

Czech Presidency BUSINESS NEWSLETTER



EU2009.CZ

LOOKING BACK AT THE CZECH PRESIDENCY Stanislav Kázecký, Vice-President of SP CR



On 30 June 2009, the first and probably last Czech presidency of the European Council ended. Comments evaluating the past 6 months have been appearing and will certainly continue to appear for some time. The following can also be included in that commentary.

Personally, I think that the topics the Government of the Czech Republic included in the presidency and the administrative part of the agenda related to the presidency may be evaluated as successfully mastered. Especially within the context of the events of the first half of 2009 (e.g. accession of the new American administration, the conflict in Gaza, the gas crisis, the financial crisis, the Mexican flu, the elections in Iran). All of this was accompanied by the terminating life of European Parliament, the election to the EP itself and the ending mandate of the European Commission members. I think it would be rather difficult to coordinate the joint approach of twenty seven Member States exclusively towards the mentioned problems even for an administration of larger countries more experienced from a clerical point of view than the Czech Republic.

I do not want to list the entire number of topics and summits that took place successfully at different levels and shifted the EU further. I will mention only two topics important from the point of view of the interest of the Confederation of Industry of the Czech Republic as the biggest employer organisation in the Czech Republic. Above all, this includes energy supply security in the Czech presidency's priorities. I quote from the joint programme of the priorities written by the countries of the so-called Trio (France, the Czech Republic and Sweden): "The EU should protect the security of the energy supplies. The endeavour to establish balanced relations with the suppliers outside the EU should be based on the clearly formulated EU energy policy that will keep the gas and oil supplies under control and will not deepen EU dependence". Even if solving this problem is a long-distance run, the Czech Republic succeeded in opening this serious problem, to come with the proposals, and it is up to subsequent president countries to continue in its solution. Another area I consider important is the refusal of protectionism. The Czech presidency's motto was "Europe without barriers". Even though this motto was declared before anyone expected an economic crisis, the justification for its name has shown up. Under the Czech presidency, the EU countries managed to come to an agreement that protectionism is not a way out of the current crisis, new barriers must not come into existence and the rules of free trade and state aid must not be breached. Besides these two topics, I would perhaps also mention the course of implementation of the directive on services, which opens new opportunities for the companies. In this case it is necessary to exert further pressure on some Member States to adopt this directive.

When evaluating the Czech presidency of the European Council, it is not possible to avoid the expression of no confidence in the Government of the Czech Republic practically in the middle of a well-run presidency. Unfortunately, this fact negatively influenced the course of the presidency, above all the image of the Czech Republic. It has come to light that the Czech politicians representing the political parties represented in our (continues on p.2)

IN THIS ISSUE

Looking back at the CZ PRES	page 1
Calendar	page 2
Evaluation of CZ PRES	page 3
News from SP CR	page 4
BUSINESSEUROPE COPRES	page 5
News from Europe	page 6

CZECH NEWS

Czech GDP falls by 3,4 %

Czech GDP contracted by 3,4 % in the Q1 in 2009, which is the biggest quarterly year to year fall in the recent history of the country. It reflects a considerable decrease in manufacturing and in demand for investment and export goods.

Scrap subsidy endorsed by Senate

The Czech Senate endorsed a Social Democrat proposal including a scrapping subsidy of CZK 30 000 (1 100 euro) for a purchase of a new car not more expensive than CZK 500 000 . A subsidy of CZK 60 000 will be provided to clients buying a more ecological car up to CZK 700 000.

Czech deputies backed lower VAT in restaurants

The Czech Chamber of Deputies approved in the first reading an amendment shifting some labour-intensive services, such as restaurant, hairdressing or repair services, to a reduced 9 % VAT category. That will cause an annual decrease of CZK 7,5 billion in tax revenues.

CZK 12 billion surplus of Czech foreign trade in April

Czech foreign trade surplus reached CZK 12 billion in April, an improvement of CZK 5,6 billion compared with April 2008. The result was positively affected by lower deficit in mineral fuels. Trade with EU Member States showed a surplus of CZK 38,4 billion.

