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## USE OF ADR SYSTEMS AS WELL AS THEIR QUALITY DEPENDS ON CULTURE!



Arbitration and mediation are mechanisms of alternative dispute resolutions (ADR). ADR basically is an alternative to formal court dispute settlements. Such an instrument has many advantages – it is faster, cheaper and parties do not leave the process as enemies but as two entities that found a solution in a peaceful way. These mechanisms function differently across the EU (depending on the nature and on the sector), therefore it complicates their use in cross-border disputes. In order to facilitate the ADR in cross-border disputes, the European Commission adopted a proposal for ADR Directive and a proposal for a Regulation on Online Dispute Resolution (ODR) on November 29, 2011. In Prague on February 14, different stakeholders discussed the use and function of ADR mechanism in the Czech Republic and how it could function in the future in connection with ODR. ADR, and later ODR, could be a good solution for both parties of the dispute

– consumers and businesses, only if they are well-balanced, clearly defined, of a high quality and known to their users. Weak knowledge, tradition and certain culture of ADR can influence the use of this mechanism in the Czech Republic. “The ADR and ODR proposals can save money and time to both parties, only if they are credible accessible and of a good quality”, said Zuzana Roithová, Member of the EP IMCO Committee. Between 2008 and 2010, the Czech Ministry of Industry and Trade realized an ADR pilot project. “We have dealt with more than 2000 disputes, one third of which was settled at the contact point by providing information and recommendations”, said Ivana Kocová from the Ministry. When using the mediation, 80% of disputes reached an agreement. The use of arbitration was low. Consumers do not have the capacity to make a difference between the decision of the Court and an arbitration award.

*(see more on page 2)*

CEBRE was founded in 2002 by the three most important Czech business organizations - Czech Chamber of Commerce, Confederation of Industry of the Czech Republic, Confederation of Employers' and Entrepreneurs' Associations of the Czech Republic with kind support of the Ministry of Industry and Trade via its Trade promotion agency CzechTrade.



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## News FLASH

### > THE SEVENTH LOWEST IN THE EU

According to the data published by Eurostat for the third quarter of 2011, the Czech Republic has the seventh lowest ratio of government debt compared to the gross domestic product in the EU. In total the Czech public debt is of 39.8 percent of GDP. Data show that EU public debt had increased from 81.7 to 82.2 percent in the EU-27 last quarter of 2011. In the Eurozone, public debt dropped from 87.7 to 87.4 percent.

### > GALILEO IN PRAGUE

At the end of January, the Czech Prime Minister Petr Necas signed with the Vice President of the European Commission Antonio Tajani a host agreement between the Czech Republic and the European GNSS Agency, which allow the transfer of GSA seat from Brussels to Prague. On this occasion, Tajani received a feedback from Czech business organizations regarding Commission's policies for support of entrepreneurship.

### > WILL RIA CUT THE RED TAPE?

New rules of regulatory impact assessment (RIA) adopted by the Czech government in December 2011, came into force in January 2012. New rules could have potentially positive impact on decision making in the Czech Republic and are welcomed by Czech companies, to whom cutting the red tape brings considerably lower financial expenses.

## Welcome by Alena Vlachova



This year, CEBRE celebrates its 10 years of existence, almost half of which I could participate in its activities and projects together with my colleague Michal Kadera. Michal left for his new position in the Czech Republic

and now it is up to me to take the helm. We will continue to encourage the participation of Czech businesses in the EU legislative process - we want them to be heard and listened! We will also try to get their feedback as much as possible and raise awareness on EU issues back in the Czech Republic. It is not always easy to persuade them about the importance of the EU. For them Brussels is far away and legislative decisions take so much time. As a delegate of the Czech Chamber of Commerce in EUROCHAMBRES

and UEAPME for four and half years I know how difficult task it is. But it is our common goal with CEBRE founders – Confederation of Industry, Chamber of Commerce and Confederation of Employers' and Entrepreneurs' Associations. CEBRE is also supported by the Czech Ministry of Trade and Industry via CzechTrade agency for which we are grateful to have also strong partners on the side of the Czech public administration. Without them we would be much less successful in lobbying. Grate thanks goes also to Czech MEPs. In March Tomas Hartman will join the team as a delegate of the Confederation of Industry of the Czech Republic and help us with the agenda of BUSINESSEUROPE. The team will be complete again. I hope we will reach our goals for this year in the priority areas and celebrate our 10-year anniversary with optimism!

Yours faithfully,  
Alena Vlachova

# ADR

(continues from page 1)

In its proposal, the Commission pushes the Member States to set up ADR mechanisms. In the EU there are more than 700 different ADR mechanisms. The proposal foresees that ADR mechanisms should fully function from 2014 and ODR from 2015. ODR should help to solve cross-border disputes on the on-line platform. Via its contact points it should be possible to submit a complaint with a help of an e-form available in all EU languages. The platform will propose the ADR entities that will be the most suitable for the dispute resolution. The dispute will be solved according to the rules of the relevant ADR body. "Procedures will remain in the competence of the Member States as the directive does not deal with procedural aspect, neither with nature of the decision", said Věra Knoblochová from the Czech Permanent Representation to the EU. In principle, consumers welcome ADR. "As complaints do not function properly in the Czech Republic, ADR could be a good alternative", said Libor Dupal of the Czech Association of consumer protection. Tomáš Večl of the European Consumer Centre Czech Republic thinks that both ADR and ODR proposals can be beneficiary. However, the mechanisms are often

unclear for both consumers and mediators. "In the Czech Republic, we already have an example when some ADR disputes are dealt with on-line", said Marie Moravcová of the Arbitrary Court at the Czech Chamber of Commerce and Czech Agrarian Chamber. The Arbitrary Court deals with European cross-border disputes regarding the .eu domains. Since 2006, it solved more than 2 000 cases. According to Ivan Voleš from the Czech Chamber of Commerce and EESC Member, ADR is a tool, which is equal for both parties. "However, it must be ensured that it will be interesting for businesses", he concluded.



