

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 Trone, 1050 Brussels, Tel: +32 2 2139 450/2, e-mail: cebre.europe@mail.be, www.cebre.cz

Banks need guarantees to grant affordable credit!

Bank refinancing (and the capacity of banks to lend) has worsened during recent months. SMEs (particularly start-ups, innovative companies and business transfers) are both reluctant and subject to restrictions from the banking sector when asking for credit. Only appropriate measures taken according to local needs and via established structures (structural funds, EIB loans and EU programmes) can ease access of SMEs to liquidity. SME access to finance is part of a broader problem but is also part of the solution.



Business Breakfast on SMEs Access to Finance organised by CEBRE on January 21, 2009 in Brussels

"The benefit should be brought down to the enterprises as quickly as possible and the administrative burden should be reduced to a minimum," said Jiří Plečička from Verheugen's Cabinet during the CEBRE Business Breakfast organized on January 21st 2009.

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Interview with Marta Gajacka, EIB Vice-President responsible for lending operations in Central Europe

Q: What is the response of the EIB to the economic crisis?

The EIB agreed to increase its total lending volume by some 30% (15bn EUR) in both 2009 and 2010 compared with the level of previous years. The Bank's effort is being focused on improving the access of SMEs to long term finance: lending for this sector will increase by 50% to 15bn EUR over two years (i.e. an extra 2.5bn EUR per

year and a new product line are being developed allowing risk sharing with EIB partner banks). A similar and complementary approach is being developed for „mid-cap“ companies for an additional 1bn EUR per year.

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EIB Vice-President responsible for lending operations in Central Europe

YES to indirect support, NO to direct support!

Liberalization of international trade is part of the solution to economic crisis. Protectionist measures, on the contrary, can worsen the crisis and create more barriers to world trade. Participants in the de-

bate held on the 4th February organized by CEBRE with CzechTrade in the European House in Prague agreed that it is necessary to continue the removal of technical barriers, maintain constructive dialogue with other economic partners and protect intellectual property and industrial rights. Only indirect measures can help business confidence recover in the long term.

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The Debate on Trade Liberalisation organised by CEBRE on February 4, 2009 in Prague

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NEWS FLASH

Bonus and flight ticket for jobless foreigners who voluntarily leave

The Czech government is offering to pay plane fare and a bonus of 500 EUR to jobless foreigners who leave the country voluntarily in order to avoid excessive social costs and a potential increase in the crime rate. The estimated cost stands at 60 mil. CZK.

A step forward to Lisbon Treaty adoption

After a long discussion and review by the Constitutional Court, the Lisbon Treaty has finally been adopted by the Czech Chamber of Deputies. The treaty, supported by 64% of Czechs, still needs the agreement given by the Senate and President.

Access to 2,5 bn CZK for Czech businesses

The Czech Ministry of Industry and Trade is releasing 2,5 bn CZK in its operational program "Business and Innovation" in February and March. The Ministry also is focusing on alleviating administrative burden.

Index of economic freedom 2009

On Feb. 20th in Prague, Terry Miller, director of The Heritage Foundation, presented the results on the economic freedom of 179 countries in 2009. The Czech Republic is ranked 37th immediately after Slovakia with results corresponding to the EU-27 average. Improvements are to be made with regards to corruption and property rights.

The Czech Government has introduced the anti-crisis plan

The Czech anti-crisis plan contains social security rebates, faster asset depreciation, extension of the application of VAT deductions on cars, reduction of the social security rate by 1.5%, reduction of companies' tax burden, a decrease in railway charges by 20%, enhancement of regional transport accessibility, guarantee and support for loans, support to export, and investment in research and development.

HOW TO GET THE MOST OUT OF THE DIRECTIVE?

Regardless of the wording of the Service Directive and the implementation measures on a national or regional level, the success of the Directive principles lies in the practice on the ground. The Directive can only deliver its benefits if all the parties involved – businesses and consumers – are fully aware of the rights and opportunities. The Directive has also proved to have a positive effect on the understanding of Member States administrations and ownership of the Internal Market.

The Presidency conference in Prague reached a number of conclusions:

- Single Contact Points should consider common branding/logo across the EU
- Member States should set up Single Contact Points that would serve providers/recipients in multiple languages
- Member States should test their concepts of Single Contact Points with stakeholders to ensure accessibility, usefulness and user-friendliness
- Policy makers should look beyond the implementation deadline of the Directive and work further on the Internal Market
- The Directive's implementation tools should be continuously monitored and developed (e.g. the large-scale mutual evaluation process in 2010 will be an innovative instrument of transparency and peer review)
- Efforts at the EU level should continue after Directive implementation to identify and remove the remaining barriers to services activities
- Innovative tools such as Single Contact Points or the Internal Market Information system (IMI) should be applied to sectors or aspects not covered by the Directive
- The New Commission should take "an integrated approach to internal market issues"



TALKING ABOUT...



