

# Czech Presidency BUSINESS NEWSLETTER



Confederation of Industry  
of Czech Republic

Representing those  
who create value

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## QUESTION FOR JAROSLAV MÍL, PRESIDENT OF SP CR



**To what extent, in your opinion, does the present political situation in the Czech Republic (after a vote of non-confidence was expressed to the Government) influence the Czech Presidency in the EU?**

All enterprise managers know that the brand he sells or represents has its value and significance.

## WHAT IS THE RECOURSE FOR SMALL AND MEDIUM-SIZED ENTERPRISES IN THIS GLOBAL CRISIS?

Small and medium-sized European enterprises are experiencing one of the most demanding periods of the last decades. The loan crisis, which grew into the financial crisis and also into the economic crisis, has brought an unprecedented drop in consumer demand in the majority of sectors and in nearly all world territories. The consequence is an outflow of current assets. The worst case scenario is an outflow of these assets in combination with their questionable structure (overdue receivables, unsaleable stock), which shows up in the lack of willingness of banks to finance the operation breakdowns and almost no

However, what has been successfully done with the brand of the Czech Republic – the country presiding right now the European Union – is more of an example of a lack of understanding of this principle. 101 Members of Parliament, based on the Opposition's initiative, expressed no confidence in the Government. At the same time, the first months of this Presidency calmed worries, to a significant extent, that the Czech Republic would not manage its role. It was also substantial that the resigning Government implemented, with a greater delay, most of our requirements in the area of economic policy for the Czech Republic. It is also essential that it put forth, at the European level, the policy of an open market, minimum regulation and budget restraint leading to elimination of the debts of future generations. Last but not least, it is necessary to emphasise that it is the Czech Republic which is opposed to repeated tendencies towards protectionism.

As representatives of the employers in the Czech Republic and the members of BUSINESSEUROPE, we have emphasised on a long-term basis that the EU Presidency holds tremendous responsibility for politicians, and we have been calling for a unified approach. Discussions took place and we organised regular consultations between the BUSINESSEUROPE President Mr. Ernest-Antoine Seilliere, (continues on p.2)

willingness to finance any long-term investments of small and medium-sized companies. Nevertheless, the fault lies not entirely on the banks. They are not charities whose task is to support entrepreneurs, but fierce private firms whose objective is to maximise profit and to minimise risk. To complain about the behaviour of banks will not only break their loan approval procedures but, on the contrary, will increase their watchfulness and support the psychological crisis.

We can discuss the causes of (continues on p.6)

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## CZECH NEWS

### Czech Presidency will hold three important summits in Prague in early May

Czech Presidency in cooperation with Sweden and Spain calls an Employment summit meeting on 7th May inviting European social partners and representatives of the business sector. In the afternoon of the same day Eastern Partnership Summit of the EU-27 and representatives of the Eastern Partnership countries will take place. On 8th of May a meeting "Southern Corridor – New Silk Road" summit of the EU Troika, the European Commission and the General Secretariat of the Council with representatives of the Southern Corridor countries will take place.

### The new Czech Prime Minister appointed

Czech President Václav Klaus appointed non-party Jan Fischer the new prime minister on 9th April. Fischer is expected lead the country to an early election planned for October. The new administration will consist largely of non-party experts. On the international side, Fischer will host the June EU summit. Meanwhile, the Czech upper house is expected to vote on the bloc's Lisbon Treaty by early May.

### EU Enlargement in 2004 Pays Off

High-level conference on "EU Enlargement - Five Years After" organized in Prague by the Czech Presidency discussed the benefits of the enlargement to financial stability, the internal market and the mobility of labour force within the EU. The latest data from EU-ROSTAT show, for example, that after the enlargement exports from the EU-15 to the new Member States rose by EUR 121.17 billion to EUR 268.93 billion in 2008.

