

#### Year 2010 - full of elections

The Czech Republic will hold the overdue parliamentary elections on 28 - 29 May. Early elections should have taken place in autumn 2009 but were rejected by Constitutional Court. Some Czechs will also elect one third of the Senate and/or elect their municipal governments during the fall.

#### Return to industrial production growth

Czech Statistic Office numbers confirm stabilisation of Czech economy. Growth in industrial production rose year-on-year by 1.8%. Economic growth can be only enhanced by increase in demand, orders and easy access to finance.

#### Choice of accounting

90% of Czech companies would like to have the possibility to choose between Czech and international accounting (IFRS). According to a January survey, majority of companies would prefer international accounting standards. Czech Ministry of Finance intends to propose such option.

#### e-market with chemicals

Ministry of Industry and Trade prepared an on-line stock exchange of chemicals that will open to Czech companies soon. Stock exchange will help companies to get rid of their chemicals legally, as illegal dispose of chemicals has increased in the Czech Republic since 2006 and its liquidation is very costly.

## Services Directive's implementation still very poor in 8 Member States!

By the end of 2009, Member States had to fully implement the Services Directive aiming to boost cross-border trade in the services sector, accounting for around 70% of EU GDP. Points of Single Contact (PSCs) have been designed to help businesses trading abroad to cope with administrative procedures and requirements, in a simplified way.

Many challenges such as delays in legal procedure (screening not completed, laws not adopted for legal or political reasons), operability of PSCs and their interconnection, non-completion of formalities, language barriers and insufficient awareness raising persist in numerous Member States. The Services Directive requires all Member States to lift legal and administrative barriers to the establishment and provision of services from abroad. According to a EUROCHAMBRES survey only 9 Member

States out of 27 have implemented the directive well, 9 moderately and 8 poorly. The Czech Republic was rated as one of the 9 good ones as it finished the transposition and set up the PSCs before the deadline.

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From left: Milena Vicenová, Czech Permanent Representative to the EU, Jana Reinišová, Deputy Permanent Representative and Martin Tlapa, Czech Deputy Ministry of Trade and Industry discuss the PSCs on 4th February, 2010

## EU 2020: Czech Businesses call for...

- In general, to overcome main challenges of today such economic crisis, ageing population, climate change or access to energy, Europe has to stabilise financial markets and public finances, undergo structured reforms and keep open markets through priority to Single Market, ambitious trade policy and support to innovation, research and education.
- More in detail, Czech businesses support entrepreneurship, removal of the administrative burden, better regulation, support to innovation, improvement of global competitiveness, flexibility of the labour market, better education and training ensuring supply of skilled workers, better use of the results of research and development, enhanced interaction between universities and businesses and removal of the remaining barriers of the internal market
- New approach to self employed people should be considered to ensure their competitiveness, social security and access to EU programmes as they represent a large and important social and economic power of the European economy and society.

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## LATE PAYMENTS: Equal treatment between public authorities and undertakings is unacceptable!

European Parliament IMCO rapporteur Barbara WEILER has recently introduces a report on the Commission's proposal to revise the Late Payment Directive. Voting in the IMCO Committee will take place on 8th April 2010 and during the May plenary. CEBRE has examined thoroughly WEILER's report and welcomes the inclusion of positive incentives to combat late payments, such as the use of professional publications, promotional campaigns as well as the establishment of prompt payment codes and the 60-days maximum cap for public authorities. However, the report includes some elements we cannot fully support. Czech businesses do not accept the equal

treatment of undertakings and public authorities. Public authorities do not have the same financial constraints as private undertakings, normally enjoying more stable cash-flow conditions and easier access to finance. Therefore, stricter sanctions, as proposed by the Commission, should only apply to public authorities and not to undertakings in the framework of business-to-business transactions. Ineffective management of public finance, burdensome administration and incorrect public accounting cannot be reasons for rejecting stricter conditions for public sector. On the contrary, it is an opportunity to improve all these.

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Czech PSCs are based on a well established infrastructure of 15 Trade Licence Offices in the regions and on a no. 1 business portal [www.businessinfo.cz](http://www.businessinfo.cz). The biggest challenge of the system will be the updating of information and keeping qualified staff. Czech business community is happy with the implementation of the Services Directive but the whole system can be efficient only if other Member States take the implementation as seriously as the Czechs.