... SERVICES IN THE INTERNAL MARKET

Protectionism is not the answer to economic slowdown!

Despite certain national protectionist measures, most policy makers believe that the effective solution to the economic downturn in Europe is the business call to closely follow the Internal Market principles. The economic crisis made evident that we should be much more afraid of protectionism within the EU than of global competition. Cross border provisioning of services suffers from a number of barriers, and the Service Directive aims at removing most of them providing Member States do their very best to put its provisions into practice.

Following its motto "Europe without barriers," the Czech Presidency ranks liberalisation of services in the internal market among its top priorities. On February 2, 2009, a conference focusing on the future of services in the Internal Market took place in Prague. Participants included representatives of Member States, European Commission, Members of the European Parliament, as well as stakeholders and think tanks. It included topics such as the biggest challenges in proper implementation of the Directive and the current state and possibilities of general future development of the services sector.



The speakers of the debate on Barriers on the Internal Market organised by CEBRE on January 28, 2009 in Brussels

What do businesses think?

The time period set for the full implementation of the Service Directive (123/2006/EC) is just past its halfway point. Implementation into the legal systems of all Member States should be completed by December 28, 2009. Will all the Member States manage to finish their national implementation process on time? Are businesses happy about the implementation tools? A number of surveys have been organised by European business associations with interesting (though worrying) results.

Most Member States will combine electronic and physical Single Contact Points that will serve both to provide information and assistance and help to complete formalities. Easy access to information and the possibility to access these services electronically is of particular interest to businesses.

Businesses continue to call for Single Contact Points which use more than one language in order to facilitate the use of their services. The recommendation is for English or another language of countries with significant commercial relations.

Sufficient resources should be allocated and staff should be properly trained to ensure access to information and domestic / cross border interoperability.

- Overall business expectations from the Service Directive are very positive
- There is an uneven pace in the process of transpositions throughout different Member States
- The adoption of implementing legislation has to be rapidly sped up to meet the deadline
- 33% of businesses feel neutral about the assessment of national screening of legislation. 20% of businesses fear screening could bring extra administrative burden
- 25% of businesses find the government's efforts on e-procedures satisfactory. More than 40% of businesses feel neutral on the subject.
- Almost two-thirds of Member States plan to operate Single Contact Points in only one language
- Half of businesses find the quality of dialogue with their government very satisfactory or satisfactory

EUROPEAN NUCLEAR FORUM IN MAY AGAIN IN PRAGUE – WILL THE DEBATE ON NUCLEAR ENERGY IN THE EU MOVE ONE STEP FURTHER?

This question may be answered during the next meeting of the European Nuclear Forum that will take place on May 28 and 29 this year in the Prague Congress Centre. This will be the fourth meeting of this discussion platform. What concrete



Zuzana Krejčířiková,
ČEZ a.s.

matters will be discussed in Prague? The results of three Nuclear Forum Working Groups achieved thus far will be discussed. 350 participants from all of Europe from the political, non-governmental or private levels will attend. The Working Group "Opportunities of Nuclear Energy" will present their final report containing the cost analysis of the individual energy sources and the legal travel map for nuclear energy (i.e. an outline of all areas of law where at present modification or harmonisations of legal regulations is presently being discussed). The second Working Group "Risks of Nuclear Energy" will present their report concerning, in particular, the issues of licensing, nuclear waste management, and nuclear waste repositories within the context of a new proposal for a directive on nuclear safety in this area. The report of the third group "Transparency of Nuclear Energy" should focus on improvement of information in the area of nuclear energy, transfer of best practices and support for the education of nuclear experts in the European Union. Besides that, the EU countries who support nuclear energy (and some energy companies) expect more general communication from the Prague meeting of the Forum, namely expressing support for utilization of the nuclear energy in the EU, which was also expressed by the European Parliament at its Plenary Session in the first week of February. With the gas crisis in January and the objective to reduce emissions by 21% by 2020 from levels in 2005, general support for nuclear energy in the EU is growing stronger.

