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## LET'S USE COHESION FUNDS WISELY!



Czech Ministry of Regional Development has been discussing the future strategic direction of the European subsidies with stakeholders for over a year. By the end of August, the Czech government approved comprehensive Czech Strategy setting out five cohesion policy priorities - increasing competitiveness, core infrastructure development, enhancing performance of

institutions, promoting social inclusion and sustainable development of regions. The main aim was to use European funds also for the implementation of national strategic documents such as the International Competitiveness Strategy of the CR. In October 2011, the European Commission adopted "cohesion package" for the period 2014-2020.

(see more on page 2)

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.



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## The year ahead brings more fear than confidence!

The current situation in the eurozone shows the real risk of serious economic problems for the Czech Republic in the year to come. Long-lasting discussions about the solution for the eurozone debt crisis, instability of financial institutions and constant changes in economic situation result in increased fear of Czech businesses. Forecast for 2012 economy is unfavourable and for this reason Czech companies are getting ready for further worsening of the situation. They decrease investment, save money and are rather cautious when hiring people. The unemployment rate is slightly increasing (around 8%) and worsening the situation is also expected in exports that went rather well in 2011. Expectations for GDP growth are about 0.8%.



**Petr Kužel, President of the Czech Chamber of Commerce**

"Companies are behaving rationally and getting ready for the new wave of crisis. As a result, companies react by reducing the number of employees. However, businesses know that in case of serious problems it is not worthy to fire qualified people as it might be difficult to hire them back once the crisis is over. According to our chamber's survey almost a fifth of companies is ready to decrease their staff beginning 2012. Only 9% indicate they will hire new employees".

**Jan Wiesner, Chairman of the Confederation of Entrepreneurs' and Employers' associations of the Czech Republic**

"Our member unions and companies expect that the credit crisis would also bring some positive aspects: politicians would begin to make decisions when using more common sense and less political arguments. The current complicated economic situation would make us solve problems instead of talking about them. Therefore we expect significant lowering of administrative burden, less (environmental) regulation and bigger emphasis on competitiveness of Czech companies. I would like to take advantage of this event to thank all our partners and the CEBRE office for our excellent collaboration up to now."



**Jaroslav Hanák, President of the Confederation of Industry of the Czech Republic**

"Czech companies are very hesitant in their expectations towards 2012. Euro- / debt-crisis is worsening market confidence and has very negative effect on Czech export and HDI. Therefore I expect the Czech government to stand up for the interests of economy and support any suitable and sustainable solution that will safeguard our biggest trade partner - the euro-zone."

## News FLASH

### >ENTREPRENEURS USED ALREADY A QUARTER OF THE AVAILABLE OPPI FUND

Czech entrepreneurs have already received over CZK25 billion out of CZK 90 billion from the Operational Programme "Entrepreneurship and Innovation" (OPPI). Only this year, entrepreneurs will receive over CZK 10 billion European subsidies from the Ministry of Industry and Trade.

### >LOWER ENERGY BILLS OR ALTERNATIVE SOURCES OF ENERGY FOR ENTREPRENEURS

Nearly thousand of Czech entrepreneurs will pay lower energy bills or produce energy from alternative sources thanks to support of Eco-energy programme. Eco-energy programme, supporting investment in energy efficiency and use of alternative energy resources, is a part of Czech operational programme for entrepreneurship and innovation.

### >SPECIAL AWARD FOR OLOMOUC

The City of Olomouc was awarded by special award within the Access City Award for its innovative information projects and communications. Its innovative projects such as multimedia travel guide and audio/video multilingual information help removing barriers for handicapped people and involving them in the life of the city.

# COHESION POLICY AFTER 2013

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"Member States and the Commission have to discuss thoroughly the flexibility in allocation of money within each fund and ensure the maximum added value of investments. Europe's strength lies in diversity and not in one-size-fits-all solution," said Daniel Braun, Deputy Minister for Regional Development at CEBRE's debate in Prague in December 2011. Oldřich Vlasák, Member of the European Parliament's Committee for Regional Development, urged for searching the best solution in the CR: "Use of funds needs to be simplified and number of operational programmes reduced". Secretary of the Vice-president of the Confederation of Industry of the CR Jakub Vít from Arcelor Mittal Ostrava stressed that the Czech Republic was an industrial country with a significant number of large companies that pull the supply chain of hundreds of SMEs. For example – steel industry amounts only 0.3% of GDP, but the directly linked industries (especially automotive and construction) amounts up to 20% of GDP. For

the Czech industry, the main problem are too strict environmental conditions, which are often beyond the EU's obligations and stricter than in many other Member States. "Investing €40 million into better environmental impact of heavy industry will improve the air pollution by 7%. The same investment done in cleaner transport (electro-mobility and hybrids) will improve air quality by 25%", mentioned Vít.