From left: Tomáš Večl of the European Consumer Centre of the CR, Věra Knoblochová of the Permanent Representation of the Czech Republic to the EU, Ivana Kocová of the Ministry of Industry and Trade of the CR.

## EESC CORNER

The European woodworking and furniture sector (as well as the pulp and paper industry) mainly uses natural renewable raw materials, wood, and plays an essential role in the development of a green economy. Unfortunately, there are currently key inconsistencies between certain parts of EU policies and initiatives, which are having a serious impact on the forest-based industries' competitiveness and profitability. The sector is facing growing competition for wood from the renewable energy sector, due to subsidies and other measures promoting the use of biomass (wood is one of the main fuels used to produce biomass energy). There are also difficulties regarding investments, research, training, attracting young workers, and administrative restrictions relating to public procurement. The European study "EUwood" shows that wood consumption for energy generation is expected to grow from 346 million solid cubic meters in 2010 (3.1 EJ) to 573 million cubic meters (5 EJ) in 2020 and could reach 752 million cubic meters in 2030 (6.6 EJ). These results are based on the assumption that the share of wood in energy from renewable sources will decrease - from 50% in 2008 to 40% in 2020. A deficit of 200 million m<sup>3</sup> of wood is expected by 2025 and 300 million m<sup>3</sup> by 2030. A detailed study should be commissioned on

the problems relating to the supply of woody raw materials for forest-based industries and for the renewable energy sector (biomass). Appropriate and specific measures to address these problems should be addressed by setting up an informal, neutral, inter-institutional expert group – also linking with relevant stakeholders – on "wood as a sustainable raw material". EU forest-related policies should support active forest management; in particular the EESC suggests that the European Commission should promote the cultivation of "short-rotation energy wood". Measures should also be explored to ensure that wood suitable for industrial uses is not used for renewable energy production. The EESC underlines the need to actively promote green buildings that use environmentally friendly and resource-efficient structures and processes throughout their life cycle. The sector needs workers who are trained in the latest skills and technologies. The sector is committed to ensuring career and employment security, maintaining the health and well being of workers, developing skills and competencies, and achieving a work-life balance.



Josef Zbořil,  
Member of EESC – Group I

## REACH should be more accessible for SMEs

Five years after entry into force, the Commission is preparing a revision of the REACH regulation. According to the regulation, all manufacturers and importers of chemicals must identify and manage risks linked to the substances they manufacture and market. For substances manufactured or imported in quantities of 1 tonne or more per year per company, manufacturers and importers need to demonstrate that they have appropriately done so by means of a registration dossier, which must be submitted to the European Chemicals Agency (ECHA). In the first registration round in 2010, approximately 2000 companies have registered around 4,000 chemicals. ECHA will publish evaluation of the registration during the first deadline in the near future. However, the first deadline was for big companies, who have administrative and financial capacity to register their chemicals. Problems are expected with the second and third deadline. May 31, 2013 is the next deadline to register all substances manufactured or imported above 100 tonnes per year. Third registration phase, May 31, 2018, closes with substances produced in smaller quantities between 1 and 10 tonnes. The main aims of REACH are to ensure a high level of protection of human health and environment from the risks that can be posed by chemicals and to enhance competitiveness and innovation. Nevertheless, competitiveness of the chemical industry in Europe is weakening compared to the emerging economies and REACH imposes excessive administrative and financial burden on SMEs. The Czech Republic introduced an initiative for revision of the REACH directive on the Council meeting on November 14, 2011 in Stockholm. The initiative was supported by Slovakia, Romania and Great Britain. The aim of this initiative is to reconsider safety regulations on the chemical industry that could hurt small businesses, which represent up to 96% of the EU's chemicals concerns and therefore can undermine economic growth. However, the Commission has not yet published its intention in which way the REACH will undergo the changes. The forthcoming review is more likely to focus on enforcing the existing rules rather than on major overhaul of the legislation. Commission prefers to focus on mobilizing entrepreneurs and increasing awareness of the REACH registration.

## CEBRE CALENDAR:

- CEBRE debate on European Year for Active Ageing (Prague) – **March 7**
- CEBRE debate on Future of ESF (Prague) – **April 3**

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CEBRE – Czech Business Representation, protects the interests of the Czech business community in relation to EU institutions, informs Czech businesses about EU legislation affecting them, trains Czech entrepreneurs in Brussels and represents Czech business associations at European business federations. Contact: Czech House, 60 Rue du Trône, 1050 Brussels, Tel: +32 2 502 0766/+32 2 502 8091, e-mail: brussels@cebre.cz, www.cebre.cz