## CONTACT



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# ON TOP OF THE AGENDA

## CALENDAR OF EVENTS

MAY '09

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### Question for Jaroslav Míl, President of SP CR

EVENT	DATE	PLACE
<a href="#">Informal Meeting of Ministers for Competitiveness</a>	3-5	Prague
<a href="#">Eurogroup</a>	4	Brussels
<a href="#">EP Plenary Session</a>	4-7	Strasbourg
<a href="#">Economic and Financial Affairs Council (ECOFIN)</a>	5	Brussels
<a href="#">Eastern Partnership: Towards Civil Society Forum</a>	5-6	Prague
<a href="#">EU-Canada Business Summit</a>	6	Prague
<a href="#">Employment Summit</a>	7	Prague
<a href="#">Eastern Partnership Summit</a>	7	Prague
<a href="#">Conference on the Lifelong Learning Programme</a>	7	Prague
<a href="#">Research Connection 2009</a>	7-8	Prague
<a href="#">Customs Union Working Party</a>	7-8	Prague
<a href="#">"Southern Corridor – New Silk Road" summit</a>	8	Prague
<a href="#">Education, Youth and Culture Council (EYC)</a>	11-12	Brussels
<a href="#">Future of Internet</a>	11-13	Prague
<a href="#">"The Small Business Act for Europe: Business without Barriers" 1st European SME Week &amp; European Enterprise Awards 2009</a>	13-14	Prague
<a href="#">European Competition Day</a>	13-14	Brno
<a href="#">Informal Meeting of the Article 133 Services Committee</a>	14-15	Brno
<a href="#">Conference „Changing Research Landscapes: 10 years of Women and Science“</a>	14-15	Prague
<a href="#">Annual Congress of Eurochambres</a>	14-15	Prague
<a href="#">Business Forum 'European Union and its Neighbours'</a>	14-15	Prague
<a href="#">Conference and Monitoring Committee INTERREG</a>	18-19	Prague
<a href="#">General Affairs and External Relations Council (GAERC)</a>	18-19	Brussels
<a href="#">Informal Meeting of the Council Working Group on Export Credits (C29)</a>	21-22	Prague
<a href="#">"Industrial Property Protection in Europe" Expert Seminar</a>	21-22	Prague
<a href="#">Higher Education, Enterprises and Regions</a>	21-22	Prague
<a href="#">"Sustainable Development. A Challenge for European Research"</a>	26-28	Brussels
<a href="#">EU - ASEAN Ministerial Meeting</a>	27-28	Cambodia
<a href="#">INFORUM - International conference on professional information resources</a>	27-29	Prague
<a href="#">Steering Platform on Research for the Western Balkan Countries</a>	27-29	Prague
<a href="#">High Level Meeting of European Regulatory Authorities (IRG/ERG)</a>	27-29	Prague
<a href="#">Conference on EDTIB (SME in Armaments)</a>	27-29	Olomouc
<a href="#">Meeting of Coordination Committee of the Funds (COCOF)</a>	28	Prague
<a href="#">Public Safety Communication Forum</a>	28-29	Prague
<a href="#">Nuclear Forum 2009</a>	28-29	Prague
<a href="#">Competitiveness Council</a>	28-29	Brussels
<a href="#">Council of Ministers ACP - EC</a>	28-29	Brussels

(continues from p.1) Director General Mr. Philippe de Buck and the Government of the Czech Republic. In the present situation, we have expressed a strong opinion several times throughout Czech media (TV, radio, press), and we required no changes to be done and for this Government to complete its Presidency, to adopt the Lisbon Treaty and to start Euro discussions again. With regards to the change of the Government, political ambitions have obviously prevailed over common sense. With regards to the Lisbon Treaty, I dare to claim that it is highly probable that after these events it will be approved in the Upper House of the Parliament as well. The new caretaker government will not have a corresponding political mandate but will certainly cope with its role as administrator until the preliminary elections.

I would be very glad if the remaining 10 million inhabitants of the Czech Republic were not assessed according to the irresponsible behaviour of the 101 Members of Parliament of the two-hundred-member Parliament. Those of you who have had a chance to visit our country as tourists or entrepreneurs will agree with me.

A common Europe has always been a matter of concern to the entrepreneurs in the Czech Republic, and I firmly believe that this stumble will not lead to a confirmation of the opinion that small countries have no place in the EU and will not mean a more widespread view belittling them.

