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COSME AND HORIZON 2020 BROADEN THE HORIZON FOR SMES... WITHOUT ANY CLOUDS?



Financial instruments proposed by the European Commission in the next EU Multiannual Financial Framework 2014–2020 (MFF) aim to increase sustainable competitiveness of EU companies, establish an environment favourable to the business creation and growth and, what's most important, facilitate business access to finance. "We need to set up right instruments not only at European but also national level, involve banks and financial intermediaries and, last but not least, to build on the experience of current financial instruments such as CIP and FP7 programme", said Jakub Dürr, Czech Deputy Permanent Representative to the EU at the debate organized jointly by CEBRE (Czech Business Representation to the EU), Czech Permanent Representation to the EU and CZELO (Czech Liaison Office for Research and Development) on 26th April 2012 in Brussels. Almost €1.4 billion within COSME (Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises) and €3.8 billion within HORIZON 2020 (financial instrument implementing the Innovation Union, a Europe 2020 flagship initiative aimed at securing Europe's global competitiveness) are dedicated to financial engineering which will take a form of loans, guarantees, equity or quasi-equity or participations. The SME's access to financial instruments in both programmes will highly depend on how these instruments will be attractive to financial intermediaries who are to channel the money to its final beneficiaries. However, many of current instruments will continue in the new financial period. "Which means that we should insist on better structure, more efficient allocation of money and a new model of European Investment Fund", stressed Paul Rübzig, Member of the European Parliament's

Committee on Industry, Research and Energy and Committee on Budgetary Control. For this reason he welcomes the effort made by the European Commission to simplify its programmes, render them transparent and avoid overlaps. European chambers strongly endorse the initiative to improve access to equity and debt financing, even though only 0.2% of the proposed EU Multiannual Financial Framework is allocated to COSME. "Which is very low considering the frequently cited pivotal role of SMEs in the delivery of the EU's jobs and growth agenda", explained Giovanni Campi, Senior Advisor, EU Affairs, EUROCHAMBRES. While stressing the need for raising the COSME loan guarantees and budget, BUSINESSEUROPE also called for a more holistic approach for the support of SMEs, for example through the European Regional Development Fund (ERDF). "The spectrum of SME needs is broad. It is very positive that tailor-made support for SMEs is included in the draft revised ERDF Regulation. But SMEs also need indirect support, resulting from positive action on the economic structures that surround them", said Daniel Cloquet, Director of Entrepreneurship and SMEs, BUSINESSEUROPE.



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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News FLASH

>MANY EUROPEANS FEEL UNDEREMPLOYED

According to the data released by EUROSTAT in April, 20.5% of part-time workers in the EU27 in 2011 wished to work more hours and could therefore be considered underemployed. In comparison with other countries the Czech Republic is doing well. The proportion of part-time employees who feel to be underemployed, is 10%. Smaller proportion was found only in the Netherlands and Belgium (both 3%), where part-time working is common, and in Luxembourg (9%).

>JESSICA HELPS REVITALISE MORAVIA-SILESIA REGION IN THE CZECH REPUBLIC

At the end of April 2012, the European Investment Bank (EIB), in its capacity as the manager of the JESSICA Holding Fund Moravia-Silesia, has signed two contracts with Contera UDF MS s.r.o in cooperation with Volksbank CZ a.s. and Českomoravská záruční a rozvojová banka, a.s., establishing two Urban Development Funds to operate in the Moravia-Silesia Region, Czech Republic. The two funds set up with the support of the EIB will initially invest approximately CZK 341 million (EUR 13.7 million) through loans for projects aimed at brownfield revitalisation, development of tourism and improvement of public service infrastructure.

NEW PUBLIC PROCUREMENT DIRECTIVE – SIMPLY SIMPLER



The financial crisis and the overall economic downturn are accompanied by austerity measures and budget cuts in most EU countries. In the environment where economy generates less money, EU citizens and decision-makers pay even more attention than before to how the public resources are spent. This is also one of the reasons why the European Commission proposed public procurement reform at the end of December 2011, which should ensure that public authorities spend taxpayers' money more effectively and transparently. In addition, public procurement reform is also one of the twelve flagship initiatives under The Single Market Act presented by the Commission in April 2011. The main message behind the proposal of a new directive is simple –

