

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: brussels@cebre.cz, www.cebre.cz

Being paid on time should be the norm

Almost 67 days. That is the average late payment in Europe for commercial transactions with public administration, which is worsening in light of the economic crisis. In the Czech House on 30 September 2009, business representatives as well as national and EU officials discussed combating late payments with Madame Barbara WEILER, Member of European Parliament's IMCO Committee, rapporteur of the Late Payments Directive. Businesses stressed the need to adopt and implement the Di-



From left Eric Sonntag of BUSINESSEUROPE, Barbara Weiler, MEP, Luc Hendrickx of UEAPME

rective effectively as soon as possible, welcomed stricter conditions for public administration and questioned the business-to-business (B2B) and business-to-consumer (B2C) relations with regards to late payments. *(continued on page 2)*

Consumer Rights: Improvement of Single Market is important but has its price

Representatives of the European Parliament, European business, consumer associations and Czech Permanent Representation agreed on 11 November 2009 that a clearer and higher quality Consumer Rights Directive is needed. The legislative process should not be rushed. It is worth it to dedicate more time to negotiations and examine all the details of the

proposal to avoid further recasts and an unnecessary burden for traders. The proposal needs to ensure the proper function of the business-to-consumer (B2C) Internal Market striking the right balance between a high level of consumer protection and the competitiveness of enterprises. The full harmonisation proposed is one of the tools that can be used to achieve it.



Policy Cafe on Consumer Rights held on 11th November in the European Parliament in Brussels

MEP Sonik on IPPC



Boguslaw Sonik, MEP

„The IPPC Directive review should be ambitious in its aims, nonetheless it should not harm the competitiveness of European industry and energy sector,” says Boguslaw SONIK MEP, Vice-Chairman

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of EP Committee on the Environment, Public Health and Food Safety.

NEWS FLASH

Optimistic outlook for SMEs

Small and medium-sized enterprises in the Czech Republic are becoming more optimistic. Numerous surveys published last September show that business orders for SMEs are rising. On the other hand, scepticism has risen among large enterprises.

New Czech Commissioner

Mr. Štefan Füle was nominated as a Czech Commissioner. José Manuel Barroso decided the Czech Commissioner will be responsible for the Enlargement and European Neighbourhood Policy. He will work in close cooperation with the High Representative/Vice-President in accordance with the treaties.

Highest trade balance surplus in 16 years

According to the data presented by the Czech Statistical Office, the trade balance surplus was 17.8bn CZK in September 2009. The best results in 16 years are influenced mainly by the rise in machine and vehicle trade.

Czech businesses received 6.3bn CZK

Since 2007 the Ministry of Industry and Trade of the Czech Republic released 6.3bn CZK for the Structural Fund's operational program "Business and Innovation". The program offers support in total of 100bn CZK between 2007 and 2013.

The Czech Republic 2nd in growth of industrial orders

The Czech Republic ranked second just after Slovakia among the EU countries regarding month-to-month growth of industrial orders. In August 2009 the orders grew in the CR by 3.2%. In the eurozone, the volume of industrial orders grew monthly by 2% but dropped annually by 23.1%.

Dressmakers missed the chance to charge reduced VAT

Czech bicycle menders, hairdressers, dressmakers and other service providers will not be allowed to charge reduced VAT for their services from January onwards. Czech Parliament refused to move these local labour intensive services to the reduced VAT rate allowed by the Small Business Act.

WHAT IS LATE PAYMENT?

A payment is considered late when a receiver does not pay within 30 days of receiving an invoice or goods without first agreeing to a later date or longer payment deadline in a contract. In such a case, the creditor has, according to valid legislation, the right to claim interest for the delay and also reimbursement for any expenses that he/she may incur related to recovering the debt. Late payments in commercial relations in the EU are governed by Directive 2000/35/EC on combating late payments in commercial transactions from 8 August 2000. But seven years later (the deadline for its transposition was 2002), it has not brought about any improvement. Companies and public institutions are still paying for the delivery of goods or rendered services later than the date indicated in the contract or on the invoice. Research conducted in six EU member states by auditors from the company Grant Thornton shows that 40% of all invoices are paid after 60 days or more. The auditors regard this as one of the key reasons that SMEs are not able to pay their bills. One in every four insolvencies starts off with late payments. As an answer to solving the ongoing problem of late payments further exacerbated by the economic crisis, the European Commission has submitted a bill that would revise the previously mentioned directive. The plan falls within the scope of the European Economic Recovery Plan and a package of measures aimed at supporting SMEs - the Small Business Act (document COM (2008) 394 from 25 June 2008). In the bill, the Commission focuses on the revision of rules related to delayed payments by public institutions. Area of competence, interest on late payments, retention of title and the collection of payments remain unchanged. What is new, however, is flat compensation of 5% plus interest, which public authorities should pay unless they pay invoices within 30 days. A contractual institution is considered a public authority according to the definition from directive 2004/18/ES on the coordination of procedures for the award of public works contracts. According to the definition, a semi-budgetary organization established by local authorities could also be regarded as a public authority. Interest is calculated according to the referential rate from the European Central Bank plus 7%. The bill also affords disgruntled creditors the right not only to interest for delayed payments, but also to reimbursement for expenses in connection with collecting the debt.

