

CEBRE – Czech Business Representation, protects the interests of the Czech business community in relation to EU institutions, informs Czech businesses about EU legislation affecting them, trains Czech entrepreneurs in Brussels and represents Czech business associations at European business federations. Contact: Czech House, 60 Rue du Trone, 1050 Brussels, Tel: +32 2 2139 450/2, e-mail: [cebre.europe@mail.be](mailto:cebre.europe@mail.be), [www.cebre.cz](http://www.cebre.cz)

## State must interconnect info systems, demand Czech entrepreneurs



From left Pavel Telička (member of HL Group), Aleš Pecka (Czech Permanent Representation) and Michal Kadera (CEBRE) during the Business Breakfast.

Czech entrepreneurs suffer more than 2100 information and report obligations imposed by both national and European legislation. The entrepreneurs support European goals to reduce administrative burdens by 25% by 2012 as well as the Czech national goal of 20% by 2010. Nevertheless, the most important step in the reduction process is the interconnectivity of the information systems of various public authorities, a conclusion arrived at during the Business Breakfast organized on May 28 by CEBRE and Czech Permanent Representation in partnership with Deloitte CR. (continued on page 4)

## „No justification for unequal pay!“ says Špidla



Commissioner Špidla with the group of Czech successful women.

A group of successful Czech businesswomen from the Czech Managers Association visited Brussels in May to learn more about insights into the labyrinth that is Brussels. They discussed equal opportunities over dinner with Czech Commissioner Vladimír Špidla and Pavel Bouda, a member of his cabinet. During the interesting discussion, many important topics were tackled, including maternity leave. Špidla says „Maternity leave is mostly projected as an economic hardship to the family, but there are more important

aspects, such as social exclusion and lack of educational opportunities“. (continued on page 4)

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## NEWS FLASH

### Consumer disputes faster and cheaper

Twelve contact points have been operating in the Czech Republic since April informing injured consumers and entrepreneurs about the possibility of resolving a dispute in the form of mediation or arbitration proceedings. Mediation is free of charge for the injured. If mediation fails, it is possible to go through the arbitration proceedings by paying only EUR 33. An out-of-court settlement will take the load off general courts and decrease the time of decision to 2 months.

### Not enough Czechs are craftsmen

Entrepreneurs complain about the lack of qualified labour with regards to craftsmanship. The declining number of qualified craftsmen is caused by the low number of graduates from specialist vocational training establishments. Young people don't consider crafts to be prestigious jobs. Although the solution to the shortage is using young craftsmen from third countries, there is a shortage of them as well.

### End of investment incentives

The Czech government has cancelled investment incentives granted for a long time to multinational companies in the form of a reduced corporate tax or limited social security and health insurance contributions. Now, SMEs using high technology will get a chance. In other words, sub-suppliers of big businesses create more jobs together than the big ones.

### Protecting the clothing industry

One third of the consumption of textile and clothing goods comes into the Czech market outside of official market systems. This causes a loss for the state budget in the amount of EUR 40 million per year, disturbs the standard competitive environment, distorts the respective markets and damages honest entrepreneurs. Entrepreneurial organizations therefore request sufficient support from the state.

### Business priorities for 3 EU Presidencies

Members of Business Europe from the French Mouvement des Entreprises de France, Czech Confederation of Industry and Swedish Svenskt Näringsliv published their business priorities for the three upcoming EU presidencies. The main stress will be put on competitive labour market reforms, efficient public spending, free global markets, global supply of natural resources, competitive climate change policy and energy efficiency.

