

BUSINESSES WANT MORE AMBITION IN THE EU BETTER LAW-MAKING



The Commission of President-elect Ursula von der Leyen wishes to ensure that regulation is targeted, easy to comply with and does not add unnecessary regulatory burden. Czech businesses could not agree more but call for greater ambition. They would rather see a 'one in - two out' or even 'one in - three out' principle than a simple 'one in-one out'. The Commission should not count the quantity of acts but the net costs savings. The adoption of a new act which entails net costs for companies must be offset by repealing or amending regulations producing savings of an equivalent amount (double or triple). Law-making must be improved through the whole policy cycle; going from thorough impact assessments (that must be updated when there are substantial amendments), consultations, better implementation and evaluation. In its letter to the Commission, the Czech Chamber of Commerce came up with various proposals for improvements. One of them is to anchor legislative obligations in the form of an annexe to any legislative act summarizing the obligations resulting from the law. It is also the intention of the Czech Republic. The Czech Parliament is now discussing the proposal of the Legal Electronic System, initiated by the Czech Chamber of Commerce. The aim is to allow businesses to have an electronic calendar which will display day by day the legal obligations they have to comply with. The Czech Chamber of Commerce also pleads for less

administrative burden on businesses when providing services abroad, be it notifications or posting. According to the Chamber survey on Internal Market barriers run in September, 73% of Czech businesses would welcome the creation of a single point of contact in the Member States, certifying a firm's ability to provide services in that country to facilitate demonstration of the ability to provide services in other EU countries. Respondents would also welcome simpler rules for posting. It will be very difficult and sometimes impossible for posting firms to find out how the remuneration of posted workers should be set. Next year, the new rules on posting enter into force. The Czech Chamber of Commerce asks the Commission to create an online "calculator" that calculates the remuneration for posted entrepreneurs and is accessible for any business across Europe. Businesses would also appreciate that Member States stop requiring the A1 form when on a short business trip. For the moment, there are excessive controls in this regard with high sanctions. Last but not least, a standardised pan-European VAT return form in the native language - linked to the envisaged definitive VAT collection regime - would be welcome by Czech entrepreneurs. Enforcement is also important and we need more efficient infringement procedures (e.g. setting ambitious deadlines for delivering decisions.). In the last years, we saw different treatment from different Member States. This should not happen anymore.

EU-ASIA CONNECTIVITY MUST BRING REAL OPPORTUNITIES TO BUSINESSES

At the end of September, the European Commission hosted the Europa Connectivity Forum with the main topic being EU-Asia Connectivity: Building Bridges for a Sustainable Future. The aim of the event was to strengthen connections between governments, institutions, businesses and other stakeholders from EU and Asia and discuss how to strengthen the ties even more. Apart from that, President of the European Commission Jean-Claude Juncker and Japanese Prime Minister Shinzō Abe signed the Partnership on Sustainable Connectivity and Quality Infrastructure, which is part of the strategic partnership that the EU and Japan concluded last year. It's a unique partnership that

the EU has never concluded with any other partner in the world and it mentions connectivity as one of the key elements of EU's strategy to be more present at global level. The EU-Asia Connectivity Forum is based on a joint communication called Connecting Europa and Asia – Building Blocks for an EU Strategy - that was released in September 2018. The idea behind the strategy is to increase cooperation between governments that would lead to new business possibilities for the private sector which would be also involved in financing projects focused on developing a digital and physical infrastructure, creating high-level standards, supporting sustainable development and the deployment of clean

News FLASH

>CZECH REPUBLIC: THE COUNTRY FOR THE FUTURE

Minister of Industry and Trade Karel Havlíček introduced a new innovation strategy called Czech Republic: The Country for the Future for the years 2019-2030. Its aim is to push the country among the top technologically oriented world economies.

>NATIONAL DEVELOPMENT FUND MEMORANDUM SIGNED

Representatives of Czech government, The Czech-Moravian Guarantee and Development Bank and four commercial banks signed a Memorandum of cooperation focused on establishing the National Development Fund. It should help with the realisation of long-term investment needs of the Czech Republic in the area of infrastructure.

>HYDROGEN TO COMPLEMENT ELECTRIC VEHICLES

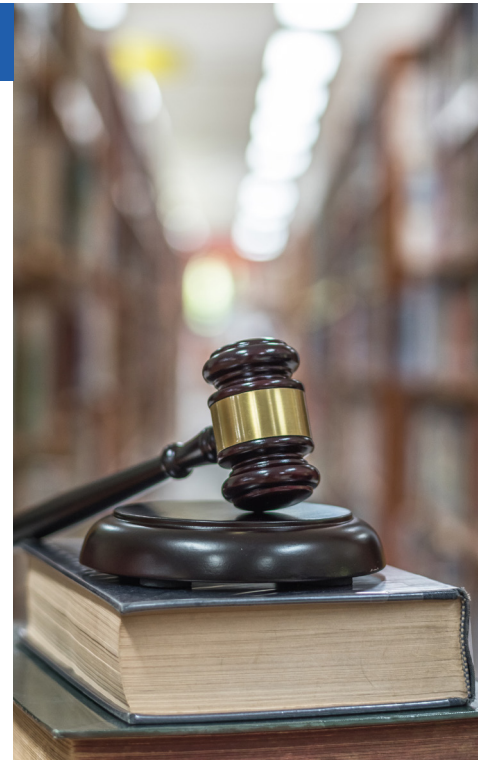
The Ministry of Industry and Trade is preparing a revision of the Clean Mobility National Action Plan, which will support not only electric, but also hydrogen fuel cell vehicles. By 2030, the Ministry expects 60 to 90 000 hydrogen vehicles to be active in the Czech Republic.

energy technologies. From the businesses' point of view, the partnership between the EU and Asia holds a lot of potential, as the economies involved accounted for 65% of world GDP in 2018 and 71% of global growth. However, in order to foster the opportunities given by the partnership, businesses need to have clear indications in terms of what kind of projects will be supported by the partnership and how they will be financed. When the companies see that the projects are concrete, feasible and backed by sound financial institutions, then they will be willing to invest in it and support clear outcomes of the partnership.