TALKING ABOUT...



...LATE PAYMENTS

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The Commission's proposal to combat late payments between businesses or between businesses and public authorities published in April 2009 (revision of Directive 2000/35/EC) proposes compensation rights for recovery costs, statutory interest applicable when payment is not made within the contractual (or for public administrations binding) legal deadline (30 days) as well as a 5% flat rate for public administration in case of late payment.

Total value of late payments by public authorities amount to nearly 270bn EUR compared to 200bn EUR released within the European Economic Recovery plan. If the public administration paid on time, there would be no need to release so much liquid-

ness (B2B) transactions (21 days). Erik SONNTAG of BUSINESSEUROPE said "legal provisions or additional sanctions by themselves might not be sufficient to help businesses get their payment on time since they often do not use them for fear of dam-

WHAT DO BUSINESSES WANT?

- specified exceptions for more than 30-day contracts in case of PA
- automatic interest
- optimal compensation of internal costs (i.e. 20€ for invoices less than 1000€)
- more coercive interest rate mechanism vis-à-vis public authorities rather than an arbitrary lump sum
- examine whether the B2C should also be covered by the directive

ity on the market. According to the Intrum Justitia survey (European Payment Index 2009), an average late payment in Europe lasts 19 days compared to 17 days in 2008. An average late payment of public administration lasts 37 days in 2009 and public administration usually pays the invoice in 67 days, whereas businessmen pay their invoice in 57 days. All numbers of average payments and late payments compared to previous years are increasing during the economic crisis. The Commission's proposal aimed to lower these numbers. During the CEBRE breakfast held in September, European businesses stressed how much they welcome the proposed revision of the Late Payments Directive. Nevertheless, they have a few concerns regarding, for example, the exception clause for Member States not to obey the 30-day time period. "SMEs often do not actually have contractual freedom when it comes to business-to-business relations and contracts with large companies. Therefore we need a maximum payment period and compulsory interest charges," said Luc HENDRICKX of UEAPME. He also asked to include consumers in the scope of the directive. In some countries, such as Italy, late payments for business-to-consumers (B2C) transactions are even more important (30 days) than for business-to-busi-

ness relations with their suppliers and customers." Member States are engaging in tough discussions about the proposal in the respective Council working parties. Lucie ŠESTÁKOVÁ from Czech Permanent Representation explained that the Czech government in general supports the proposal, especially in light of economic difficulties. Nonetheless, the crite-



CEBRE Business Breakfast on Late Payments with MEP Barbara Weiler held on 30th September 2009

ria imposed on public administration need to be thoroughly examined. Barbara WEILER promised to be open for discussion with all partners engaged when drafting her report. "The European Parliament is prepared to act, bearing in mind financial sanctions are not always the most effective tool to ensure payment on time," WEILER summarised.

ENERGIZING EUROPE

The climate and energy liberalisation packages have not gotten cold yet, but the power industry, along with other sectors, is already getting ready for another “big cake” – a revised industrial emissions Directive.

The European Parliament will start the Second reading of the Integrated Pollution Prevention and Control (IPPC) Directive proposal in January. The revised Directive, along with five other pieces of legislation, will incorporate the current Large Combustion Plants Directive which sets ceilings for the number of pollutants such as SO₂ and NO_x.

Many hopes are directed towards MEPs to support Council's proposals to include flexibility mechanisms allowing for current coal and lignite plants to produce electricity until 2023. At stake is their eventual closure as early as 2016 with potentially tremendous consequences for the economies of coal-dependent countries.



CEZ GROUP

Václav Lebeda
ČEZ Group

IPPC Directive review: Curbing industrial emissions or EU industry?

Representatives of European industry met with a number of key MEPs to discuss the review of the Integrated Pollution Prevention and Control (IPPC) Directive before the second reading at CEBRE Policy Café that took place in the European Parliament on Wednesday, 2 December 2009. The gathering was kindly hosted by two Members of the EP Committee on the Environment, Public Health and Food Safety, Bogusław SONIK (Vice-Chairman) and Milan CABRNOCH.