## WHAT IS THE ADMINISTRATIVE BURDEN

European businesses on a daily basis face costly paperwork, i.e. performance of duties to notify, completing forms, obtaining permits or processing compulsory documents for an application being submitted. The burden is much more important for SMEs from the point of view of time and human resources. It is not only the EU „dictation“ but the burden comes also from the national regulations. Nevertheless, there are possible ways how to cut the red tape:

- by consistent evaluation of the regulations being prepared currently and by taking remedial measures toward existing legislation
- by simplifying and clarifying the valid legislation
- by specifying exceptions for SMEs regarding performance of the concrete information duties that are neglectable from the point of view of preventing risks
- by coordinating procedure of both national and the European Union institutions when preparing a regulation so that its negative impact on the entrepreneurial environment might be as small as possible

On the EU level, the following measures have been taken to cut the administrative burden: implementation of the Action Programme for Reducing Administrative Burdens of Entrepreneurs of January 2007

- implementation of the Action Programme for Reducing Administrative Burdens of Entrepreneurs of January 2007
- fulfilment of the European Council reduction obligation from spring 2007 (25% by 2012)
- creation of the Impact Assessment Board at the end of 2006
- creation of the High level Group of Independent Stakeholders (HLG) in September 2007

Cutting the red tape is also the reason of setting up the SME Low Level Working Group to Fight Administrative Burden by SME Union of the EPP, EUROCHAMBRES and JADE. According to the group the profile of HLG members does not reflect the entrepreneurs, which is why they have decided to form their own working party at the entrepreneurial level focused on concrete results and professional analysis.

# TALKING ABOUT CUTTING RED TAPE...



## Czech ambitious goal 20% by 2010

In 2007, according to the World Bank Report, the Czech Republic fell by four positions to 56th place out of 178 countries due to its high administrative burden with regards to the conditions for entrepreneurship. At the same time, it placed 113th on the chart of the most advantageous tax systems. Czech companies need 930 hours per year to fulfil tax liabilities, which is the most of all the EU countries. With regards to starting a company, the Czech Republic has the third worst conditions of any country in the EU.

The Czech government set down a more ambitious goal than the European Union - 20% reduction by 2010 - and promised to abolish 206 information duties in three years. It will deal with redundant paper



*Working breakfast on Administrative burden organised by CEBRE on May 28, 2008 in Brussels.*

forms, stamps and controls. Every entrepreneur in the Czech Republic has to be aware of the 2,168 information duties covered by 245 regulations. Most of these duties come from fiscal measures, Wastes Law, Trading licences and Social insurance provisions.

The administrative burden value is measurable using SCM (Standard Cost Model), which was used in the Czech Republic for the first time in 2005 in accordance with launching the process of reducing the administrative burden.

**“ Czech companies need 930 hours per year to fulfil tax liabilities ”**

Evaluation of new legislation being proposed is carried out in the Czech Republic ahead of time with the aid of RIA (Regulatory Impact Assessment) methodology and the measurement of the burden resulting from the new regulations on the basis of the adapted SCM methodology. The main advantage of the methodology is the comparability of results and its universal use in other member states in 13 main areas of the European legislation, which represents (according to the Commission) in total up to 80% of the existing burden. The measurement focuses on identification of the regulations which cost businesses (e.g. due to high frequency of performance of the reported duties or by finding that the entrepreneurs report similar information to different public authorities and institutions).

For the time being, measurement in the area of company law has been carried out in the Czech Republic, and this year, the Czech administration will focus on food safety, the environment and pharmaceuticals. Czech entrepreneurs anticipate the results in the last quarter of 2008.

## FAST TRACK ACTION FOR 150 BILLION EURO

More than forty legislative acts divided in 13 priority areas are covered by the Action programme. Adoption of five acts, a half of the first package, represents reduction of administrative burden by 500 million euro. Global commitment of the Commission (25%) corresponds to

the 1.5% of potential GDP growth or 150 billion euros in savings.

During 2009, when the Czech Republic will hold the presidency of the Council of the EU, the mid-term review of the process is to be carried out. Fulfilment of the Action programme goals should be also assessed. At the Spring European Council the Czech Presidency will endeavour to set and approve mechanisms for further continuation of the Action Programme.

# SIMPLIFIED ENTREPRENEURIAL ENVIRONMENT WITH UNIFORM SPE

Entrepreneurs expect that the SPE will facilitate and cheapen cross-border trading for them, facilitate establishing branches abroad, as well as provide an efficient marketing tool increasing the confidence of partners, suppliers and clients not only from the EU but from all over the world.

## 1. Uniform legal form

Decreasing costs for legal, consultancy and notary services, uniformity in the rules for everybody and creation of a certain form of guarantee and certainty may be reached only if the SPE has a uniform legal form for everyone with the smallest possible relation to the national legislation.