Cancellation of a log book for SMEs

An amendment allowing SMEs to cancel log books was endorsed in the Czech Chamber of Deputies. Instead, the entrepreneurs with up to 3 vehicles can deduct a monthly amount of CZK 5 000 (180 euro). Annual savings in administrative reduction are estimated at CZK 850 milion.

CONTACT



Confederation of Industry
of the Czech Republic

Representing those who create value

Lighthouse Vltava Waterfront Towers
Jankovcova 1569/2c
170 04 Prague 7

Tel: +420 234 379 500
Fax: +420 234 379 463
Web: www.spcr.cz
Email: spcr@spcr.cz

ON TOP OF THE AGENDA

CALENDAR OF EVENTS

JUNE '09

EU2009.CZ

Looking back at the Czech Presidency

EVENT	DATE	PLACE
Environment Council	25	Luxembourg
Informal Meeting of the Council Working Group on Competitiveness and Growth (G1)	25-26	Prague
Meeting of Standing Group on Indicators and Benchmarks	25-26	Prague
Plenary Meeting of the European Judicial Network	25-26	Prague
Accession Conference EU - Croatia	26	Belgium
EU - India Ministerial Meeting (Troika)	29	Prague

(continues from p.2) Parliament do not have the qualities of the officials subordinated to them working on ensuring the Czech presidency. However, I strongly believe that expressing no confidence in the Government in the course of the presidency will not be the only reason the Czech presidency is considered unforgettable.

In conclusion, I'd like to take this opportunity to express thanks to all members of the Secretariat of the Confederation of Industry of the Czech Republic who participated in the preparation and course of the presidency.

JULY '09

EU2009.CZ

NEWS FROM SP CR

EVENT	DATE	PLACE
Working Party on Transport - Intermodal Questions and Networks	1	Brussels
Conference: Cross Border Cooperation for Dynamic Labour Markets	1-2	Kiruna
Working Party on Energy	2	Brussels
Meeting of Directors-General for Fisheries	2-3	Roneby
Informal Meeting of the EPSCO Council	6-9	Jönköping
Economic and Financial Affairs Council	7	Brussels
Conference New Worlds – New Solutions – Research and Innovation as a Basis for Developing Europe in a Global Context	7-8	Lunds University
Informal meeting of the Financial Services Committee	9-10	Solna
Economic and Financial Affairs Council (Budget)	10	Brussels
Agriculture and Fisheries Council	13-14	Brussels
Climate Workshop	13-15	Stockholm
Atomic attachés meeting	13-15	Oskarshamn
Informal Meeting of Ministers for Justice and Home Affairs	15-17	Stockholm
Informal RELEX Meeting (Foreign Relations Counsellors Working Group)	16-17	Stockholm
Informal Meeting of Directors-General for EU Affairs	20-21	Solna
Justice in the EU from the Citizen's Perspective	22-23	Stockholm
Informal Meeting of Energy Ministers	23-24	Åre
Informal meeting of Environment Ministers	24-25	Åre
Meeting of environment attachés	26-28	Stockholm
Meeting of transport attachés	27-28	Stockholm
Conference: Promoting a creative generation - children and young people in the new culture and media landscape	29-30	Göteborg

28 May 2009

Conference "Technology for local sustainable energy sources under specific technical conditions"



The Business Platform for Foreign Development Cooperation together with the Technological Centre of the Academy of Sciences of the Czech Republic and the Prague Global Policy Institute Glopolis, under the support of AOK Foundation and under the auspices of the Minister of Foreign Affairs of the Czech Republic Jan Kohout, held a conference focused on cooperation in the area of development of local energy sources in developing countries.

A part of the conference was also dedicated to the handing out of eight prizes to Czech companies for the best technological environmental solutions that can be utilized in third world countries.

The representatives of the European Commission, the Permanent Representation of the Czech Republic to the European Union, the Ministry of Foreign Affairs, and the Czech Development Agency gave a speech during the conference. The activity of the Centre for Development of Enterprise was presented by its representative Mr. Cherif Touré. He said among other things that, "Until now we have been cooperating instead with Britain, Germany, Spain and other European countries. However, after today's debate at the conference and the awarded prizes, I think that we could establish useful cooperation with the Czech Republic and your companies as well."

