

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: brussels@cebre.cz, www.cebre.cz

## The End for Czech Presidency, the Beginning for MEPs

June meant the close of the Czech Republic's Presidency of the Council of the European Union. Despite unexpected turbulence in Jan Fischer's caretaker government, the Czech Republic managed to close out its presidency passing 84 European regulations and other pieces of legislation. For some this marks the end, but for others it's just the beginning. In June, Czechs voted 22 MEPs for another five-year term – two MEPs fewer than in

the previous term. The number of Czech political parties represented in the European Parliament also dropped – from its previous number of eight to four: ODS, ČSSD, KSČM and KDU-ČSL. Czechs are represented in the leadership of the Progressive Alliance of Socialists & Democrats group and also gained a vice-chairmanship on the Industry, Research and Energy (ITRE) Committee.

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## A Question for ITRE Committee Vice-Chairman Evžen Tošenovský

**Mr. Tošenovský, you were just voted vice-chairman of the Committee on Industry, Research and Energy (ITRE), which issues would you most like to dedicate your time to?**

The ITRE has a wide breadth of activities, which is what makes it such an interesting committee. In the near future, the ITRE will focus on the effects of the world economic crisis and how do deal with them. Another very important issue is energy. The natural gas crisis at the beginning of this year showed us just how important the diversification and use of alternative energy sources are. I think that renewable sources of energy

should be used where an excess of unused materials remains and where the conditions for their use is beneficial. We should manage the use of renewable energy sources with the economy in mind and not use them just to use them. The same goes for the system of trading emissions allowances. Another priority issue for me is the relationship between science and research with respect to universities—combining theory with practice. Wise economics is the best prevention for economic crisis.



Evžen Tošenovský

## Long-term solutions lay in R&D and knowledge economy

Economic perspectives of the EU are the worst in the post-war era. According to the Commission's spring forecast, GDP growth is to contract by 4% in 2009 and the unemployment rate may increase to 11% in 2010. EU countries are taking extensive measures to mitigate the impact of the crisis. The fiscal stimulus in the economy corresponds to 5% of EU GDP in 2009-10 (including automatic stabilisers). With significant cuts in key rates by the ECB and bank rescue plans in 19 countries (€300 bn in recapitalisation operations and €3 tln in bank guarantees), the support is very important. The biggest threat at present relates to persistent troubles in the financial sector, unus-



CEBRE breakfast held on 17th June in Brussels

tainable public finances, burdensome regulation and protectionism. In June, CEBRE organized a debate to evaluate the EU and national measures combating the financial and economic crisis. Participants agreed that spending on R&D and knowledge economy seem to be the key solutions to the crisis.

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## NEWS FLASH

### Communication with Public Offices Only Electronically

On 1 July a new law on electronic acts and the authorized conversion of documents went into effect. The aim is to ensure the correspondence between legal business entities and state authorities via a system of electronic "data boxes" mandatory from 1 November.

### State is Number One Debtor

On the ladder of non-payers, according to commercial research carried out in spring 2009, the state takes first place among all debtors in the Czech Republic. Three-fourths of Czech companies are affected by debts and late payments. Czech businesses welcome revisions to the EK concerning late payments, which was presented in April.

### Cancellation of Vehicle Log Books

The operation of business vehicles will be cheaper and require less paperwork. In July, the Czech Senate passed a bill on taxes and fees which cancels the obligation of companies to keep vehicle log books for the purpose of showing expenses associated with the use of company-owned vehicles.

### Unemployment Rises, Government Takes Measures

In July, the level of unemployment in the Czech Republic grew to 8.4%, up from 8% in June and up from 5.3% year-on-year. To combat rising unemployment, the Czech government is reducing employers' required contributions to social security from August 2009 to December 2010.

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## CZ PRES

The Czech Republic has six difficult months behind it. It was a big test for the new kid on the block and reports on how it performed have been varied. In any case, for the Czech Republic it was a challenge on all levels – administratively, logistically, financially and even in terms of its perception in the media. And because the pictures of politicians painted by the media don't always tell the whole story, we bring you our view of how the Czech Republic performed in specific areas. To what level was the Czech Presidency able to handle the issues it set as its priority issues? The three "Es", which represent the Economy, Energy and External relations were extended to include two "Gs" – Gas and Gaza. The unexpected crisis in the Gaza Strip and the interruption of gas supplies from the Ukraine in first months of the year were the first test, but definitely not the last. It was also necessary to deal with the effects of the world economic and financial crisis within the EU and at home. Following the financial and economic crisis, there was a political crisis at home.