From left Michal Mejstřík, Chairman of ICC CZ and NERV Member; Tereza Šamanová, Director of Legislation, Information and Counselling Dept., Czech Chamber of Commerce, Bedřich Danda, Deputy Minister for Trade and Industry, Petr Mlsna, Director for Czech Governments' Legislative Council and Michal Kadera, Director of CEBRE.

## EESC CORNER: CIVIL SOCIETY FORUM OF EASTERN PARTNERSHIP ENTERS THIRD YEAR OF EXISTENCE



The involvement of civil society was seen as the main innovation in the new EU approach to its Eastern neighbours called Eastern Partnership (Ukraine, Belarus, Moldova, Georgia, Armenia and Azerbaijan) and the Civil Society Forum was set up to achieve it. Entering its third year of existence, the CSF did not advance in this direction too much so far which should have been observed at the Poznan meeting at the end of November. The most awaited decisions on the new concept paper, legal registration and statute were deferred to the new steering committee elected by the Forum participants. The Poznan meeting confirmed that general mood of support for the integration with the EU by the civil society in partner countries remains still strong in spite of recent set backs: Belarus participation in the Eastern Partnership frozen, Ukraine's rapprochement with the EU losing its momentum and Mrs. Timoshenko's case hindering the signature of the Association Agreement including the Deep and Comprehensive Trade Area. The CSF reached certain success in promoting good

governance, fight against corruption, rule of law, freedom of media, environment and local government in partner countries. Little interest was paid to the issues of economic integration crucial for general advancement of partner countries. Social and economic actors such as employers, business organizations, chambers of commerce, trade unions and economic think tanks are not adequately represented in the CSF and they should be more involved in discussion how to secure growth, increase competitiveness, enhance entrepreneurship and support the SMEs, how to speed up necessary economic reforms and how to face serious effects the implementation of DCFTA will have on their societies. Increasing understanding of the need to cover more economic and social issues by the CSF was reflected by the approval to establish the social dialogue working group and increase the role of the European Economic and Social Committee in this field. The CSF expressed its wish to contribute to activities of the East Invest programme and of the Business Forum of the Eastern Partnership established at the end of October in Sopot but much work still remains to be done to enhance the role of the civil society in the decision making of economic policy in the partner countries.



Ivan Voleš, Member of EESC – Employers' Group, and Member of Eastern Partnership WG for economic integration and convergence with EU acquis

## News FLASH

### >TEN COUNTRIES HAVE AGREED TO DEVELOP THE NORTH-SOUTH ENERGY INTERCONNECTIONS IN EUROPE

In November, ten countries from Central and Eastern Europe agreed to develop North-South interconnection of energy markets. Representatives from Austria, Bulgaria, Croatia, Germany, Hungary, Poland, Romania, Slovakia, Slovenia and the Czech Republic together with the European Commission signed a Memorandum of Understanding in which the States represent the political will and intention to cooperate in the preparation and implementation of infrastructure projects to complete regional market and energy security.

### >INDUSTRY WARNING AGAINST THE LOSS OF EXPERTS IN THE CR

Nearly 90% of Czech-German companies lack experts, mainly with vocational education. Moreover, according to them, the situation is not improving over time and if this trend continues, there is a danger that companies would start leaving the Czech Republic for other countries. The fact that the Czech Republic faces declining quality of vocational education results from low interest of previous governments in this part of educational system.

### >COMMISSION CLOSES ITS INVESTIGATIONS CONCERNING THE MILITARY AIRCRAFT

The European Commission has closed the case against the Czech Republic for breaching EU public procurement rules when purchasing four military transport aircrafts in 2009. The Czech Republic has ensured that contracting authorities will in future limit the use of the derogation from public procurement procedures for military purchases to exceptional cases where this is necessary for the protection of its essential security interests.

## CEBRE CALENDAR:

- Meeting of The Czech Permanent Representation to the EU with CEBRE and Czech EESC Members (Brussels) – 18<sup>th</sup> January
- CEBRE Debate on Corporate Social Responsibility (Prague) – 30<sup>th</sup> January

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