Zuzana Krejčířiková,
European Agenda Section,
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CEZ GROUP

PLAN FOR SOLVING THE CRISIS IN THE CZECH REPUBLIC – SUPPORTING EMPLOYMENT AND STABILITY OF PUBLIC FINANCE

The economic crisis in the Czech Republic affects most of the automotive and textile sectors as well as the manufacture of electrical and optical instruments, which confirms the industrial production fall by 14.6% (by 8% in the EU) and the unemployment growth by 6.8% noted in January. However, the impact of the crisis has also shown itself in the weakening of CZK against Euro. The worst still remains ahead of us though - the GDP growth rate for 2009 will slow to 1.4%, production and import will fall by 14.6% and 13.4% respectively. In February, the Czech Government approved a package to solve the economic crisis in the amount of €2.5 billion, with a further €770 million result from the exemption to pay income tax advances. The adopted measures should ensure the flexibility of the Czech open economy (70% of GDP of the CR comes from export) so that it would be able to react faster to future demand.

ANTI-CRISIS PLAN

- **Social security rebate** – max. 1.15 multiplied by the gross wage

- **Faster asset depreciation** – from 3 years to 1 year for hand-held portable power tools and instruments, and from 5 to 2 years motor vehicles, most machinery
- **Guarantees and support for loans**
- **Reducing the energy intensity of buildings** – subsidies and replacement of non-environmentally friendly heating with low-emission biomass boilers, efficient heat pumps and solar panels
- **Aid for farmers** – in the amount of €112 million
- **Investment in transport infrastructure**
- **Acceleration of VAT drawbacks for electronically filed claims**

In the proposal, entrepreneurs are still missing the Svarc system (people providing services based on a trade licence instead of an employment contract) and the "car scrapping premium" (i.e. cash for the handover of a car for scrapping). On the other hand, entrepreneurs welcome the accelerated depreciation, VAT deductions for cars, lower social insurance rates and reduction of company taxes.

Banks need guarantees to grant affordable credit!

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Participants agreed that guarantees granted for SME credits by public institutions seem to be an appropriate solution. "The Presidency welcomes the injection of 30 bn EUR in the European economy and in particular for SMEs from 2008-11 through the EIB and will search for further stimulus for the European businesses in European and Member States," said Petr Dolejší from Czech Permanent Representation to the EU. It is not only about liquidity though. Modification of international regulation of capital and accountancy is needed

and can reduce the current procyclical effects of these regulations for SMEs," said Gerhard Huemer from UEAPME. The economic crisis can be seen as a great opportunity to accentuate research and innovation in the new structural policy for the period after 2013," stressed Petr Zahradník from Česká spořitelna a.s. The EIB launched a new generation of intermediated loans for SMEs and changed the perception of credits awarded. It will inform the clients that their projects are supported by EIB funds," said press officer of the EIB Dušan Ondřejčka.

INTERVIEW WITH MARTA GAJECKA, EIB

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Q: How do you see the current economic development in the EU?

I expect a protracted financial crisis and more widespread economic downturn resulting from a liquidity squeeze, capital constraints and declining confidence.

Q: Which other sectors would the EIB like to target in this concern?

Additional EIB lending up to €6bn per year will be focused on the energy sector and climate change measures. This includes a clean transport facility for automotive and other transport industries, their original equipment manufacturers and component suppliers. The facility will target significant CO2 reduction through research, development and innovation expenditure, as

well as tangible fixed assets in related infrastructure and production plants.

In addition, since the financial crisis risks having a disproportionate impact on some Member States, the Bank will increase its lending by a further €2.5bn per year in countries seen as priorities in terms of the EU regional policies, including the CR.



Since 1990, EIB's lending in the Czech Republic has exceeded €10.4 bn. The CR is the second largest EIB borrower by volume among the new Member States and the largest one as far as loans per capita are concerned. The operations cover all of the country's economic sectors and the size of enterprises.

What You Shouldn't Miss

Round table with Commissioner Špidla on Free Movement of Workers

March 18, 2009

The second cycle of the transitional period for free movement of workers has been adopted for eight new Member States of the EU in 2004 and finishes by April 30, 2009. Can Czech citizens expect the opening of the Belgian labour market?

European Business Summit

March 26-27, 2009

The 7th edition of European Business Summit titled "Dare and Care: sustaining Europe's ambitions; Financing, Staffing, Greening" will take place in Brussels. Come and meet high-level decision makers, develop business opportunities and get updates on the latest EU issues! See more at www.ebsummit.eu.