simplification. On one hand, it should be easier for companies to take part in public procurement under the new rules, mainly because of cutting red tape and new financial capacity requirements for participation in public tenders. This is good news especially for SMEs who could not participate in public procurement so far either because of staff shortage or insufficient turnover threshold. On the other hand, the simplification of the procedure should have positive effect also on public procurement submitters, as the use of electronic communication should be extended and the red tape should be cut. While simplification is usually perceived as a positive sign, especially in relation with EU legislation, the reaction of businesses is not so positive. European business organisations, being

it BUSINESSEUROPE with Czech Confederation of Industry as one of its members, or EUROCHAMBRES and UEAPME with Czech Chamber of Commerce, do not think that new rules are necessary. When we omit the transparency issues, public procurement is perceived as a very complex and complicated issue for businesses in the Czech Republic, and especially SMEs have often difficulties reaching money from public tenders. Most Member States implemented the current legislation on public procurement in 2006 and in 2007; therefore, in general, business organizations require no major changes in the new directive that would probably cause more harm than good. Although simplification is presented as the main positive aspect of the new directive, SMEs will probably not receive the message very clearly when they will have to comply with new rules. Instead, according to business organizations, the Commission should focus on better application of current legislative at national level. Although the aim of The Single Market Act is to implement all the flagship initiatives until the end of 2012, public procurement reform should not be done hastily, warn business organizations. In the end, it is approximately 18% of EU GDP that is at stake.

EESC CORNER – RESEARCH AND INNOVATION PARTNERSHIP



The Commission's communication on partnering in research and innovation COM (2011) 572 final deals with the question of how to optimise existing research and innovation (R&I) resources so that the European Research Area can be completed by 2014 and the Innovation Union, Digital Agenda and other Europe 2020 flagship initiatives can be implemented, even in view of the current economic and financial crisis. In its communication, the Commission falls back on the concept of partnerships, the importance of which as a means of pooling efforts was emphasised in the Commission's communication on the Innovation Union published in October 2010. Partnerships should bring together European and national stakeholders from the public sector in public-public (P2P) and public-private (PPP) partnerships, in order to meet the major challenges facing society and to strengthen Europe's competitive position. In order to reach a common view on how R&I partnerships may contribute to smart and sustainable growth in Europe, partnership

models were developed and tested in the seventh framework programme for research (FP7), the competitiveness and innovation programme (CIP), the European Research Area (ERA) and in the political framework of the Innovation Union. In its overall assessment, the Commission concludes that partnerships offer a range of advantages and still have untapped potential. European innovation partnerships (EIP) may provide an overarching framework for the various partnership models by bringing together all important stakeholders in the R&I cycle, covering both the supply and demand sides, and by fostering political commitment to agreed measures. In addition, partnerships are an efficient way of involving small and medium-sized enterprises more closely in research and innovation. Demographic change, climate change as well as changes in industry, economy and labour market as a result of globalisation are the biggest challenges for the future development of the European Union's Member States. In order to overcome these challenges, joint efforts and the participation of all potential stakeholders are required and relevant measures must be coordinated centrally. They must be dealt with urgently through a combination of research, science and technology-based innovation as well as social innovation. Pooling resources, the creation of an appropriate budget and distribution of resources also requires central coordination so that the opportunities also associated with demographic change and global challenges can be used effectively for research and innovation.

The EESC therefore welcomes the Commission's initiative to establish and promote European innovation partnerships under the Innovation Union flagship initiative, which are geared towards organising the European research and innovation cycle in a more effective way and reducing the timeframe for innovations in the market. According to the conclusions, partnerships should be simple, flexible, inclusive and open, steering groups should be representative and balanced, and relations between existing initiatives and instruments must be clarified from the beginning. Furthermore, partnerships require clear frameworks for how they are structured, financed and operate in order to ensure their stable development over the longer term.

Marie Zvolská,
Member of the EESC
(Group I – Employers)

CEBRE CALENDAR:

- CEBRE conference on Competitiveness and Growth (Prague), **9th May 2012**
- CEBRE Ten-year anniversary (Brussels), **4th-5th June 2012**
- Sector Seminar on Agriculture and rural development (Brussels), **14th June 2012**
- Debate on strengthening the role of EU in the world (Prague), **27th June 2012**
- Conference on Internationalization of SMEs (Prague), **28th June 2012**

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