## EU2009.CZ

**The Czech Presidency in Numbers**

During the Czech Presidency, 2400 proceedings and 38 sector councils took place in Brussels and Luxembourg as well as two European Councils. There were also 14 informal councils, 10 bilateral summits and 3000 accompanying events. The result was the passing of 84 regulations and pieces of legislation. The Czech Presidency cost approximately 1.9 billion CZK (€ 70 million).

## THE END OF THE CZECH PRESIDENCY, THE BEGINNING OF A FIVE-YEAR TERM OF OFFICE

(continued from page 1)

During the formation of the new European Parliament, Czechs participated in the birth of a new faction, the Conservative and Reform party which was joined by nine MEPs from ODS. The Progressive Alliance of Socialists and Democrats in the European Parliament – S&D – has seven MEPs from ČSSD, the United Green Left/Nordic Green Left European Parliamentary Group (GUE/NGL) has four represen-

## TALKING ABOUT...



## ...Czech Presidency Results

**Even though the Presidency officially ends in June, the changing of the governing chair in May is usually considered to be the end of the presidency. So what was the Czech Presidency able to achieve in four months, and how did the Czech Presidency perform on its priority issues?**

**Economic Crisis**

The Czech Presidency defended the principles of a common market and strongly fought against protectionist practices while supporting the efforts of the Commission to decrease bureaucracy. It reached agreement on parts of a plan of European economic renewal with respect to the Union and designed support projects in the areas of energy and wide-band Internet as well as investigations into the state of common agricultural policy (the Five-billion Package). It supported the lowering of VAT rates for certain services and the speeding up of the reception of

time, it pushed through the passing of procedures with respect to an "energy package" that removes barriers on the internal gas and electricity markets. It also contributed to an agreement on procedures on emergency supplies of oil and the speeding up of the revision of procedures on natural gas reserves. It negotiated a statement by the EU with Turkey, Azerbaijan, Georgia and Egypt which would contribute to the future diversification of sources of energy and energy pipelines. With the EP, it agreed on labeling low energy consumption products that are better for the environment with the CE symbol.

## “ 84 European Regulations and Legislative Bills ”

support for the requalification of workers, raising lending funding from the IMF by € 75 billion and the possibility of increasing the limits on the amount of assistance to member states outside the Eurozone to € 50 billion. It was able to push through common guidelines for the stimulation of the automobile industry and was able to sign an agreement with the EP concerning legislation on cosmetics and pesticide packages as well as a decision on participation in a European meteorological research program. It also contributed to the passing of acts on requirements for the approval of types of motorized vehicles concerning basic safety and the simplification of the third and sixth procedures in the area of EU law and signed an agreement between the EU and South Korea on cooperation in the case of anti-competitive proceedings.

**External Relations**

The Czech Presidency represented the EU during the armed conflict in the Gaza Strip and started the Eastern Partnership Initiative. It pushed through the signing of an agreement with Canada on safety in private aviation as well as began proceedings on a complex agreement on economic partnership with Canada. It also sped up the proceedings on an agreement with South Korea on free trade. The Czech Presidency also signed agreements on economic partnership with central Africa and with the Southern African Development Community. In addition, the Czech Republic reached an agreement among member states on a mandate for the full liberalization of the trade of agricultural products with Switzerland.

**Energy**

The Czech Presidency was also able to solve a bitter commercial battle between the Ukraine and Russia and renew the supply of natural gas to Europe. At the same



*Czech Ambassador to the EU Milena Vicanová had a hard time during CZ PRES*

**Lisbon**

The Czech Presidency on the basis of an EU agreement from December of 2008, negotiated for Irish citizens on guarantees passed at the July meeting in the areas of taxes, social security and neutrality, which would enable the Irish government to hold another referendum.



The Czech Chamber of Commerce, funding member of CEBRE, is an independent institution embracing more than 60 active district and regional chambers as well as 70 professional associations covering the entire Czech territory. The CCC ensures efficient representation with regards to the Czech government, provides customs and certification services, legal and legislative services. Contact: Freyova 27, 190 00 Prague, Czech Republic, Tel.: +420 266 721 300, Fax: +420 266 721 690, Email: eu@komora.cz www.komora.cz

## WHAT TO EXPECT IN THE ENERGY SECTOR FROM BRUSSELS IN THE AUTUMN

It may seem that after the adoption of two energy packages (climate and liberalisation) the energy sector may have a calm autumn without any new legislation or changes. This, however, is not the case. European institutions will specifically discuss the proposal of the new directive about industrial emissions, regulation about the notification of the investment projects in the energy sector (or the so-called energy efficiency package) at the second reading. For the countries with an energy mix based on coal, the most dangerous may be the new directive on industrial emissions. If the proposal is adopted without any modification to its new emission limits, it can have a huge impact on the energy sector since some of the coal power plants will have to be shut down and new energy resources replacing them will have to be put into service. The other proposal – regulation on notification of investment projects – will have, on the other hand, more administrative impacts and, if unmodified, it could constitute a disproportionate burden for energy companies. Therefore, this proposal should also be carefully followed by the industry. Equally important is the energy efficiency package and its negotiation. All these facts show that, with regards to energy, this autumn will be as active as last year's. In addition, we must not forget the implementation of the climate package, especially the emissions allowances directive, and the third liberalisation package. Hopefully for the energy sector, the legislature will act rationally.

