



THE SENATE
OF THE PARLIAMENT OF THE CZECH REPUBLIC

9TH TERM

278th

RESOLUTION OF THE SENATE

Delivered on the 12th session held on 21st August 2013

on the Recommendation for a Council recommendation on the Czech Republic's 2013 national reform programme and delivering a Council opinion on the Czech Republic's convergence programme for 2012- 2016 /Senate Press no. J 074/09/

The Senate

I.

1. Considers

that the coordination of economic policies of Member States poses a key task for both the Union's institutions and Member States themselves with regard to the level of interconnection among individual economies;

2. Believes

that the European Semester, that was established with the view of ensuring a more effective coordination of economic policies of Member States with regard to achieving Europe 2020 goals, can serve its purpose successfully only if national parliaments take an active part in it from the very beginning, which the Senate pointed out in its Resolution No. 154 of 21st March 2013 on the Communication from the Commission Annual Growth Survey 2013;

3. Adds

that active involvement of national parliaments in the European Semester can contribute to strengthening its democratic legitimacy and increasing its effectiveness because, in the end, national parliaments are the bodies that adopt and implement individual economic policy recommendations through the national legislative process;

II.

1. Is concerned

that the output of the Czech economy has not reached its pre-crisis level (of 2008/2009) yet and that the Czech Republic has been experiencing the longest economic recession in modern times lasting six quarters;

2. Agrees

with the view of the Commission that a swift and durable recovery is hindered in the Czech Republic by repeated cuts in public investment expenditure;

- 3. Therefore, considers it crucial,**
in accord with the Commission's recommendations,

 - to prioritize growth-enhancing expenditure on measures aimed at boosting employment, research and innovation, education, childcare facilities and infrastructure projects;
 - to ensure effective spending of public expenditure focusing on its multiplicative effect, including projects co-financed by the EU funds;
 - to make sure that available cohesion funds are fully and properly used within the current 2007-2013 framework;

- 4. Is of the opinion**
that in connection with the anticipated end of the excessive deficit procedure, it will be possible to make use of a certain margin for financing of growth-enhancing measures, and it further views positively the correction of the path of fiscal consolidation when within the horizon of the Convergence Programme (i.e. by 2016), the fiscal policy should no longer be procyclical by further reducing the deficit, but the structural deficit should rather be maintained at the current level;

- 5. Supports,**
in accord with the Commission's recommendation, further reducing the difference in the tax treatment of employees and self-employed persons, and also stresses the need to improve tax compliance, prevent tax fraud and tax evasion;

- 6. Finds**
the Commission's recommendation on reducing high level of labour taxation unacceptable; adds that continuous increases in VAT or excise tax have significant social impact above all on lower-income groups and pensioners and that is why the social implications of such changes in the tax system always need to be taken into account;

- 7. Disagrees**
with the recommendation to raise the statutory retirement age faster and to remove the pre-retirement scheme because it is convinced that the basis for long-term sustainability of public finance with regard to the ageing of the population cannot rest solely on constant increases of the statutory retirement age; rather, the emphasis must be placed upon the stimulation of labour productivity growth and high employment rate;

- 8. Supports**
in this context recent initiatives of the Commission aimed at solving the problem of high youth unemployment (e.g. youth guarantees or Youth Employment Initiative), while it adds that similar attention should be given to people of pre-retirement age as well, and thus it fully agrees with the Commission's recommendation to promote employability of older workers;

- 9. Considers**
it necessary to focus, within the system of education, on aligning the structure of graduates in terms of their specialization with the demand on the labour market so that the education system does not "produce" graduates with low employability;

- 10. Agrees**

entirely with the Commission's recommendation concerning the necessity to adopt a Public Servants Act that would ensure provision of stable, efficient and professional public services;

III.

1. Requests

the Government to inform the Senate about the way the recommendations to the Czech Republic were taken into account in relation to this Resolution, and about the further proceeding of the European Semester;

2. Authorises

the President of the Senate to forward this Resolution to the European Commission.

Milan Štěch
sign manual
President of the Senate

Vladimír Plaček
sign manual
Senate Verifier