EU2009.CZ

QUESTION FOR THE MEMBERS OF THE BOARD OF DIRECTORS OF THE CONFEDERATION OF INDUSTRY OF THE CZECH REPUBLIC

Q: How do you evaluate the Czech presidency in the European Union?



Jaroslav Míl
President of the Confederation of Industry of the Czech Republic

The Czech presidency began well, and the worries at the beginning that a small country could not moderate the European Union proved to be groundless. Also, the pragmatic approach of a number of ministers and state representatives was positively evaluated. However, due to the victory of the antipathy of certain politicians that lead to the fall of the Government, we have caused damage to our good reputation for a number of years to come. We have wasted a unique opportunity to make the Czech Republic significantly and positively visible. At the same time, we spend enormous sums of money on its promotion.

The Confederation of Industry of the Czech Republic made use of the presidency to strengthen cooperation within the European confederation BUSINESSEUROPE. It participated in organising several important events, such as the Summit EU-Canada and the Job summit. I consider the meeting of the BUSINESSEUROPE Council of Presidents (who met in Prague) and the discussions which left them full of positive feelings to be the climax of our activities during the presidency.



Jan Wiesner
Member of the Board of Directors of the Confederation of Industry of the Czech Republic and the President of the Union of Czech and Moravian Producer Cooperatives

I would rather not evaluate the presidency from the point of view of how the Czech politicians handled it. The good initial start was affected by the Government's departure. What is essential for us is that we succeeded

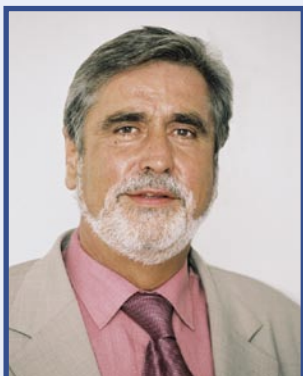
in overcoming the initial mistrust in our abilities. Precise organisation of a number of events (whether these were summits, conferences or other meetings) has confirmed that Czechs are at the same or higher level than a number of other European countries. Even if we engage in the European structures under the presidency of other countries, under our presidency we could extend our cooperation better, whether in the Brussels structures or in partner organisations. We could also become more significantly visible (e.g. by organising a conference on social economics in which the representatives of all EU countries took part).



František Chaloupecký
Member of the Board of Directors of the Confederation of Industry of the Czech Republic and Managing Director of the Company Dostav Praha

For six months we had the chance to take part in a number of meetings and events, and, to say the least, our republic was the centre of information. In spite of a good commencement to the presidency, a vote of non-confidence was expressed to the Government, which was bad timing.

Political rivalry and disrespect of the need to act uniformly during the presidency period looks inconsistent and does not help business in any way. Naturally, concrete benefits for business are not the purpose of the presidency. On the other hand, I can confirm based on my own experience that Czech companies could be more visible thanks to the presidency. It was also essential that the Czech Republic could present the opinions and proposals of Czech companies especially in the areas of non-functional bank and inter-bank market or the refusal of protectionism. Unfortunately, the presidency is temporary and only takes place once in a while. Nevertheless, the present experience could be enlightening for next time.



Pavel Prior
Member of the Board of Directors of the Confederation of Industry of the Czech Republic and the Director of the company Prospekta

The Czech Republic has become more visible due to the presidency, both in a positive and negative sense. From the material point of view, it is possible to evaluate the presidency positively. In spite of the fact the Czech Republic had been preparing on a long-term basis and had outlined its priorities, it entered the presidency during a completely unexpected situation. It was necessary to improvise and to solve immediate problems, such as the crisis related to gas supplies, the Middle East conflict, and especially the spreading global recession. In a number of aspects, the Czech representatives proved their abilities and were fully appreciated. However, at the political level the fall of the Government was an example of the opposition's political immaturity. From the point of view of the Confederation of Industry of the Czech Republic, the contribution consisted of a visualisation of our employers' organisation. Strengthening of contacts and cooperation between us and partner confederations within BUSINESSEUROPE was obvious. After all, many foreign confederations perceive the

presidency to be a more important event than it is perceived to be here, in general. In any case, the meeting of the presidents of the BUSINESSEUROPE member confederations in Prague was a dignified end to our activities.

