32 2 502 0766/+32 2 502 8091, e-mail: brussels@cebre.cz, www.cebre.cz

EU-MERCOSUR AGREEMENT IN PRINCIPLE REACHED



At the end of June, representatives of the European Union and Mercosur finalized the agreement in principle on a new trade agreement. The negotiations took an incredible 20 years to finalize, but the profit for companies on both sides should be worth the wait. According to the European Commission, the deal should bring savings on duties worth 4 billion EUR yearly, which makes it the biggest EU free trade agreement so far. For comparison, the recent EU-Japan Economic Partnership Agreement concluded earlier this year should bring duties savings worth approximately 1 billion EUR. The EU agreement with Mercosur, consisting of Argentina, Brazil, Paraguay and Uruguay, creates a market of 780 million consumers and is part of a larger Association Agreement between the two partners. One of the main focuses of the deal is on the agricultural and food sector as the deal reduces tariffs on wines, spirits, soft drinks, dairy products and chocolate, where the import duties to Mercosur countries varied from 20 to 35%. As usually, the EU put a lot of effort in safeguarding the Geographical Indications (GIs) and 350 of them will be legally protected from imitations. Overall, the deal will progressively reduce duties on more than 90% of goods going both from the EU to Mercosur and from Mercosur to the EU. Those include cars (current duty of 35%), car parts (14-18%), machinery (14-20%), clothing, textiles and leather shoes (up to 35%), chemicals (up to 18%) and others. But tariff duties' reduction is only one part of the comprehensive deal. The EU pushed for keeping the high Sanitary and Phytosanitary standards covering food safety and animal and plant health. Furthermore, the precautionary principle incorporated into the agreement ensures that public authorities can act to protect human, animal and plant health or the environment if there happens to be a possible risk. The agreement has a separate chapter focused on sustainable development where both sides commit to protect the environment, respect labour rights, promote responsible business conduct and also implement the goals of the Paris Climate Agreement. Thanks to the agreement, Mercosur countries will also open their government procurement markets to EU companies for the first time. The Confederation of Industry of the Czech Republic welcomed the agreement in principle that has been reached after such a long time. It is one of the biggest agreements of its kind in the whole world and it opens new markets for European companies. The Confederation on Industry is certain that Czech goods and services will be able to penetrate Mercosur countries' markets and find new customers there and therefore hopes that the process of finalization and ratification of the agreement will be as smooth as possible.

EESC CORNER: FOSTERING AN ENTREPRENEURSHIP AND INNOVATION-FRIENDLY SINGLE MARKET – PROMOTING NEW BUSINESS MODELS TO ADDRESS SOCIETAL CHALLENGES AND TRANSITIONS

According to World Bank data, on average, the European Union is 53rd in the world rankings on the ease of starting a business and ranked 29th on the overall ease of doing business. The United States, however, is ranked in 8th place in terms of ease of doing business. The EESC stresses the importance of supporting and encouraging business activities through administrative simplification measures. The market for public contracts today amounts to around 16% of European GDP, worth around EUR 1.9 trillion. The new 2014 directives on public procurement and concessions aimed to consider social and environmental aspects to a greater extent in public procurement procedures managed by national public administrations. But there is still a long way to go to reach this objective. It is now recognised that we need to pursue a social market economy which, while making smart use of new technologies, manages to address the major challenges relating to sustainability, climate change and reducing inequalities. The EESC takes the view that the business world can play an active and important role here, along with the public institutions. In particular, this contribution may come from businesses of the real economy that create value and jobs, without the speculative use of financial means. Given the wide variety of economic models and types of company in Europe, it is important that legislative proposals concerning businesses, the economy and the internal market are not uniform, thereby rejecting the one-size-fits-all approach and making the most of the "biodiversity of companies". The European institutions must support the development of artificial intelligence and the proper use of big data, both by creating appropriate rules to guarantee the development of such technology while respecting individual rights and by investing European and national public resources in a coordinated manner so as to ensure that the EU is competitive on a global scale. More specifically, big data and its potential should also be accessible to SMEs. Measures to facilitate SMEs' access to credit, such as the Juncker plan and the COSME programme and, in the future, the InvestEU programme should continue to support SMEs and social enterprises that often struggle to grow because of liquidity problems and under-capitalisation. The development of a European venture capital market should also be actively encouraged. The need to ensure social cohesion and fairness for an ageing and dwindling European population points to the future role that can be played by social and mutual enterprises. More work therefore needs to be done to make the most of such enterprises, which enable people to organise themselves and to work together to respond to ever-increasing social needs. The EESC notes the need to recognise and support the role that SMEs, family businesses, social economy enterprises, craft businesses, small traders and farmers play in promoting and spreading entrepreneurial spirit focused on the role of people and local communities, thereby helping to build the European model of an inclusive single market.

Marie Zvolská,
Group I – Employers

CEBRE CALENDAR:

- **8th October** – CEBRE seminar "EU Financial support of Industry 4.0" (Brno)
- **22nd-23rd November** – Czech gaming companies visit Belgium (Brussels, Charleroi)
- **29th November** – CEBRE founders meet Czech MEPs (Prague)

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.