

**CZECH PRESIDENCY
OF THE EUROPEAN UNION
AND
CONFEDERATION OF INDUSTRY
OF THE CZECH REPUBLIC**



Dear friends,

On January 1 the Czech Republic was placed in the forefront of the European Union, giving it six months of responsibilities in the important and prestige role of the presiding country. We have thus undertaken a significant portion of responsibilities for the operations of the organization which today consists of 27 countries and has nearly half a billion of Europeans. During its initial enlargement in 2004 the European Union became one of the largest single economic markets in the world attracting large number of investors and at the same time it is the largest industrial producer in the world. The fifth anniversary of the “largest enlargement” of the European Union which we will celebrate this spring is a suitable opportunity to remind us of the economic contribution of the new member countries. Therefore during our EU Presidency we would like to present the numbers and statistics, which are clearly pointing to the fact that the enlargement has strengthened the economy of the entire European Union and brought a number of advantages to the new member countries, among others significant increase of foreign investments.

Our government has chosen for the Czech Presidency a motto “Europe without barriers” and appointed three main priorities – “Economy”, “Energy” and “Europe and the World”. The economy and competitiveness stand right in the first place. The European Union has the strength to survive in the turbulences of global economy but it has to explore more properly its economic potential. It is essential to take necessary steps to simplify the life of European businesses and to support their activities. Therefore the important priority of the Czech Presidency is reducing administrative burden on entrepreneurs and removing of remaining barriers of internal market, which prevent free movement of persons, goods, services and capital. A well-functioning market was the fundamental idea of the European project in the 1950’s, but entrepreneurs must still continue in struggle with some restrictions and bureaucratic obstacles, which unnecessarily complicate their lives until today. Our motto “Europe without barriers” has its external dimension too. The European Union should not accept any slow-down in the liberalization of the global trade, obstacles in the access to the third markets, unfair competition or insufficient protection of intellectual and industrial property in other countries. In the past the European Union was able to benefit from the openness in its trade policies and should not abandon this strategy nowadays.

Understandably the EU Presidency represents a great challenge to our country and it is an exceptional task from the point of view of its organization and content. For such a small country as the Czech Republic the EU Presidency represents a unique opportunity to increase and improve its prestige both within Europe and worldwide. The Czech presidency is therefore not only an issue of the Government but of all of us. If we succeed in leading the European Union, we will confirm our credibility as a reliable partner of all the EU countries. Moreover, the Czech businesses will benefit from the strengthened credibility as well. Therefore our Government perceives the Czech presidency as a highly prestige assignment and endeavours to do utmost for its success. I wish all of us to succeed in this effort.

Alexandr Vondra
Deputy Prime Minister for European Affairs



Dear friends,

In January 2009 the Czech Republic will be for the first time in its history taking over the six-month presumed governing over the European Union. It is a challenge for us to prove that we are able to deal with many current problems. Flexible approach and reasonable ambitions are two characteristics that the Czechs have. These should guarantee that we will be able to manage everything successfully. Chasing to meet the Lisbon goals - higher competitiveness, full employment and strengthening the European external dimension marked the last decade. Not all member states have used this opportunity. It is evident, that Europe is now becoming tired of these reforms. Moreover, the reform steps in Europe have been hurt by the consequences of global crisis on the financial markets. This will bring along a slowdown in the European Union economic growth to mere 0,2 percent in 2009. It will also be for the first time since 1994 that the level of employment in Europe will decrease.

Nevertheless, both the European business and the Confederation of Industry of the Czech Republic believe that Europe has a sufficient capacity to overcome current global crisis. We support common "non-socialization" solutions on the European level and warn against impetuous interferences on the national level. European business knows what it wants and will not give up its pressure on the Brussels' institutions and national governments. Whatever we call it, the new vision for Europe must be clear, feasible and acceptable. Entrepreneurs want a strong Europe with clear and fair rules. Europe, which is attractive for industry and business. Europe, which is inspiring, encouraging new technologies and innovations. Europe of educated and professionally prepared people who are able to meet the demands of the labour market. Europe, which is open to the advantages of globalization. The Confederation of Industry of the Czech Republic will be facing demanding tasks both on the national and European levels during the Czech presidency. The Confederation has its priorities and is prepared to protect them, however its mission is substantially wider.

The Czech business community has become the leader of 40 business and employer associations in 34 countries of Europe, which are associated under the name of BUSINESSEUROPE. The Confederation will be their voice towards the EU institutions; it will be mobilizing and co-ordinating their efforts for the development of common European policies which are beneficial for businesses. We believe this will lead to the creation of new employment opportunities, improvement of both consumers' positions and living standards of European citizens.