NEWS FROM SP CR

28 April 2009

CEBRE debate on impact assessments: Businesses challenge the EU institutions to take ownership of a more systematic and unified approach to impact assessments

Representatives of BUSINESSEUROPE, EUROCHAMBRES and UEAPME united on 28 April 2009 at a debate organised by CEBRE and the Czech Presidency and called on the European Commission, the Parliament and the Council for greater transparency and significant improvements in the analysis of costs, benefits and the systematic evaluation of impacts on business, especially SMEs, in EU law-making. Erik Berggren of BUSINESSEUROPE stressed the need for greater transparency in the way the Commission's impact assessments are scrutinized for their quality: **"The business community does not have the opportunity to comment on the Commission's draft IAs. At the moment IAs are scrutinized by the Commission's Impact Assessment Board (IAB), and although the IAB has been a good internal critic, it does so without hearing from real businesses. This must change."** Ales Pecka from Czech Permanent Representation to the EU said that **"making progress on better regulation agenda remained a priority for the Czech Presidency and we will reflect on the views presented by business in the Council's deliberations to the topic of impact assessment in May."** Elisabeth Kristensson from the incoming Swedish Presidency confirmed that better regulation would be a **"top priority"** of their agenda.

For more [click HERE](#)

6 May 2009

EU-Canada Business Summit



Top representatives of BUSINESSEUROPE, Confederation of Industry of the Czech Republic, Canada Europe Roundtable for Business and Canadian Council of Chief Executives met during EU-Canada Business Summit in Prague on 6 May 2009.

Business leaders from both sides of Atlantic welcomed the decision by the European Union (EU) and Canada to launch negotiations on an ambitious and comprehensive EU-Canada economic partnership agreement. This important step will boost transatlantic economic growth and send a positive signal to markets at a time of unprecedented economic crisis.

The discussion was held also on priority issues for European and Canadian companies which include:

- The elimination of tariff and non-tariff barriers;
- Much greater reciprocal access to public procurement at all levels;
- Cooperation on access to raw materials;
- A commitment to regulatory convergence in priority sectors;
- Stronger intellectual property protection;
- Dispute settlement;
- Increased labour mobility, including mutual recognition of qualifications for business personnel.

For more: [click HERE](#)

12 May 2009

Round table of universities and business

Technical universities and entrepreneurs invited the Government to solve the situation in the area of research & development and education.

High representatives of technical universities from Ostrava, Prague, Brno and Zlín and representatives of enterprises and organisations discussed the topic of "Cooperation of universities with industry and clients – the legislative environment in the Czech Republic" at the round table. Around twenty experts and entrepreneurs took part in the discussion at the VŠB-Technical University of Ostrava, which was initiated by the Confederation of Industry of the Czech Republic.

A proposal of the requirements towards the Government and the responsible ministries, which the representatives of the technical universities and the Confederation of Industry of the Czech Republic want to promote, was reached after a discussion that took several hours. The following are among the requirements:

- To open a discussion with the representatives of the technical universities and the enterprises at the governmental level that would define clearly the economic policy of the Czech Republic and also of the technical university education in connection with the requirements of industry.
- To reassess the limitation of the funds from the state budget for research and development in the next three years at the level of 2009, to support and ensure funds for Czech participation in technological platforms.
- To effectively set up the Technological Agency, which comes into existence as a platform of efficient support for the results of the cooperation of universities, other research organisations and enterprises.
- To simplify the system of drawing financial means from the structural funds for research, development, innovations and education in accordance with their mission and good manners, to prefer the project's content to its form.
- To simplify abatement of taxes for R&D and to make the purchase of services for R&D from research organisations more advantageous.

17 June 2009

CEBRE debate on Economic Crisis: Long term solutions lay in R&D and knowledge economy!

Representatives of Brussels business community gathered on 17 June 2009 at a debate organised by CEBRE and the Czech Presidency and discussed the implementation of national economic recovery plans. According to 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 much bigger. Spending on R&D and knowledge economy seems to be the key solution to the crisis. For Marc Stocker, Director of Economic Department of BUSINESSEUROPE noted: **"Successful exit strategies from previous credit crisis have taught us three important lessons: don't delay bank restructuring, maintain macroeconomic stability and pursue structural reforms"**. The CZ PRES slogan „Europe without barriers“ became a tool for the presidency to address the crisis. **"Dismantling persisting barriers and avoiding the new ones is primordial. Measures oriented on the short term results must be only temporary. Once the crisis is over, they should disappear"**, pointed out Jaroslav Zajíček, Head of Internal Market Section of the Czech Permanent Representation to the EU.