Enjoy reading,

Zuzana Krejčířiková,

Director European

Affairs, CEZ



CEZ GROUP

# How Czech Companies are Weathering the Crisis

From the end of last year, revenue of Czech companies has fallen by almost 28%. The average official number of employees has also fallen by 20%. Czech businesses are also suffering due to the lending policies of banks and the inability to repay their loans. The passing of anti-crisis legislation is also complicating the current political situation at a time when the Czech Republic is preparing for early parliamentary elections and Jan Fischer's caretaker government has a limited mandate for making important decisions. Despite this, the government has still been able to pass some bills. Among them are anti-crisis measures in the area of taxation, such as quick write-offs, the institution of VAT rebates on personal automobiles, the lowering of contributions to social security by one percent and the increase of the guarantees from the state insurance company EGAP as well as the Czech-Moravian Guarantee and Development Bank. Businesses are still missing information on the existing measures as well as information about their effectiveness. This is why the government is recommending a new line of anti-crisis measures. Businesses are calling for an improved stance for creditors and better collection rights, the lowering of the administrative burden (especially for small and medium sized businesses), the relaxation of the controls and pressure from state institutions and the overall simplification and increased efficiency during the application process for EU funds.

## Employers Dream anti-crisis plan

### Taxes

- Continue with reform of the tax system and markedly simplify tax legislation and tax collection.
- Allow suppliers to apply for VAT refunds from the state for unpaid deliveries.
- Lower the VAT rate for continuing education.

### Employment

- Continue amending labor law with an aim to raise its flexibility and simplicity.

- Motivate companies that maintain the same number of employees from year to year.
- Raise the employment level of handicapped and disabled persons and support socially aimed business (social economics).

### Support export

- Raise the allocation of financial tools to support export.
- Meet farther in advance and better coordinate with businesses on the range of conferences and trade shows for which they can receive state support.

### Construction

- Maintain a pro-investment approach by the government to further investment into building infrastructure.
- Legally determine whether payments on invoices from the side of public investors are paid within one month.
- Strengthen the transparency in public tenders and enforce the business terms and conditions with professional organizations.

### Healthcare

- Continue with pension and social reform as well as the reform of healthcare.
- Establish the conditions for the expansion of commercial health insurance.

### Agriculture and hinterland development

- For the years 2010-2011, lower dairy quotas in the EU -27 by 5%.
- From 2010, create common agricultural policies in the Czech Republic within the dairy protection fund.
- Ensure by 2013 the same conditions among old and new member states, especially concerning the amount of direct payments.

### Energy

- Put the finishing touches on a national energy concept that will take into account January's natural gas crisis.
- Avoid any negative changes to legislation that affect the mining industry.

## HOW TO COMBAT CRISIS

(continued from page 1)

Measures to combat the crisis have been taken within the European Economic Recovery Plan (EERP) proposed by the European Commission and agreed on by the European Council last December. Member states implemented the EERP via their National Economic Recovery Plans (NERPs). What progress has been achieved at both EU and national levels and how efficient are the measures? According to Alexandr Hobza of the European Commission, the measures already put in place have

helped to alleviate the adverse effects of the slump. Member State actions mainly focus on addressing the situation in the labour markets and supporting household income. Others aim at supporting business confidence and boosting investment. On the other hand, the representative of the chamber network Giovanni Campi stated that NERPs are lacking the 'smart' investment in R&D, innovation and clean technologies which was announced sincerely in the EERP. For Marc Stocker of BUSINESSEU-

ROPE, the main challenges ahead are to fix financial sector problems, address risk unemployment, limit the propagation of the crisis in vulnerable countries and restore confidence in public finance. Fabian Zuleeg of European Policy Centre pointed out we have to prepare for long-term policies - structural reforms, improved public finances, investment in R&D and a green, knowledge economy. That is why the short-run rescue measures must be temporary. "Once the crisis is over, they should disappear," stressed Jaroslav Zajicek from Czech Permanent Representation to the EU. Speakers agreed that more consistency and better coordination of actions across the EU are needed.

# What You Shouldn't Miss

## CEBRE Business Breakfast on Late Payments September 30,

CEBRE in cooperation with Czech Permanent Representation to the EU is organizing a Business Breakfast on Late payments held in the Czech House in Brussels (60, Rue du Trône) on September 30th 2009 from 9:30 am. How can you ensure that other stakeholders - businesses and consumers - pay according to contractual and legal deadlines? Are there any other alternatives to ensure the payments, such as better procedural provisions?