## NEWS FROM EUROPE

19 - 20 March 2009

### Spring Summit, Brussels

#### Getting the real economy back on track!

Having assessed the current economic situation, the European Council agreed on the need to rapidly deliver on reforms to ensure responsible and reliable financial markets for the future. It agreed to continue with the swift implementation of the European Economic Recovery Plan on the basis of the coordinated framework adopted last year. The renewed Lisbon Strategy, including the current Integrated Guidelines, remains the effective framework for fostering sustainable growth and jobs. The rapid increase of unemployment is central to Europe's concerns. Timely, temporary, and targeted measures are needed as a matter of priority to stimulate employment and to prevent and limit job loss and negative social impact.

The employment Summit to be held in May 2009 will allow for an exchange of experiences on the extent to which the recovery measures taken have succeeded in supporting employment.

Summit conclusions: [click HERE](#)

## NEWS FROM SP CR

23 March 2009

### Limits to labour market mobility don't help EU competitiveness



High level panel organised by Czech Business Representation (CEBRE) discussed the impact of transitional periods applied to free movement of workers by some Member States during round table "Free movement of workers – fundamental right of European citizens" concluding that such restrictions are of political rather than economic nature. Belgian Federal Minister for Employment Joelle MILQUET ensured the participants that Belgium is reconsidering, in close cooperation with social partners, restrictions applied towards citizens of new Member States.

For more [click HERE](#)

27 March 2009

### Visit of the Confederation of Swedish Enterprises



On March 27 a meeting took place with a delegation of 30 owners and directors of small and medium-sized Swedish companies, the members of the Confederation of Swedish Enterprise (Svenskt Näringsliv – SE). The delegation was led by the Executive Vice-President Ms. Annika Lundius and Director Mr. Tommy Hellström. In informal discussions, the Swedish partners were interested above all in the current situation in the labour market, employment legislation (e.g. the conditions of dismissal, in the export support system in the Czech Republic, the Common Market problems, and the situation and prospects of small and medium-sized companies). Also part of the discussion was the visit of the Confederation of Industry at the close of the Czech Presidency with the aim of handing over the CZ PRES agenda to Sweden was discussed with the delegation's leadership.

9 April 2009

### Business breakfast with leaders of political parties running for EP elections



Presidents of employers and entrepreneurs associations (Confederation of Industry, Czech Chamber of Commerce and Confederation of Employer's and Entrepreneur's Associations) and CEBRE organized a business breakfast on 9 April 2009 in Prague with seven the leaders of the voting lists of main political parties running for the European Parliament elections. Calm and quiet atmosphere of Palfy palace restaurant helped informal discussion to take place, focusing especially on 3 topics: the election manifestos of the respective parties, measure proposed and endorsed by them to deal with the impact of the global economic downturn and opportunities for cooperation between elected MEPs and employers and entrepreneurs associations. Following a number of business – MEPs events in the past, all high level participants acknowledged the importance of such continuous dialogue.

21 April 2009

### Transatlantic Economic Council - The platform for tackling barriers in the EU – USA trade relations



On 21 April the Confederation of Industry of the Czech Republic (SP CR), in cooperation with the Czech Ministry of Industry and Trade and BUSINESSEUROPE held a seminar in Prague, entitled 'Transatlantic Economic Council – The Platform for Tackling Barriers in EU-USA Trade Relations'. SPCR and BUSINESSEUROPE make the following statement at the conclusion of the event:

"The United States is the European Union's largest trade and investment partner, even as both sides face serious economic difficulties. EU exports to the US stood at €261.5 billion and investment flows at €72 billion in 2007. The sales of EU foreign affiliates in the US amounted to €1.3 trillion in 2006. For the Czech Republic commercial relationship with the US is growing fast with US investment up 55% since 2004 and Czech exports to the US quadrupling since 1997.

This level of economic interconnectedness requires close political interaction. Legislation and regulation decided in the US has a direct material impact on the way European companies do business and vice-versa. These links have become all the more apparent during the current economic crisis. This is why the Transatlantic Economic Council remains so vital.