For more [click HERE](#)

11-12 June 2009 **BUSINESSEUROPE Council of Presidents Meeting**



The top representatives of European business under the umbrella of the Confederation of European entrepreneurship, BUSINESSEUROPE, met in Czech capital of Prague with a clarion call to Brussels politicians and European governments: You have to push through policies of freeing up the banking and inter-banking markets and create a more effective scrutiny over the banking sector, you have to be more flexible in aligning the European employment markets, you have to stop the extension of protectionism, and, to the contrary, strive to free-up the world trade and when trying to provide solutions to problems of climate changes one has to take into account the worsening state of European companies as a result of the present crisis. Simultaneously, Europe has to be much more supportive of education, research and innovation.



These are the main conclusions which the leaders of the 40 European employer associations along with BUSINESSEUROPE chiefs have agreed on, having been the guests of the Confederation

of Industry of the Czech Republic as a part of parcel of events under the Czech Presidency of the EU.

There was reached a general agreement that it is necessary to increase investment in education. „I realise we have to be conservative in dispensing financial resources into education programmes. Nevertheless, we must invest into young people and innovation. As an example, whereas in China 400 000 engineers qualify every year, in Germany it is a mere 40 000. Even taking into account the size difference of the two countries, the actual numbers show an enormous disparity,” commented Jürgen Thumann, new President of BUSINESSEUROPE.

Jaroslav Míl, President of the Confederation of Industry of the Czech Republic, also considers investment in education as a key measure which improves competitiveness of European companies. „It is apt to increase investment in education. The truth is that half of the European Union’s budget goes into agriculture,” Jaroslav Míl pointed out in support of a more flexible European labour market.

As BUSINESSEUROPE points out, the increase in competitiveness of European companies on the global market will not be seen without support of science and research. That, too, is a long-term subject which employers are tackling. „If EU set aside 3 % of GNP for reasearch and development EU’s economy could grow by almost 5 %,” estimates BUSINESSEUROPE.

BUSINESSEUROPE Council of Presidents participants also took up the question of protectionism and the dilemma of creating barriers in international trade and within the EU marketplace. In fact, the rejection of protectionism is one of the clear priorities of European business as is the effort to revitalise global trade.



Among other burning issues belong climate changes. And in the context of the need to find a common solution Ernest-Antoine Seillière noted that it is necessary „to retain and support a social dialogue on the wide European level which at this time is crucial.“ Addressing European politicians Jaroslav Míl noted: „Less populism and more common sense.“

For more [click HERE](#)

To view the message addressed by BUSINESSEUROPE presidents to the President of the EU Council and the President of the European Commission [click HERE](#)

NEWS FROM EUROPE

6 May 2009

Contribution of the civil society to the EU Job Summit: Programme for Europe

The European Economic and Social Committee (EESC) delegation headed by President **Mario Sepi** met the European Commission President **José Manuel Barroso** in Prague on 6 May. The EESC was monitoring the whole preparing process for the extraordinary EU Job Summit very carefully. The consequences of the financial and economic crisis on the employment are very seriously affecting the whole civil society. The EESC representing a bridge between the European institutions and the European civil society contributed very significantly to the common effort of Europe to look for both short- and long-term solutions for mitigation of the crisis. On its plenary session in March the EESC adopted "**The Programme for Europe**" and developed its opinion to the EU Job Summit. With regard to the tripartite nature of the EESC organised an extraordinary meeting "**Pre-Job Summit**" in co-operation with the European Commission and EU Troika presidencies on the eve of the EU Job Summit.

For more information [click HERE](#)

7 May 2009

In the services of the EU Job Summit



The EU Employment Summit held in Prague on 7th May is said to have been a big disappointment. Is it really true? For whom and why? For the Czech presidency's main actors because their mandate is over? For the trade unions because of the degraded format of the summit? For employers because

of the 3x2 minutes available not being enough for their serious efforts to find concrete solutions? For civil society because of their exclusion from the summit? For Commissioner Špidla because of the failure of the joint social partners declaration?