## 2. Simplicity at foundation

Foundation of an SPE should be possible ex nihilo, by concentration, division or separation of an already existing enterprise. Its incorporator should be both a legal and a natural person. All those who have already been performing cross-border operations as well as those who will only occasionally consider cross-border entrepreneurship should be able to use the SPE form.

## 3. Mobility

Entrepreneurs would welcome the possibility to register operation premises in another member state other than where they have their registered office, and the SPE should enable transfer of the registered office to another member state. It would certainly be suitable to administer an outline of all the European companies registered in this way by means of an electronic register for the entire EU, which would contribute to simplifying and accelerating administration connected with incorporation and data administration of European private companies.

## 4. SPE for responsible SMEs

The amount of SPE registered capital should not be too high in order to be acceptable for SMEs. For sure it should not reach the sums defined for the European Society (EUR 120,000.00) or the European Cooperative Society (EUR 30,000.00). On the other hand, the amount of the registered capital should prevent unethical entrepreneurs from entering the market and at the same time it should enable responsible ones to do so. The amount of the registered capital set in this way should correspond to the range of EUR 8,500.00 – 15,000.00.

## 5. Flexible regulation

The entrepreneurs expect the SPE concept – undoubtedly regulated in some form – to define, for maximum flexibility, only the most important rules as to foundation, incorporation, management and decision-making, including the ownership relations regulation. The rules relating to practical operation and management (e.g. increase or decrease in capital, repayment and subscription, appointment of directors, their rights and duties, voting, composition of the board of directors, etc.) should be regulated in the articles of association. The entrepreneurs would welcome recommended procedures, such as a sample example of the articles of association in an annex to the regulation.

Social matters, issues from the area of Labour Law and tax issues should not be the subject of the proposal. Absence of fiscal issues will not discourage the companies from using the SPE. The companies expect the SPE to mean less administrative burden and to contribute to simplifying the entrepreneurial environment of SMEs in the European Union.

## ENERGIZING EUROPE

### Proposal for a directive on industrial emissions integrated pollution and prevention control.

I would like to draw your attention to the proposal of an industrial emissions directive that was drafted in December of last year. Discussions in the Council of the EU and the European Parliament, however, have not yet started. Nevertheless, it is an important piece of legislation that could potentially have a significant impact on industrial installations, including power producers.

The directive was drafted on the basis of a detailed revision of the existing IPPC directive aimed at updating and simplifying the current legislation on industrial emissions. It comprises of the revised IPPC directive and five other directives (three so-called TiO2 directives, VOC Solvents and LCP directives).

The principle aims of the proposal are to improve the implementation of the best available

techniques (or BATs) for removing the existing excessive administrative burden that hampers positive environmental effects, adjust the existing limits for large combustion installations so that they are compatible with goals set in the Thematic Strategies adopted in 2007, to introduce minimal measures in the area of inspections, integrated permits and reporting requirements and, last but not least, extend the scope of the IPPC directive (inclusion of combustion plants with 20-50MW capacity, wood and wooden product protection and wooden panel production).

The core discussion in both institutions is expected to happen in the second half of 2008 during the French Presidency of the EU. However, due to the complexity of the proposal and its overlapping related areas, it is not probable that an agreement will be reached at the first reading.



CEZ GROUP

Dana Dvorakova  
European Affairs, CEZ, a.s.

## What is Societa Privata Europea?



The European Commission plans to submit a proposal of a uniform legal form called the European Private Society (Societa Privata Europea - SPE) within the framework of the package of measures to simplify the entrepreneurial environment in July. The SPE proposal should, in contradistinction to the existing European Society, the European Cooperative Society and the European Economic Interest Grouping fully satisfy small and medium sized companies. The proposal of the Commission aims to:

- enable small and medium sized entrepreneurs to establish a company anywhere in the EU under the same conditions
- make use of a uniform European brand giving confidence and certainty
- reduce the entrepreneurs' administrative burden as well as the financial expenses for legal, consultancy and notary services

# What You Shouldn't Miss

June 12th 2008

## CZECH STREET PARTY

For the second time, Czechs are organizing the Czech Street Party in Brussels on June 12th 2008 at 4,30pm. Next to the Czech House (Rue Caroly), you can listen to live Czech music, drink Czech beer and beverages, taste typical Czech food and visit exhibition stands of Czech regions, agencies and companies. Interested in travelling to the Czech Republic? Are you looking for a business partner or are you willing to learn more about Czech culture? Come and enjoy!