For more [click HERE](#)

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## INTERVIEW WITH THE RE-ELECTED PRESIDENT OF THE TRANSPORT UNION OF THE CZECH REPUBLIC MR. JAROSLAV HANÁK

Transport companies feel the consequences of the present economic situation significantly, and they criticise the Government for not taking sufficient preventative measures. "We have been drawing the attention of state bodies to the impacts of the financial and economic crisis since September last year," says Jaroslav Hanák, the President of the Transport Union of the CR and the 1st Vice-President of the Confederation of Industry of the CR. Medium-sized and large companies in transport and transport infrastructure with tens of thousands of employees are members of his organisation, which is a member of the Confederation of Industry of the CR.

**What should the Czech Republic representation present at the Council of Ministers of Transport in April under the Czech Presidency?**

The G20 summit that took place a short time ago decided to give one billion dollars to mitigate the world financial and economic crisis impacts. In addition to a principal solution in the area of financial discipline and setting radical rules for the banking sector, I can see the area of construction and reconstruction of the transport infrastructure as one of the principal priorities. This should be accepted as a principal call apart from the approved agenda.

At present I can see withdrawal from pressure on environmental or similar measures in the area of transport that are being prepared now as another key matter. But they are senseless in my opinion. Today, all companies in our transport sectors have worries other than studying and implementing the questionable measures of the European Deputies and bureaucrats. This is our mission for the Council of Ministers of Transport in Litoměřice.

**You have mentioned the necessity of investment in the transport infrastructure. What tasks are ahead for the transport sectors in the Czech Republic?**

In the last two years we finally saw growth of funds for building the transport infrastructure. Of course, approximately 90 million crowns per year can be seen in the road and rail network. But unfortunately, optimism has its limits. We can find insufficient maintenance of lower level roads and even worse conditions on road and railway bridges. In addition, the harmful groups who hinder faster construction or preparation of



new projects are the so-called Green (or other) initiatives. Moreover, due to the fact that Prime Minister Mirek Topolánek's government has collapsed and cooperation in the Chamber of Deputies will not be possible, there is no chance to discuss or adopt reasonable measures. Water transport in the Czech Republic, for which key infrastructure elements have yet to be built (above all due to obstructions by environmental activists), is a tragedy. Nevertheless, weirs on the Elbe would substantially improve the river's navigability to Germany. Thus, even without the crisis, there are a large number of serious problems concerning transport in the Czech Republic.

**What kind of problems do Czech transport companies struggle with?**

Carriers and forwarders are experiencing difficult times. In the first quarter of 2008, we had good results – with the exception of water transport – in the same way that we have for the last seven years. The present slump of the economy has been visible above all in the automotive industry and in a number of other sectors, which has reduced orders significantly both for carriers and forwarders. Last year, we drew the government's attention to the approaching danger, but the measures proposed by us started being discussed too late. After the Czech Cabinet's collapse, the situation has become even more complicated. Besides the shame and injury caused to the prestige of our country presiding in the EU, only undignified political squabbles will take place and important anti-crisis measures

will be pushed aside or will be the subject of political fights.

**What's necessary to face this crisis?**

Above all it is necessary to renew bank market functionality. Entrepreneurs don't have enough money due to an unsubstantiated price increase of loans or limited lending in connection with the decline in turnover. Furthermore, it is necessary to introduce accelerated depreciation and to reduce the social security rates. Acceleration of VAT drawbacks would support company cash-flow. Public procurement related to transport infrastructure development or support for employee education from public funds belong to other measures. In the end, it is true that entrepreneurs must help themselves. Those who have already carried out the necessary restructuring, cost-saving, personnel measures have a chance to survive the crisis or to even come out of it stronger.

**The Transport Union of the CR has been criticising the form of the Czech Labour Code for a long time...**

One of the most important things is that the Czech Labour Code should be amended and should enable much more flexible labour movement. The present form of legal regulations does not enable the necessary flexibility. Of the proposed measures, we support shortening of notice periods, probationary period extension or an increased number of hours based on agreements to perform work.

