

Czech

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NEWS FLASH

Willingness of banks to grant loans slightly up

The volume of newly granted loans for businesses again exceeds paying-off old business loans. Following the crisis, loans granted in the Czech Republic were up to April. However, since May, the total of granted loans has started to grow, namely in the industry and energy sector. More than half of the companies plan financing of their expansion from own resources and only one in five companies expects to finance its growth via bank loans.

Public Tenders are not transparent enough

A survey by ePoptavka.cz shows that more than two thirds of Czech companies do not apply for public tenders. Entrepreneurs think they do not have the right contacts and networks necessary to obtain public tenders. 60% of SMEs stated it is impossible to win a public tender without bribes or hush money. The situation could be improved by using e-auctions.

Free trade with Korea will have positive impact on Czech economy

The EU Free Trade Agreement with Korea should come into force in 2011. After that, there will be no custom charges applied on 70% of all items. Potential growth in Czech exports to Korea is expected to increase by more than a third and imports from Korea by more than 15 %. Czech exports will be linked to machinery, manufacturing and foodstuffs, as well as Korean public tenders for construction and works.

Amendment of Trade Licence

On 1st August, the Czech Republic introduced amended Trade Licence aimed at reducing the administrative burden when starting up and closing down a business. The first reactions of businesses reveal there will be no significant cutting of red tape, as a lot of administrative burden will remain throughout the life of the business.

Every business can be innovative! But it must be supported in its innovative efforts!

The new EU2020 strategy focuses on the Innovative Union and calls for 3% of GDP to be invested in R&D. This reflects a strong European commitment towards a more strategic approach to innovation policies. Furthermore, the Innovative Union flagship initiative and innovation will be the topic of the winter Council of Ministers and the European Council. As regards innovation, the EU is still lagging behind the U.S. How should the European Union enhance its innovative potential? More than 50 representatives of the EU institutions, Member States, research institutions and business associations gathered in July to discuss how to support innovation in the field of energy and smart grids, environment, research and education. Participants agreed there was a need for suitable benchmarks, fiscal stimulus, a better skill match and enhanced cooperation between researchers, academics and

businesses. In the environment, there was also room for using nature through the eco-system-based approach and green infrastructure. Last but not least, adopted legislation must be implemented to deliver real results. The European Union is giving high priority to promoting innovation in the coming months through the EU2020. During the CEBRE's debate, David Harmon, Member of the Cabinet of Commissioner Máire Geoghegan-Quinn, stressed the strong political dedication of all parties involved to invest more in research and innovation and to create a Single Innovation Market. "The recently established Group for Indicators examines the most effective indicators to be used to measure development in innovation, as the current indicator – share of investment to R&D on GDP does not reflect the complexity of innovations", added Harmon. *(see more on page 2)*



Question to the Enlargement Commissioner Štefan Füle:

What is in your opinion the biggest opportunity of the European Eastern Partnership project?

Eastern Partnership focuses on economic integration. Via specific trade agreements it creates a room for

free trade areas and facilitates gradual approximation of the Eastern countries to the EU "acquis". This is the most important aspect of businesses as it regards the Internal Market. Throughout the bilateral and multilateral relations, the Eastern Partnership helps to develop contacts and cooperation between all interested parties - governments, NGOs and businesses.

New opportunities for Czech exporters – Western Balkans and Turkey

Czech companies have been doing business in Western Balkan countries for decades and have long-lasting business contacts in this area. However, not all of them are aware that they are able to apply for public tenders for supplies, services, works and building launched within the framework of EU pre-accession aid. At the end of June, more than 30 Czech companies gathered in Prague to

discuss with representatives of CEBRE, Czech export agency CzechTrade and Czech bilateral embassies, how to apply for the European tenders and enter the local markets. Via a website of the European Commission called Tenders Electronic Daily (TED) entrepreneurs can follow the EU public tenders on a daily basis. TED displays tenders with a value of more than 60,000 EUR of the whole EU,

the European Economic Area and beyond these two areas. Information about tenders between 25,000 and 60,000 EUR is published on respective websites of the specific Directorate Generals. TED facilitates finding a tender according to the country and domain of the business. TED opens the door to all the tenders of the EU institutions in the whole world, free of charge. *(see more on page 2)*

TALKING ABOUT...