June 25th 2008

## BUSINESS BREAKFAST – MARKET ACCESS

CEBRE is holding a Business Breakfast on Market Access on June 25th 2008 at 8:30am in the Czech House (60, Rue du Trone). Representatives of the European Commission, the Ministry of Industry and Trade, Czech Permanent Representation, Members of the European Parliament and Czech entrepreneurs will discuss a common strategy for supporting EU businesses on global markets.

June 25th 2008

## ART OPENING OF CZECH GRAPHIC ARTIST



The Czech Centre is organizing an art opening for the well-known Czech graphic artist Květa Pacovská on June 25th 2008 at 6:00pm (60 Rue du Trone). Pacovská will exhibit until the end of August 2008. The opening will be followed by a small theatre play for children.

**Any questions or comments?  
Interested in participating in some events?  
Contact us at:  
cebre.europe@mail.be**

AVAILABLE  
IN BRUSSELS!



# Events

## BUSINESS BREAKFAST – CLIMATE PACKAGE (April 4th 2008)

Czech entrepreneurs welcome the Commission Proposal, though they have reservations about the deadlines and the way of implementing the individual measures. They are requesting a deeper impact analysis, particularly with regards to the energy price, creation of an effective and transparent Emission Trading Scheme and assessment of the potential contribution of new technologies. This request was heard at the business breakfast, which covered the topic of the energy-climate

package held by CEBRE in cooperation with the Permanent Representation. The 13% objective means that the Czech Republic has to triple energy production from renewable sources. Auctioning the allowances in a single step from 2013 will lead, according to the entrepreneurs, to a transfer of the investments into trading instead of into new sources. The package, however, needs to be looked at to see if it would overload transmission systems or possibly infringe on competition rules within the framework of the trading.

## DANCING CZECHS (April 4th 2008)

The first historical Ball of the Czech Republic in Brussels took place under the patronage of the Czech Commissioner Špidla. Guests from the European Commission, NATO, the European Parliament, Brussels representations, Czech regions, companies and other institutions enjoyed their time in the beautiful halls of Concert Noble till the early morning hours. In addition, the Bulgarian Commissioner Maglena Kuneva, the new Cyprian Commissioner Androulla Vassiliu and the permanent representative of the Czech Republic to the EU Milena Vicenová visited the dance floor.



Commissioner Špidla with Mr. Miko, DG Environment, enjoying the ball

## CZECH BUSINESS WOMEN IN BRUSSELS (May 27th - 29th 2008)

(continued from page 1) Meeting a group of women in power was very inspiring as the Czech labour

market still suffers several gender stereotypes and is unfortunately far from breaking the "glass ceiling" so far. Nonetheless this group of managers was a great example that Czech women are on the right track.

## BUSINESS BREAKFAST – CUTTING THE RED TAPE (May 28th 2008)



Participants of CEBRE Business Breakfast.

(continued from page 1) Jiří Plecítý, a member of the Cabinet of Commissioner Verheugen, stressed the

aims of the European Action Programme: improvement of the EU acquis structure, simplification of legislation and its implementation, and improvement of the quality of new proposals. Pavel Telička, Czech member of Stoiber's High Level Group, questioned the premise that 13 selected policy fields encompass 80% of the existing administrative burden, while at the same time expressing HL-G's openness to new desires to enlarge the scope. Deloitte CR introduced the project for measuring administrative burden undertaken by a consortium coordinated by Deloitte Touch.

Reducing small obligations sometimes results in significant money savings. Vitiating the obligation of a company to publish the date and place of its general assembly in the Official Journal of a medium size Member State can save up to EUR 90 million every year. Nonetheless, many of these types of initiatives have to start at the national level.