Dear friends,

I can assure you that the Confederation has been preparing for the demanding role of the presiding country for a long time. We are prepared to protect and promote the interests of both our member companies and the business community in Europe. We will also follow the present achievements during the Czech presidency. We have already managed to influence decisions of European policy makers, which could have had very unfavourable consequences on the European business. We will not slow down in our effort and we believe that we will successfully manage to improve the competitiveness of the European Union.

I wish to all of us success in our joint effort.

Jaroslav Míl
President, Confederation of Industry of the Czech Republic

free movement of workers

EUROPE

WITHOUT BARRIERS

free movement of persons and services



liberalization of the EU trade with the third countries



The Presidency of the Czech Republic in the Council of the European Union in the first half of 2009 is a challenge of an exceptional extent and significance. The way of managing this task will significantly influence image and name of the Czech Republic in Europe for many years after its presidency is over. Even though the political framework of the Czech presidency will be marked by the end of the European Commission's functional period, elections to the European Parliament, the Lisbon Treaty ratification and economic and social effects of the global financial crisis, the Czech presidency will be a modern and multi-functional presidency successfully handling the entire number of its functions.

The Czech Republic will not be isolated in its role of the presiding country, but it will work together with the presidencies of two other countries – the previous French presidency and the following Swedish one. These three countries share a joint 18-month programme.

The Czech Republic has chosen the slogan "Europe without barriers" as its motto. The Czech Republic considers the transition periods in the free movement of workers or the barriers preventing free movement of persons and services as examples of such barriers. As far as the Union dimensions are concerned, it may primarily mean liberalization of the EU trade with the third countries. The motto of the Czech presidency should be penetrating the activities of the Czech Republic as the presiding country in all dimensions of the EU. These activities can be divided into separate chapters, which would develop its fundamental mission.

KEY AREAS OF INTEREST

liberal trade policies

four freedoms

competitiveness

CZECH

PRESIDENCY

PRIORITIES

COMPETITIVE EUROPE:

facing the existing financial crisis, strengthening European competitiveness, full implementation of all freedoms in the internal market, improvement of regulatory environment and emphasis on research, science and innovations.

ENERGY AND CLIMATE CHANGES:

an energy-secure EU, internal market with gas and electricity, protection of climate, energy efficiency and energy sources with low CO₂ emissions, protection of health and environment.

AN OPEN AND SECURE EUROPE:

internal and foreign policies, Eastern Europe, Western Balkan countries, transatlantic relations, human rights, development co-operation and building of an area of security and justice.

TOWARDS A EUROPE WITHOUT

BACK ON TRACK:

BUSINESS PRIORITIES

FOR THE PERIOD FROM JULY 2008 TO DECEMBER 2009

FRANCE 1.7.–31.12.2008

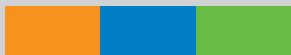
CZECH REPUBLIC 1.1.–30.6.2009

SWEDEN 1.7.–31.12.2009

COMPETITIVE OUT BARRIERS

During its leadership in the years 2008–2009 the French, Czech and Swedish presidencies have been facing numerous challenges. Among the most important are implementation of the Lisbon Treaty, revisions in the European Union budget and election of new European Parliament and Commission. Apart from that Europe must fulfill the expectations of its citizens by securing economic growth, tackle the global economic recession, creating employment opportunities, improving the coherence, securing future supplies of energy and dealing with the problems related to climate changes.

Implementation of these important tasks requires a more intensive co-operation between the business and labour unions in all these three countries and especially continuity of the entire process. That is the reason why the **Confederation of Industry of the Czech Republic** has joined the French **MEDEF** and the Swedish **Svenskt Näringsliv** in order to agree on common priorities of their countries' 18-month presidency of the European Union and on common procedures during their promotion. As the members of **BUSINESSEUROPE** they want to emphasize a number of essential moments, which are indispensable for getting the European Union back on the track of competitiveness:



I.

REAL

REFORMS

STRENGTHENING THE REFORM STRATEGY FOR GROWTH AND EMPLOYMENT IN THE EUROPEAN UNION BY REDIRECTING THE AGENDA TO THE QUESTIONS, WHICH ARE MOST IMPORTANT FOR THE COMPETITIVENESS.

INCREASING THE EFFICIENCY AND SUSTAINABILITY OF PUBLIC EXPENDITURES.

Macro-economic stability is the most important issue for the business. Therefore, meeting the criteria of the Stability and Growth Pact is the decisive issue for the European competitiveness.

IMPROVING ENTREPRENEURIAL CLIMATE FOR SMALL AND MEDIUM-SIZE BUSINESS.

This includes removal of all obstacles, which restrict the growth, such as high taxation, administrative burden and bureaucracy, inflexible labour markets, difficult regulations and shortage of qualified or unqualified labour force.

REFORMING OF LABOUR MARKETS WITH THE GOAL OF STIMULATING MOBILITY AND CREATION OF EMPLOYMENT OPPORTUNITIES.