On 4th February, Members of COREPER, high level representatives of Member States, representatives of European and national business associations, European regions and Members of European Parliament convened to share and discuss their experience with establishing the Points of Single Contact (PSCs). PSCs help the SMEs to



# TALKING ABOUT...



## ...SERVICES DIRECTIVE

comply with required procedures, such as: registration in commercial and professional registers, obtaining permits or licences, submission of notifications by filing requested information online; and collection of decisions at one single point without the need to approach multiple authorities at different administrative level. Czech Permanent Representative Milena VICENOVÁ opened the meeting and stressed the crucial importance of Internal Market. The biggest challenge will be to keep most up-to-date information and well qualified staff, said Martin TLAPA, Vice Minister of Industry and Trade. Czech business community considered three crucial steps in the implementation - ambitious approach, transparency and business involvement. All of them were fulfilled, said Vladimíra DRBALOVÁ from Confederation of Industry.

Representatives of European business community stressed the importance of PSCs as the "real face" of the Services Directive. They are very worried by the fact high number of Member States still has not completed the proper implementation of the Directive. BUSINESS-EUROPE recommends, through Carlos ALMARAZ, to take the advantage of virtual PSCs and on-line tools. Giovanni CAMPI of EUROCHAMBRES called for broader use of English by the PSCs. Both called for mutual evaluation phase in 2010 in the form of peer pressure exercise among Member States. Maria Martin PRAT from the European Commission accented the great benefit Member States will have from proper implementation of the Directive at national level and that the network effect will help to exchange information between all Member States.

## ENERGIZING EUROPE: Green to electric cars

In the times of economic slowdown, electrification of transport can be a challenge and interesting opportunity for industry, technology and environment as well as an impulse for creation of new jobs. The European Commission is preparing binding guidelines for standardisation of electric cars and all actors involved should consider adopting common standards as soon as possible. Otherwise, industry will have to invest much more later to harmonise different technologies with common European norms. For example, at present there are about 90 different types of charging stations.

Should electromobility become a reality, users must be able to charge their electric car anywhere throughout Europe. Supportive measures such as dedicated driving lines, easier parking or decreased taxation are also being discussed. CEZ Group perceives this field as very perspective and is therefore deeply engaged in development of electric vehicles in the Czech Republic, planning to build a network of 200



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public recharging stations.

Lucie Horova,  
CEZ Group

## EU 2020: Czech point of view

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According to Czech government, main priorities of the new Growth and Jobs Strategy should remain because broadening of the content could lead to the worsened governance and communicability of the Strategy. Structural reforms and adherence to the Stability and Growth Pact are necessary to achieve these goals. Key factors to be taken into account are: ageing population, insufficient labour productivity and growth of global competition, market of high value-added goods and services and long-term sustainability of public finances. Ex-

ternal agenda has to play supportive role – EU's role of a key global player, promoting free global trade, ensuring the strategic raw materials and energy sources, active role within the international finance mechanisms. Set of coherent policy principles and partial goals must be defined within the framework of the policy areas mentioned. The synergy and interlinking of macroeconomic, microeconomic and employment policies should be ensured. Biggest drawbacks of the Lisbon Strategy were of procedural and ownership nature and not of content.

## LATE PAYMENTS

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We do not accept that the same conditions should be imposed on companies (namely, SMEs). It would not be responsible and would harm the European economy. Regarding late payments public authorities should give moral and ethical example. Incremental sanctions (2%, 4%, 5%) replacing 5% lump sum of Commission's proposal can be accepted by Czech entrepreneurs. Nevertheless, it can be only acceptable if these sanctions apply for public authorities

and not for businesses. Rapporteur makes also difference between public authorities themselves when she stresses the need for public authorities operating in health sector to derogate to the 30-days limit. This is not only potentially unfair vis-à-vis other authorities providing services of general interest, such as schools for example, but the justification given – to take into account the specific organisation of health care systems and the different arrangements in Member States.

## CEBRE CALENDAR:

- Exhibition of Mr. Hodonský Wood Engraving & Matrixes on Pictures **(from 25 February - 7 May 2010, Czech House)**
- EC Seminar on EU Trade Making Policy: Perspectives and Priorities **(24 March 2010, Prague)**
- CEBRE Policy Cafe **(14 April 2010)**

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