...INNOVATION

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"It is much easier to support research than innovation, thus we have to keep trying to invest in innovation and find suitable benchmarks," said Reinišová, Depu-



Paul Rübzig, MEP at the Innovation Conference (14 July, 2010)

ty Permanent Representative of the Czech Republic. Secretary General of EUROCHAMBRES, Arnaldo Abruzzini, voiced his disappointment: "Businesses are the innovation drivers! And not only those in research! Nonetheless, businesses need to be motivated through some type of fiscal stimulus, to ensure better access to finance and to stabilise their human resources through a better skill match." Member of ITRE Committee Paul Rübzig MEP called for better implementation of common objectives: "There are several strategies and legislation in place already, including the 3rd energy package, but the crucial question now is the delivery - how do the Member States implement them?"

PRE-ACCESSION AID

(continued from page 1)

European Union backs up economic, regional and institutional development in the candidate countries (Croatia, Turkey and FYROM) and potential candidate countries (Albania, Serbia, Island, Montenegro, Kosovo, Bosnia and Herzegovina) via unified Pre-accession instrument IPA. European companies can become partners when it comes to the application for projects within the IPA or participate in tenders within the pre-accession aid. The call for proposals and tenders can be followed on the EC delegations' websites, website of the DG AidCo and in some countries like in Turkey on the webpage of the CFCU (Central Finance and Contracting Unit). Czech companies are able to use their

experience and best practices with EU funding in the candidate and potential candidate countries. EU funding has also its advantage, as there is no need to pay the taxes and the customs within the realized projects.



Martin Tlapa, Deputy Minister for Trade and Industry discussing export opportunities with Czech companies in Brno on Sept. 15, 2010

CONSUMER RIGHTS

The ongoing debate about the consumer acquis in the European Parliament is speeding up and parliamentarians seem to slowly come to a compromise on the newly proposed concept - targeted full harmonisation. Does the compromise follow the needs of the European businesses? Business associations keep calling for removing obstacles arising from 27 different national rules (outcome of the currently applied concept of minimum harmonisation) while still ensuring common level of consumer protection.

Based on long and thorough discussions, businesses:

- Urge the final compromise to equally weight the interests of consumers and those of businesses, not

adding any extra unnecessary burden on traders;

- Urge to ensure removing obstacles from 27 different national rules and derogations and exceptions shall be kept to minimum;
- Urge the concept of minimum harmonisation not to be used even in areas with difficulties. On the contrary, maintaining the current legal framework in such areas would be much more beneficial;
- Call for the same legal framework to apply for on-line, distance and face-to-face contracts. Differentiation of regimes would violate the spirit of the Single Market and create uneven playground;
- Support the approach of the reporter from IMCO Committee regarding the definitions,

ENERGIZING EUROPE:

FUTUR/E/MOTION: way to face new challenges in the power sector

CEZ Group has launched its long-term strategic initiative FUTUR/E/MOTION last year in order to have an efficient and suitable tool to support and implement new technologies. FUTUR/E/MOTION covers four strategic topics. The initiative strives for reduction of environmental footprint by its support of R&D and use of new technologies in generation, distribution and consumption of electricity. It targets enhancement of security of supply and reduction of energy costs supplementing the traditional power sector with local and decentralised electricity generation. In order to increase comfort and save energy and costs, it enables customers to monitor and change their energy consumption patterns. And finally, aiming to reduce noise and emissions from transport, FUTUR/E/MOTION strongly supports development of E-mobility.

FUTUR/E/MOTION is supported by newly created structures within CEZ Group and based on the use of different approaches in different stages depending on achieved technology level;



this is considered as a proper strategy to deliver specific results in all areas by 2020.

CEZ GROUP

Jiri Horak
CEZ Group

CEBRE was founded in 2002 by:



www.komora.cz



www.spcr.cz



www.kzps.cz



www.czechtrade.cz

CEBRE CALENDAR:

- CEBRE Debate on Electric vehicles (Open Days) on **6th October** (Brussels)
- European Parliament of Enterprises organized by EUROCHAMBRES on **14th October** (Brussels)
- Conference on "The Implementation of the Services Directive" on **4th November** (Brussels)

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