## NEWS FROM EUROPE

19 March 2009

### Tripartite Social Summit for Growth and Employment, Brussels



The Tripartite Social Summit for Growth and Employment, a meeting of European social partners and European policy makers, took place in light of the global economic crisis in Brussels on the eve of the European Council Spring Summit under the auspices of the Czech Presidency in Brussels on 19 March 2009.

The Summit was chaired by Prime Minister Mirek Topolánek, President of the European Council, and was moderated by European social partners and the 2009 and 2010 Council Presidency representatives Sweden and Spain.

The subsequent debate chaired by José Manuel Barroso, President of the European Commission, was moderated by Petr Nečas, Minister of Labour and Social Affairs of the EU Council Presidency, and by Vladimír Špidla, Commissioner for Employment, Social Affairs and Equal Opportunities.

The Confederation of Industry of the Czech Republic was represented by President Jaroslav Míl.

For more information [click HERE](#)

24 March 2009

### Eurofound presented its Second European Quality of Life Survey (2EQLS) in Prague

Health, family and quality of society - the cornerstones of quality of life in Europe

Czechs rate the quality of their health care system and access to it on par with countries of the former EU15, well above many of the new EU Member States, according to the Second European Quality of Life Survey (2EQLS) carried out by Eurofound, a Dublin-based EU Agency.

Full report: [click HERE](#)

24 - 25 March 2009

### The 452nd EESC Plenary Session, Brussels

During the EESC Plenary Session held on March 24-25 2009 EESC, the "Programme for Europe: proposals of civil society", based on three fundamental objectives (a prospective, a political and an institutional one) was presented. The future objective reveals the Committee's true spirit in a global framework that reflects the consistency of its work. This programme permits the Committee's members, who represent civil society organisations in the EU, to set their views on the choices that Europe must make for a sustainable future in a world in crisis. The Committee's political objective is to present what might be called a civil society manifesto to the other institutions, the European Parliament, the Commission and the Council in particular to support their actions with an eye towards achieving Europe's shared goals.

The EESC Plenary Session has adopted two of the explanatory opinions elaborated on at the request of the Czech EU Presidency:

- **SOC 324 Outstanding barriers to mobility in the European labour markets** (reporter Ms. Vladimíra Drbalová)
- **SOC 325 Cooperation between educational establishments and employers** (reporter Mr. Henri Malosse)

For more information [click HERE](#)

25 - 26 March 2009

### Conference on Flexible Labour Market and Social Security during Crisis, Prague



The conference "The implementation of the strategy of flexicurity in the Member States of the European Union" focused on the application of the general principle of flexicurity in relation to the current crisis. Discussions were dedicated to the question of how to motivate the inactive labour force to enter the labour market as quickly as possible, primarily with regards to mothers after maternity leave, young people, the long-term unemployed and people over 50. It also dealt education issues, bringing attention to adult education through life-long learning, to greater incentives for employees and employers to invest in education and to elements of social protection offered to workers who want to join the labour market. The conference also dealt with topics of simplifying the transition of people from education to employment, from one form of employment to another, the transition from unemployment back to the labour market and the gradual transition from employment to retirement. The role of cooperation between public services and social partners in building a consensus on the implementation of flexicurity at a national level is indisputable. Mutual trust between the social partners, especially in the current period of financial and economic crisis, is necessary for meeting the goals and keeping balance between flexibility and security, and for modernization of the labour market.

For more information [click HERE](#)

26 - 27 March 2009

### European Business Summit, Brussels



"Priority number one is restoring credit flows for companies."

The European Business Summit held in Brussels on March 26-27 under the theme "Dare and Care: sustaining Europe's ambitions; Financing, Staffing, Greening" was dominated by the impacts of the economic crisis. The summit brought together high-level representatives of the EU and European business community to discuss European aspirations to be a strong world player. The summit sent a strong message to EU institutions and its Member States to work for a Europe that remains ambitious in the face of the economic crisis and called for concrete steps in various areas to realize this goal.

Ernest-Antoine Seillière, President of BUSINESSEUROPE stressed the particular need for restoring credit flows and limiting unnecessary regulatory demands imposed on companies.

