

BUSINESSES NEED TOOLS TO ACHIEVE CLIMATE LAW GOALS



On 21st of April, the representatives of the European Parliament and the Council reached a compromise regarding the European Climate Law, one of the crucial parts of the European Green Deal. The Climate Law sets climate neutrality by 2050 as a legally binding commitment, while also setting 2030 greenhouse gas emissions target. And it was the 2030 target that was the hardest part to negotiate. In the end, the representatives of EU institutions agreed that a collective, net greenhouse gas emissions reduction target will be of at least 55% by 2030 compared to 1990 levels. Apart from that, negotiators agreed on the need to give priority to emissions reductions over removals, aim to achieve a higher volume of carbon net sink by 2030 and establish a European Scientific Advisory Board on Climate Change that will comprise of 15 senior scientific experts of different nationalities. Apart from that, it was agreed that

the Commission would propose an intermediate target for 2040. Needless to say, companies will play a crucial role in achieving these targets. While European business organizations support the EU's climate neutrality ambition, it is necessary to provide them with adequate tools to achieve this goal. EU needs to reach the climate neutrality target in an economically and socially feasible manner, which is of utmost importance especially in the light of the current COVID-19 pandemic that has hit businesses hard. Investment worth hundreds of billions of EUR per year will be required to reach the 2030 and 2050 targets and businesses mustn't be left in this endeavour alone. Therefore, European businesses urge the European Commission to put in place all the necessary investment and political tools that will help companies bear the costs of the transformation required to pursue the climate neutrality goal.

MEP CORNER



"The Climate Law was approved in a form which is, at first sight, more favourable than required by the green European Parliament. But the main battle will begin in June. The Commission will present a Fit for 55 package which will show what exactly the commitment to climate neutrality by 2050 will mean for each sector of our economy. Stakeholders should get ready for a long-lasting and difficult fight."

Alexandr Vondra, Member of the Committee on the Environment, Public Health and Food Safety, European Parliament

SERIOUS SME STRATEGY MISSING

The ongoing prolongation of restrictions and lockdowns has pushed European SMEs into difficult financial situations and often risk of insolvency. Without relevant support measures at the EU and national levels, the SMEs won't be able to increase their creditworthiness, or to invest in either recovery or the green and digital transition. When legislating, the EU institutions must take into account the impact of the ongoing crisis and SMEs must be high on the EU political agenda. Policy-makers repeatedly refer to SMEs as the 'backbone of the economy' but these state-

ments are frankly meaningless if they are not matched with policies that help smaller businesses to survive and recover. SME representatives wish to see a serious update of the EU SME strategy that was adopted in March 2020 - only a couple of days before the EU Member States started locking down - and that it reflects the impact of the COVID-19 pandemic. Hand in hand with the update, we also need a high-profile person in the European Commission who will take care of EU SMEs and ensure that new EU initiatives are easily "digestible" for them.

News FLASH

>NUCLEAR ENERGY AND NATURAL GAS ARE IMPORTANT FOR DECARBONIZATION

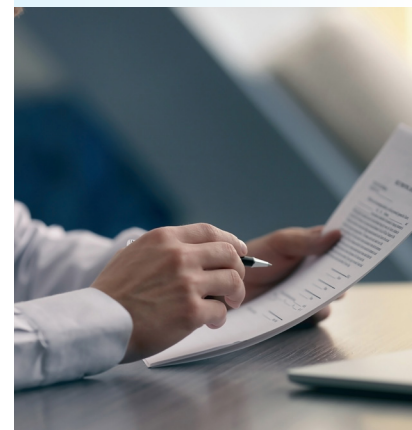
A group of Member States, including the Czech Republic, has called on the European Commission to include nuclear energy and natural gas in the taxonomy list, as they are necessary as an intermediate step towards clean green energy sources and will help them move away from coal. Unfortunately, the Commission did not hear this appeal.

>CZECHIA IS LOOSENING ITS MEASURES

The Czech Republic has started with the loosening of the restrictive measures related to COVID-19. But the opening of shops and restaurants depends on the number of cases per 100 000 inhabitants. It therefore takes into account the epidemic situation and does not set fixed dates, with a few exceptions, for loosening.