The greatest importance for the businessmen is in the promotion of national reforms, which are directed to more flexible labour laws and more flexible forms of employment contracts, to the lower non-wage labour expenses, to more flexible arrangements of the work hours, to more efficient public employment services and to a greater mobility of the labour force .

STRENGTHENING OF EDUCATION, RESEARCH, DEVELOPMENT AND INNOVATIONS. Improving the quality and infrastructure of education and increasing public investments into research, development and innovations. Highly qualified labour force is the foremost pre-condition of our future ability to compete. In this relation it is imperative to reform the educational system and to create a more competitive one.

REDIRECTING THE FINANCES IN THE EUROPEAN UNION'S BUDGET TO INVESTMENTS, WHICH WILL HELP OUR FUTURE ABILITY TO COMPETE. In expectation of the upcoming revisions in the European Union's budget and its long-term financial perspectives we are urging the member countries to take advantage of this unique opportunity to become more active and to insist on reforming the European Union budget in the common interest of our competitiveness.

RELEASING FULL POTENTIAL OF THE EUROPEAN UNION'S INTERNAL MARKET. There is a need for more resources and greater political will, in order to strengthen the implementation and enforcement of the rules and principles of the internal market. Internal market must be completed.

II.

GLOBAL

EUROPE

OPEN AND FREE GLOBAL MARKETS are an important basis for increasing Europe's competitiveness.

To regulate globalization, we need to make a better use of our European values and the key sectors in which we have a chance to become globally competitive.

STRENGTHENING FREE TRADE AND MULTILATERAL APPROACH: Businesses want ambitious results within the framework of the Doha Development Agenda (DDA) as far as market access of goods and services are concerned. In order to maintain confidence in the multilateral trading system and its strengthening, we need a new strategy in the European Union, whether the new Doha agreement brings any improvement or not. Each new bilateral agreement on free trade (FTA) must be considered as a supplementary solution, until we are able to reach a progress on the multilateral level.

STRENGTHENING TRANSATLANTIC CO-OPERATION BETWEEN THE EU AND THE USA AND TRADE RELATIONS WITH THE THIRD COUNTRIES: To maintain the momentum of the common economic initiative between the EU and the USA by means of continuing co-operation in the area of convergence of regulatory procedures, increased co-operation in the field of climate change, common solutions in the field of trade and security, fight against counterfeiting and common procedures to protect the principles of the World Trade Organization (WTO). Relations with fast-growing economies and other third countries should be strengthened both at the multilateral, as well as the bilateral levels.

GLOBAL APPROACH TO MIGRATION: The formulation of the European Union's common global approach to migrating labour which will take into account demographic changes and shortages in the labour markets, mobility partnerships, facilitating legal migration and fight against illegal migration.

SECURING GLOBAL SUPPLIES OF NATURAL RESOURCES: Renewable and non-renewable natural resources are globally becoming scarcer. It is of vital importance that the European Union is able to secure its future supplies of natural resources from all over the world.

III.

ENERGY

FOR

COMPETITIVENESS

EUROPE NEEDS A POLICY ON CLIMATE CHANGE AND AN ENERGY ACTION PLAN, which will take into account competitiveness of the European industry, competitive prices and maintaining of the social development among the European citizens by means of better functioning energy markets in the European Union. European policy on climate change requires a fundamental shift from the primary energy resources, which produce carbon dioxide to the non-carbon dioxide resources. The existing energy and transport infrastructure needs time to adjust to such a change. Increasing the capacity of the European-wide distribution network and opportunities for new players to enter the energy market – these are just few examples of the areas where there is a need of certain time to make such transition and where it is necessary to adopt appropriate policy measures.

THE EUROPEAN UNION SHOULD PROTECT THE SECURITY OF ENERGY SUPPLIES. Efforts to establish balanced relations with suppliers outside the European Union should be based on clearly formulated energy policy of the European Union which will maintain the supplies of gas and oil under control and which will not deepen the European Union's dependency.

A COMMON APPROACH TO INCREASE ENERGY EFFICIENCY should be the key element of the European Union's energy policy. In order to promote a diversified energy mix, the European Union must keep all its options open, including neutral sources of electric energy, such as renewable resources and nuclear energy, if it wants to fight the climate change in a cost-effective manner.