SP CR President Jaroslav Míl, speaker on the panel of the workshop "The last energy crisis?" called for less financial creativity and more common sense in the process of solving the present ecological and energy challenges and for a cooperative approach: "To be successful, Member States must play a collective game." Full speeches at: [click HERE](#)

## QUESTION FOR MARTIN JAHN, VICE-PRESIDENT OF THE CONFEDERATION OF INDUSTRY OF THE CZECH REPUBLIC



### What recourse can you see from the current economic crisis?

The economic crisis has been worrying companies and entrepreneurs in Europe for the

last three quarters of a year. Unfortunately, for the time being, the continually falling demand and permanent consumer mistrust show that the pessimists, who forecast lengthy and profound problems, may be right.

There is probably at least a year or two of economic recession in front of us. The companies must get ready for a drop in revenues and new orders, showing red numbers, making significant cuts and postponing investments. Those who cannot cope with the economic problems may have to withdraw from some markets or lose business partners. The companies simply exist in a completely different world now from the one they were used to in recent years.

Non-protectionist aid of governments, the European Union, and international institutions will be necessary in a number of cases and can support the demand temporarily. But this will not reverse the crisis. Companies will have to cope with these problems

(which have not occurred to such an extent for many decades) for the most part on their own. A period of cost reduction, increasing effectiveness,

an introduction of new technologies and new products (by means of which they would allure cautious customers) is ahead.

In spite of the fact that many companies are falling on hard times now, they should not get rid of good employees. All crises end eventually, and companies will then have trouble finding competent employees and will be at a great disadvantage. Another area where companies should not economize is research and development. New technology and innovative products will represent a larger competitive advantage in the global market of today.

In my opinion, companies who (within the framework of these cuts) significantly reduce the costs for education, research and the number of capable employees are committing financial suicide. On the other hand, companies who survive the crisis can come out stronger, sounder and more competitive, not only in Europe but also within the worldwide market. I believe that a number of Czech companies, not only from the area of industry and transport, will be among them.

## What is the recourse for small and medium-sized enterprises in this global crisis?

(continues from p.1) the crisis over and over again, analyse the situation and speculate whether an irresponsible American banker, a Chinese producer or a financial speculator is guiltier. None of this will solve the basic problem at the present moment: low sales. This will also not be solved by looking up to local governments and to the European Union in expectation of principal aid to stabilise the tens of millions of the European SMEs. Perhaps the biggest source of naivety is the expectation of principal changes because of the local government's political change. Modifying the rules of the game may hurt or help some in the short-term, but in the long run, the harder-working, more consistent and more creative people will always win, to the detriment of those who do not have these qualities.

There is no sense in complaining about the crisis. It is necessary to get through it. How? First with knowledge and ongoing education, which we have neglected in recent years as a consequence

of the pressure on practical approach. On one hand, if we proudly declare today that innovation is the way out of the crisis, which is a never-ending truth, then it is necessary to say at the same time that we cannot continue to innovate and reach a higher level without a knowledge base. If we do not connect the knowledge base with the above-mentioned practical approach, we will manage our companies academically. This will lead to the above-mentioned innovation not having the character of innovation management, but of a non-conceptual research courtyard of the Emperor Rudolf II. The cost policy of our companies will still correspond to the boom period. Without experienced managers and entrepreneurs that have gone through hundreds of model situations, successes and failures, we will have a serious problem navigating rough waters. Finally, the last precondition is timely, exact and tactful communication. When other than in a crisis period should we make communication with our customers more precise, namely in the

sense of management of our sales, forecasts and receivables? When other than now should we better manage negotiations with bankers, employees, investors and state authorities? The key towards the success of European enterprises is not institutional support. This will influence our results only slightly and on a short-term basis. Our skills will decide whether or not we survive.

The first European SME Week, taking place from 6 to 14 May 2009, will be another place to exchange experience in solving the current problems. It is a campaign to promote entrepreneurship across Europe and to inform entrepreneurs about support available for them at the European, national and local levels. It will give SMEs access to an array of information, advice, support and ideas to help them develop their activities.

### Karel Havlíček

Association of Small and Medium-Sized Enterprises of the CR, Vice-President of UEAPME