I was one of the "soldiers" in the EU Job Summit preparatory process circulating between Madrid, Stockholm, Prague and Brussels. My feelings may be mixed, but are definitely not negative. To be honest, we could hardly expect the summit to solve the consequences of the employment crisis in one or three days.

Despite the agenda being split among three different topics – upgrading skills and better matching of the labour market needs, increasing access to employment and maintaining employment, creating jobs and promoting mobility – the leading motive was to keep people in the labour market. The philosophy of the preparatory steps was to show the state of play in the European labour markets in the searchlight of the economic crisis, to assess the efficiency of the short-term measures and to make forward-looking recommendations. Three workshops brought three main lessons: 1) **A need for a strong social partnership between society, schools and companies**, 2) **Making transitions pay**, 3) **Creating rather than cutting and reducing**.

It brings me to the EU Job Summit itself. The two-and-a-half-hour marathon brought an agreement on 10 points to tackle increasing unemployment, which represented a solid basis for the EC communication "Shared commitment on employment" published on 3 June.

Finally, my best impression of the entire process arises from how deeply the business was committed to demonstrating its effort to find a constructive solution. Its main message addressed not only to the Job Summit participants is formulated in a paper "**Twelve concrete measures to offset the effects of the crisis**", focused on employment, finance and growth.

To view the BUSINESSEUROPE recommendations and Summit conclusions [click HERE](#)

Vladimíra Drbalová

International Organisations and EU Affairs

14 May 2009

BUSINESSEUROPE Executive Committee Meeting

BUSINESSEUROPE Executive Committee Meeting was held under the chairmanship of the Director General Philippe de Buck. The general directors debated on some economic and financial aspects of the current crisis and about the impact of the adopted measures both at the European and national levels. The debate was based on analytical data presented by the BUSINESSEUROPE secretariat.

The participants were also informed about the recommendations of the EU Job Summit held in Prague on 7 May and about the contribution of the European business "**Twelve recommendations to offset the effects of the crisis**".

Further discussion focused on the upcoming elections to the European Parliament and the European business main message addressed to the European institutions under the headline "**Unfolding Europe's future**".

Business leaders looking ahead highlighted also the need for future sustainable industrial policy in Europe and further steps in this direction.

The last but not least topic discussed was the climate change policy and the state of play on the ETS. Within this item preparatory steps for the upcoming conference in Copenhagen were developed.

15 June 2009

98th International Labour Conference in the light of the crisis

The entire conference took place in light of the global financial and economic crisis, and the programme and debates were based on the report of the director general: "**Tackling the global jobs crisis**". The report refers to three immediate responsibilities of the ILO in addressing the global economic and social crisis: 1) **to assist its constituents**, 2) **to find a new pattern of globalisation** and 3) **the crisis itself and how to manage it**.

On 15 June the ILO held the **Summit on the Global Jobs Crisis** chaired by the ILO Director-General Juan Somavia. The Summit was an open platform for the highest representatives of the states. Mr. Nicolas Sarkozy, President of France, as a guest speaker of the conference, spoke particularly on the history of the ILO and its links with the development of Europe after World War II, mentioning also the importance of ILO efforts in setting standards accentuating the need for the proper application of standards. "**Europe is facing many challenges and we have no right to wait to meet them**," he said.

One of the conference outcomes is **A Global Jobs Pact**, addressing a decent work response to the crisis, highlighting the basic principles for promoting recovery and development, accelerating employment creation, job recovery and sustaining enterprises, building social protection systems, strengthening respect for international labour standards and promoting social dialogue.

18–19 June 2009

European Council

In the midst of the deepest global recession since the World War II the European Council chaired by the Czech Presidency again demonstrated the Union's determination to rise above the present difficulties and to look to the future by taking a series of decisions intended to meet, rapidly and effectively, a wide range of challenges.

The European Council gave the green light to the guarantees for Ireland so that a new Irish referendum on the Lisbon Treaty could take place. The Council also agreed on the new European Commission leader, found consensus on conclusions concerning climate change and reached political agreement on the new European framework for financial supervision.

To view the European Council conclusions [click HERE](#)