OUR PRIORITIES

THE CZECH REPUBLIC HAS RIGHTFUL AMBITIONS TO BECOME KNOWLEDGE-BASED AND TECHNOLOGICAL CENTER OF EUROPE WITH FAST-GROWING ECONOMY AND LIVING STANDARDS, LOW LEVEL OF UNEMPLOYMENT AND ITS ABILITY TO COMPETE ON THE GLOBAL SCALE. HOWEVER, THIS TRANSFORMATION CAN NEVER HAPPEN WITHOUT THE KEY INVOLVEMENT OF THE LOCAL INDUSTRY. HISTORICALLY, THE CZECH INDUSTRY HAS BEEN THE PRODUCER OF THE NATIONAL WEALTH AND FOR MANY YEARS IT HAS BEEN THE DRIVING FORCE OF THE ECONOMIC GROWTH AND IN THIS ROLE IT IS IRREPLACEABLE. OUR INDUSTRIAL PRODUCTION HAS THE FUNDAMENTS IN ITS STRONG TRADITION, EXPERIENCE AND BACKGROUND AND SHOULD BE ABLE TO UTILIZE THESE ADVANTAGES NOT ONLY IN THE HALF A BILLION COMMON MARKET OF THE EUROPEAN UNION.

IF THE CZECH ECONOMY IS TO MAINTAIN THE CURRENT PACE OF ITS ECONOMIC GROWTH GUARANTEEING CATCHING UP THE LEVEL OF THE ADVANCED COUNTRIES OF THE EUROPEAN UNION, IT HAS NO OTHER ALTERNATIVE, BUT TO IMPLEMENT STRUCTURAL CHANGES. THE CORE OF ITS ABILITY TO COMPETE MUST NOT FOCUS ON THE LOW COSTS, BUT INCREASINGLY ON ITS ABILITY TO UTILIZE TECHNOLOGICAL DEVELOPMENT, INNOVATIONS AND EDUCATION.

STRATEGIC NEEDS OF THE CZECH INDUSTRY DURING THE YEARS 2008–2011 ARE DIVIDED INTO SIX PRIORITY AREAS, WHICH SERVE AS THE BASIS OF COMPETITIVENESS NOT ONLY FOR THE INDUSTRY ITSELF, BUT ALSO FOR THE ENTIRE DOMESTIC ECONOMY. THE CONFEDERATION OF INDUSTRY OF THE CZECH REPUBLIC HAS CLEARLY DECLARED ITS WILLINGNESS TO ASSIST WITH THE NECESSARY CHANGES AND TO ACTIVELY SEARCH FOR POSSIBLE SOLUTIONS, WHICH WILL CONTRIBUTE TO FURTHER INCREASING OF QUALITY AND PRODUCTIVITY OF THE LOCAL INDUSTRY.

INSTITUTIONAL ENVIRONMENT

- Setting-up a date for the acceptance of common currency
- Evaluation of legislation from the point of view of our ability to complete.
- Simplification of tax laws and equality of relations between taxpayers and tax administrators.
- Assessment of existing and newly prepared environmental laws from the point of view of the European Union's requirements and their effect on competitiveness.

HUMAN RESOURCES AND LABOUR MARKET

- Liberalization of labour laws aiming at the increasing flexibility of the labour market and mobility of the labour force.
- Modernizing educational system, professional preparation and the lifetime education in such a way as to reflect requirements of employers.
- Rearrangement of social systems with the goal of ensuring motivation for the renewal of employment activities.

RESEARCH, DEVELOPMENT AND INNOVATION

- Implementation of programs for increasing the funding of research and development with a preference for the projects with high probability of positive results during the actual application.
- Application of the system which will evaluate the results of research with the goal of supporting the organizations which have achieved above- average results.
- Establishment of an agency that will support applied research and transfer of the resulting knowledge into actual application.
- Creation of conditions for the development of basic research in universities and their cooperation with the establishments, which will be applying the results of such research.

TRANSPORTATION AND TRANSPORT INFRASTRUCTURE

- Financing of transport infrastructure with the use of the PPP system, structural funds and loans from European institutions.
- Construction of public logistics centres.
- Adoption of the law on public transportation, which follows the EU directives on public services in the railroad and bus transportation.
- Support of water transportation as the environment friendly transportation sector.

SECURING THE SOURCES OF ENERGY

- Amending the legislation related to energy and environment to such extent, as to give the same rights to investors in all sources of energy and as to stimulate the use of all local sources.
- Adopting the goals related to utilizing of sources of renewable energy based on evaluation of its contributions or expenses and its actual economic feasibility.
- Implementation of the program focusing on energy savings, adjusted according to the analysis of effects resulting from governmental support.
- Revaluation of measures, which increase prices of energy, those disrupting market environment and lowering competitiveness. ETS system and environmental taxes.

INTERNATIONAL TRADE

- Liberalization of trade, prevention from unfair competition and development of the Transatlantic Business Dialogue.
- Higher efficiency of governmental support of exports by improving coordination and setting – up territorial priorities taking into consideration development of the global markets.



CAPITAL CITY:

PRAGUE



78867 km²

CZECH REPUBLIC

10 381 130

(2007)



CURRENT MACROECONOMIC DATA:

www.czso.cz/eng/redakce.nsf/i/home

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- Western Balkan Contact Group – Alternative Member

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