## Meeting of the Economic Chamber and Members of the European Parliament October 14, 2009

Delegation of chamber's representatives and businessmen will meet with the members of five key political groups of the European Parliament on 14 October where they will have an opportunity to talk one-on-one with Czech MEPs. This meeting was organized by the Czech Chamber of Commerce together with CEBRE. The goal of the meeting will be to raise awareness for the chamber's network within the European Parliament and to acquaint MEPs with the chamber's interests for the EU's next session as well as meet with new members of the EP.

## EHSV Seminar for Young Business People November 19-20, 2009

The European Economic and Social Committee will hold a seminar on 19 and 20 November in Brussels for 20 young business people from the EU entitled: "How to Make Your Voice Heard in European institutions".

## Policy Café on Consumer Rights November 11, 2009

CEBRE is organizing a Policy café on Consumer Rights in the European Parliament in November. The goal is to discuss the review of the Consumer Acquis, which covers a number of Directives on consumer protection with MEPs and business representatives.

## FOCUS 89 presents Kolja

FLAGEY and EUNIC BRUSSELS in cooperation with SE PRES and EESC invite you to a week-long festival FOCUS 89 (Nov. 9-15) to celebrate the 20th anniversary of the fall of the Berlin Wall. Films and debates about 20 years of (r)evolution in Europe will be introduced by renowned personalities (politicians, directors, actors). On Nov. 13, Czech Oscar film Kolja will be shown. More at [www.focus89.eu](http://www.focus89.eu).



# Events



## ROUNDTABLE DISCUSSION ON BUSINESS EDUCATION

On 25 and 26 July, a conference of the Czech Presidency organized by the Ministry of Education, the Ministry of Industry and Trade, and the European Commission on business education was held in Prague. Three-tenths of the representatives of the education and economic ministries from Germany, Austria, Hungary, Poland, and the Czech Republic as well as representatives from the European Commission, representatives of employers (BUSINESSEUROPE, EUROCHAMBRES), labor unions and CEDEFOP were in attendance. Business education was discussed by Czech students, teachers and businesses at three parallel round table discussions. JA-YA Europe and JADE also actively participated in the debate.



Debate on Entrepreneurship Education at MŠMT in Prague on June 25 and 26, 2009

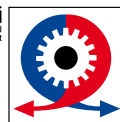
## CEBRE DEBATE: HOW DO WE HANDLE THE ECONOMIC CRISIS?

CEBRE in cooperation with Czech Permanent Representation to the EU organized a debate about Economic Recovery Plans assessment on June 17th 2009. The aim of the debate was to assess the implementation of measures agreed upon in the European Economic Recovery Plan and their interconnection with measures put in place by National Economic Recovery Plans. Participants agreed that spending on R&D and knowledge economy seem to be the key solutions to the crisis.

(more on page 3).

## 51ST ANNUAL ENGINEERING FAIR IN BRNO

From 14 to 18 September, the 51st Annual Engineering Fair was held in Brno (CZ). CEBRE, along with Czech businesses discussed current EU initiatives and financial tools and conducted a joint CEBRE-CZECHTRADE seminar on the topic "Sup-



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## CZECH STREET PARTY - CLOSING CEREMONY

Czech Street Party came on July to the city for a third time, bringing again the best of Czech rock music, Czech Beer, Moravian Wine, local specialties and more. The event closes the cultural program of the Czech EU. Party was organized by the Czech Permanent Representation to the EU.



Czech Street Party in Brussels on June 26, 2009

## CEBRE PRESENTED THE CZECH REPUBLIC TO 200 EU OFFICIALS

The European Commission in cooperation with CEBRE held a lunchtime conference on June 23rd to present the Czech Republic. The event titled "Un Etat membre à la une - la République tchèque" drew the attention of 200 EU officials. Representatives of Czech regions - Karlovy Vary, Plzeň, Vysocina, Praha, Olomouc and Zlín informed the participants about their regional particularities. The Czech Tourism agency gave a general presentation of Czech history, geography and culture. Pilsner Urquell beer and Karlsbad Becherovka liquor helped to create an informal atmosphere.



Event titled „Un Etat membre à la une - la République tchèque" in Brussels on June 23, 2009

port for European Companies Entering Non-EU Markets: How to do it" Deputy Trade Minister Martin Tlapa discussed the types of support and the initiatives available at the the European level for businesses. The goal of the seminar was to inform businesses about unused available funds and the opportunity for new European Commission initiatives designed to help them succeed in non-EU markets.

Any questions or comments?  
Interested in participating in some events?

Contact us at:  
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