SAFEGUARDS NEEDED IN THE COLLECTIVE REDRESS PROPOSAL

Last year, the European Commission presented its proposal of representative actions for the protection of the collective interests of consumers that sparked a lively debate among stakeholders. The European Parliament managed to find consensus on the proposed directive quite swiftly and approved its position at the March plenary meeting this year. On the other hand, the proposal has been stuck in the Council for a long time. However, the Finnish Presidency is eager to change this and get the general approach by the end of the year. Since the beginning of the negotiations, the main priority of European businesses was to put in place sufficient safeguards that would prevent abuses of the system that would lead to a rise of frivolous cases, as seen in the US. First of all, it is crucial to set out clear criteria for qualified entities in cross-border actions. The proposal should define the cases when the collective action is considered domestic and when it becomes cross-border. Only when the criteria are clear will there be no risk of forum shopping that would lead to qualified

entities being set up ad hoc in countries with weaker national systems of collective redress. Furthermore, the proposal should give clear rules on how the funding of the litigation is carried out. Therefore, criteria such as the exclusion of conflicts of interest between the third party, the qualified entity and its members, the prohibition of excessive interest on the funds, the prohibition of contingency fees or the limitation of financial contributions by third parties should be anchored in the legislation. The system should act as an assurance for consumers that their rights are fully protected and it shouldn't turn into a new business for entities that would like to make profit out of it. Another key aspect of the proposal is the opt-in/opt-out system. Businesses think that the opt-in principle is a key aspect of the collective redress system and, therefore, it should be clearly supported in the proposal. If the directive gives Member States a possibility to choose from either opt-in or opt-out system, it will lead to different conditions in each country and increase the risk of forum shopping.



EESC CORNER: EU ECONOMIC PROSPECT STILL GOOD – EXTERNAL DOWN-SIZE RISKS HOWEVER ACCELERATE



In the second half of 2019, we still have to respect and appreciate the positive development of the EU economy and the euro area over the last few years. At the same time, we are very well aware of the risks that could reverse this trend. The EU and euro area economy is now more exposed than usual to risks from outside the EU. A central element of uncertainty here is Brexit, especially a no-deal Brexit. A qualitative analysis puts the current investment growth rate higher than the growth in EU and euro area GDP, thanks to which 2018 saw the highest level of investment since 2008, its absolute volume surpassing the pre-crisis level for the first time. Investment growth and volume have come close to or reached pre-crisis levels. While the average annual growth rate of investment in the EU stood at 0.3% between 2005 and 2009 and at 0.2% between 2010 and 2014, in 2018 investment grew by 3.7% year on year. This year the estimate is 3.2%, with 3.0% for 2020. In other words, investment is growing faster in the EU than GDP. At 20.5% of GDP, the 2018 investment level was the highest since 2008 (22.8%). In absolute amounts, the figure was EUR 3 193.9 billion in nominal

terms compared with EUR 2 983.8 billion in 2008. Here, with a view to the future, Europe would need to allocate much more robust funds, particularly to strategically important activities and sectors that can provide long-term competitive advantages in the global context. However, this economic development has not been spread evenly throughout the EU and the euro area and the progress of convergence remains unsatisfactory. Sustainability also remains an increasingly complicated challenge for the EU. We should broadly welcome the fact that significantly improved fiscal discipline is offering room for greater fiscal expansion – subject to compliance with all rules on fiscal prudence. This room is opening up both for individual Member States and the EU as a whole. The proposal for a budgetary instrument for convergence and competitiveness (BICC) – a pilot project to strengthen fiscal policy in the euro area – could be very interesting. At the same time, we call for the continuation of effective structural reforms with well targeted investment strategies. Here, it is supported and appreciated adherence to the “virtuous triangle” of current economic policy priorities consisting

in the equilibrium and mutual conditionality of investment aid, the implementation of structural reforms and the practice of fiscal responsibility and prudence. More focus on the domestic demand factors seems to be important. In parallel, attention and concern are connected with the broad spectrum of macroeconomic imbalances within the EU and the euro area. It calls on both the European Commission and the Member States to set up a common platform to align the positions of the Member States when it comes to addressing external imbalances, particularly given the greater degree of external risks in the future.



Petr Zahradník,
Group I EESC Member

CEBRE CALENDAR:

- **22nd-23rd November** – Czech gaming companies visit Belgium (Brussels, Charleroi)
- **29th November** – CEBRE meets Czech MEPs to discuss digital agenda (Prague)

AVAILABLE
IN BRUSSELS!

CZECH & SLOVAK
LEADERS™

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.



www.komora.cz



www.spcr.cz



www.mpo.cz



www.kzps.cz



www.czechtrade.cz