Designblok

March 27

– April 26, 2009

Designblok is an exhibition of contemporary Czech design, focusing on glass and porcelain. It encompasses the work of prominent Czech designers such as Bořek Šípek, Olgoj Chorchoj, Jiří Pelcl, Daniel Piršič, and Maxim Velčovský.



Conference on the Partnership between educators and employers

April 6-7, 2009

A flagship event of the Czech Presidency focusing on partnership between educational institutions and businesses will be held in Prague. Decision makers, entrepreneurs, business representatives and academia will discuss better cooperation, skills needed and recognition of qualification.



Under the theme "Doing Business without Barriers", the 16th EUROCHAMBRES Congress will address the major challenges that businesses, and therefore Chambers of Commerce, face. The event takes place in Prague on 14-15 May closing the European SME Week (May 6-14, 2009).

**Any questions or comments?
Interested in participating
in some events?**

Contact us at:
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IN BRUSSELS!**



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Events

January 7, 2009

EUROPEAN YEAR OF CREATIVITY AND INNOVATION 2009

European Year 2009 is dedicated to creativity and innovation. Its official opening was launched in Prague on Jan. 7 by a conference with European Commissioners Ján Figel' and Janez Potočnik, as well as Czech Ministers Ondřej Liška and Václav Jedlička. High-quality education is crisis prevention and allows individuals to be more flexible and adapt more quickly to the changing world. A ceremonious evening at the National theatre followed the debate and marked the beginning of the Czech EU Presidency. The programme prepared by the Forman Brothers' Theatre started with a symbolic handing over of the EU Presidency from the predecessor France.

January 21, 2009

BUSINESS BREAKFAST ON SME ACCESS TO FINANCE (see page 3)

January 28, 2009

BUSINESS BREAKFAST ON BARRIERS IN THE INTERNAL MARKET

Business representatives, Members of the European Parliament and the Economic and Social Committee gathered with the Czech Presidency to discuss their view about the role the Czech Presidency can play in the future economic development of the EU. Partici-

February 2, 2009

CONFERENCE ON THE FUTURE OF SERVICES IN THE INTERNAL MARKET

One of the first events of the Czech Ministry of Industry and Trade during its Presidency dealt with the implementation of the Services Directive and barriers to the internal market.

(see more on page 2)

February 11, 2009

POLICY CAFÉ ON SMALL BUSINESS ACT FOR EUROPE



The Speakers of Policy Café on SBA organised by CEBRE on February 11, 2009 in European Parliament in Brussels

High-level business representatives, members of the European Parliament and representatives of the Czech Presidency gathered in the European Parliament to share their view about the implementation and possible impact of SBA. Parliament will deliver its opinion at the March plenary session. The businesses called for immediate short and long term measures, support to innovations and improvement of the regulatory environment. The Policy Café was hosted by Edit HERCZOG (PES) and Jan BREZINA (EPP-ED).

pants in the debate agreed that a well-functioning market, the commitment of all partners involved, stimulation of supply and streamlining of better regulation through internal and external dimensions of the internal market are great contributors to the crisis solution.

January 30, 2009

CZECH BALL

As a celebration of the beginning of the Czech Presidency, the Czech Republic organized a ball in Brussels with the participation of prominent personalities of contemporary Czech art. Many different artists took part, mainly musicians (performing classical and contemporary music, vocal music, jazz, and folk music), dancers (show-



The Czech Ball 2009, From Left Commissioner Vladimír Špidla and Czech Prime Minister Mirek Topolánek

ing ballroom dance, contemporary dance and classical ballet) and designers who put all their work together to make it a creative event.



Czech ball dancers

February 3 - 4, 2009

CONFERENCE ON TRADE LIBERALISATION, Prague

The main requirement of Czech businesses decided on during the debate with CEBRE on Feb. 4 was more customized economic diplomacy providing more flexible assistance to exporters in the initial phase of access to the markets of third countries. The day before the debate, representatives from academia, EU institutions, business associations, and Member States discussed the role of the EU in global trade at a CZ PRES conference. Any kind of protectionist measures adopted by national authorities must be avoided. The only thing that is needed to face protectionism and speed up further liberalization is the strengthening of a multilateral trade system. An EU tool helping to keep its well-established position in the world is the Global Europe strategy. It involves the completion of the Doha round, bilateral agreements with key partners such as South Korea and attempts to remove the non-tariffs barriers to trade.



CEBRE debate on February 4, 2009 in Prague. From left Patrice Brennerová, Ivan Jukl, Rosemary Marlene Madsen, Jaromír Drábek, Michal Ševera