>FREE ACCESS TO CZECH STANDARDS

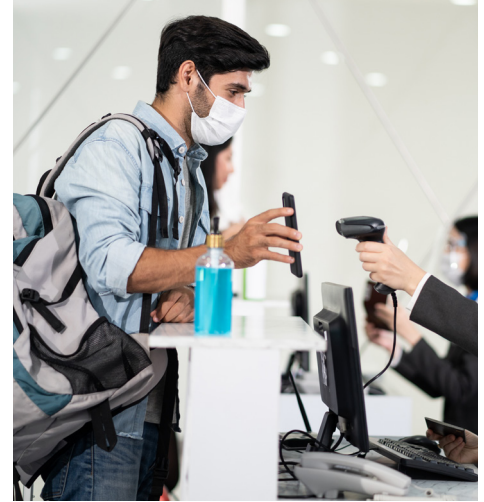
The Ministry of Industry and Trade, together with the Czech Agency for Standardization, have provided the Czech public with free access to full texts of almost 200 technical standards, which are binding on the basis of Czech legislation. Other ministries now need to join in.



DIGITAL GREEN CERTIFICATE MUST MINIMIZE COMPLEXITY AND FACILITATE MOVEMENT OF PASSENGERS

On 17th March the European Commission proposed a Digital Green Certificate that should facilitate free movement inside the EU as the COVID-19 pandemic continues. The Digital Green Certificate is digital proof that a person has either been vaccinated against COVID-19, has been tested negative or has recently recovered from COVID-19. The Commission will build a gateway to ensure all certificates can be verified across the EU, and support Member States in the technical implementation of certificates. Member States remain responsible to decide which public health restrictions can be waived for travellers but will have to apply such waivers in the same way to travellers holding a Digital Green Certificate. It will be available, free of charge, in digital or paper format. EU businesses ask the European co-

legislators to agree on the final text as quickly as possible in order to set up a unique approach for travelling in the EU which will help businesses and citizens to move freely within the EU, especially with a vision of the upcoming summer season. Business representatives stress the importance that there should be no discrimination between EU citizens and they are therefore to be treated in the same way, independently whether they are travelling to their country of residence or not. Minimum common standards for tests in order to avoid further restrictions are encouraged. Business representatives also stress that all efforts to have this system recognized worldwide should be pursued. Adoption of the European Parliament's negotiating position on the proposal last week is a good step forward.



SETTING OF MINIMUM WAGES MUST REMAIN RESPONSIBILITY OF INDIVIDUAL MEMBER STATES



During the March plenary, the Employers' Group adopted a counter-opinion (contrary to the Committee's opinion) on the minimum wage, noting that the area of minimum wages must remain the exclusive competence of individual Member States. They also point out that the October 2020 proposal for a European directive on the minimum wage lacks a proper assessment of the impact of the ongoing economic crisis linked to the COVID-19 pandemic and may lead to a further widening of disparities and inequalities in Europe. Employers do not dispute that greater wage convergence, including minimum wages, can contribute to better social and economic cohesion in Europe and close the gender pay gap or improve living and working conditions while ensuring a level playing field in the single market. However, they contradict the way in which the European Commission wants to achieve wage convergence. Like some Member States, employers' representatives consider that a directive is not

appropriate to achieve this goal. Alternative instruments are, for example, Council recommendations.

- The legal basis of the proposal is also ambiguous. The EU may adopt legal instruments concerning working conditions on the basis of Articles 151 and 153 of the Treaty on the Functioning of the EU. The EU Treaties stipulate that Article 153 does not apply to "remuneration". We already have EU case law and existing directives that consider the issue of remuneration to be a key working condition.
- The employers also consider that the setting of minimum wages falls within the national competence and is addressed in accordance with the specificities of each national system. In this respect, employers' representatives disagree with the views of other members of the Committee, who consider that setting minimum wages is a matter for the EU. On the other hand, the Nordic trade unions are in favour of employers, who oppose

legal interference in autonomous collective bargaining between the social partners. In its memorandum explaining the proposed measures, the Commission stated that Member States with a high coverage of collective bargaining perform better than others in terms of higher wages and fewer low-paid workers.

- In this respect, the EU Minimum Wage Directive would disrupt collective bargaining systems, especially in countries where minimum wage limits are set by collective agreements.
- European minimum wage policy could have a potentially negative impact on employment, especially for young people and low-skilled workers, and could exacerbate non-compliance, which could also force many low-paid workers to work illegally. Undeclared work leads to unfair competition and worsens social and tax systems and does not respect workers' rights, including the right to decent working conditions and a minimum wage.

The current economic and social situation is very serious, and it is therefore necessary to properly assess its impact and its contribution to the economic recovery before introducing any new legislation, in order to avoid the opposite effect. The Commission should therefore reconsider and take a more balanced and cautious approach and strive for real EU convergence through a non-binding instrument, while fully respecting the autonomy of the social partners and the different models of industrial relations, as called for by the employers' group.



Alena Mastantuono,
EESC Member,
Group I – Employers