After an introduction by Bogusław SONIK, a number of speakers representing the European energy industry shared their fears linked to the second reading of the IPPC Directive review. European industry sees the added value of the IPPC Directive review, but stresses the large amount of investment needed. Therefore, the final compromise of European Parliament and the Council should enhance the possibility to achieve the given emission limit values gradually on the basis of the so-called transitional national plan adopted by each Member State and the possibility of limited lifetime derogation. Many Member States, including the Czech Republic and Poland, depend mainly on power generated from traditional resources, notably coal. Their economies would therefore be badly damaged if the emission limits are too strict. Vladimír HLAVINKA, Member of the Board of Directors, Chief Production Officer, ČEZ Group, Kevin NIX, Director of Operations,

RWE npower Generation, Kazimierz SZYNOL, Director of Jaworzno III Power Plant, PKE SA as well as Krzysztof EBRO-PROKESZ, Quality Director, EC Kraków SA called upon the MEPs to support the Common Position agreed by the Ministers of Environment in June 2009, especially with regards to transitional national plans capping emissions of certain pollutants (NO_x and/or SO₂ and/or dust). The defined annual ceilings should decline between 2016 and 2020. Czechs even proposed to use one decisive date (2023) for all flexible mechanisms.



From left: Krzysztof Ebro-Prokesz, EC Krakow, Kazimierz Szynol, PKE, Václav Lebeda, ČEZ Group

The MEPs who were present, including Bogusław SONIK and the shadow reporter Elisabetta GARDINI, listened with interest to the concerns of European industry and promised to work hard in order to achieve a compromise that will lead to a greener Europe but will not fatally harm industry and the economy at the same time.

This event is organized under the auspices of Bogusław SONIK with the kind support of Milan CABRNOCH by CEBRE – Czech Business Representation to the EU, ČEZ Group, RWE, and Polish Electricity Association.

To learn more about the position of Czech industry, visit www.cebrecz.cz/docs/ippc



From left: Jan Březina MEP, Vladimír Hlavinka, ČEZ Group, Bogusław Sonik, MEP

Consumer Rights: Improvement of Single Market is important but has its price

(continued from page 1)

According to consumer representatives, the proposal will help traders more than consumers and they would prefer a combination of minimal and complete harmonisation. On the other hand, business representatives, supported by Czech MEP Edvard KOŽUŠNÍK, say the fragmentation of national consumer rights regulations is one of the remaining obstacles to the Single Market. Therefore, full harmonization is an efficient solution which can bring more clarity for consumer rights across Europe. Business representatives are asking for a clear, good quality Directive without un-

necessary burdens on traders to ensure there will be no need to change it in a short period. “There is enough time for the EP to discuss the method proposed by the directive,” said Patrice PELLEGRIANO of EUROCOMMERCE. Vincent TILMAN of EUROCHAMBRES called on MEPs to reconsider requesting a new impact assessment. Věra KNOBLOCHOVÁ from the Czech Representation to the EU agreed more time is needed to examine the draft thoroughly, look at the scope of contracts which will be covered by the proposal and ensure its compatibility with other EU legislation

like the Services Directive. “It is a complex piece of legislation,” she concluded. SMEs representatives are not completely happy either. They complain that the proposal is drafted more for large companies than for SMEs, as some provisions do not sufficiently cover domestic sales, local craftsmen, nursing, etc. “In B2C relations, the consumer is always perceived as weak compared to the SME, but that is not always the case,” said Luc HENDRICKX of UEAPME. “The directive should be brought more in line with the everyday reality in which SMEs operate.”

The Confederation of Industry of the CR, funding member of CEBRE, is a non-governmental, voluntary federation of employers and entrepreneurs in the CR that represents and defends their interests in the social dialogue and provides its members consultation and information focusing on international relations, trade opportunities, production cooperation, legislation, collective bargaining, European integration, education and training. Contact: Lighthouse Vltava Waterfront Towers, Jankovcova 1569/2c, 170 04 Prague, CR, Tel.: +420 234 379 488, Fax: +420 234 379 489, Email: cebrecz@sprc.cz, www.sprc.cz



What You Shouldn't Miss

Business Breakfast on "SMEs access to finance"

January 2009

Representatives from commercial banks, EIB, EU officials, national representatives and business organisations will gather to assess the SMEs access to EIB instruments. The European Investment Bank set apart 30 bn euros for European SMEs for period 2008-11. How are these money channelled to their final clients – the SMEs?

Policy Cafe on Energy

February 2009

In what extent does the climate change challenge the businesses to look for better energy efficiency and new energy resources? Businesses, EU officials and representatives from Member States will gather to talk about this topic in February in the European Parliament.

3rd Czech Ball

February 12, 2009

Permanent Representation of the Czech Republic to the EU in cooperation with other Czech partners will hold a ceremonious Czech ball in the Brussels Concert Noble on 12 Feb. 2010, where traditionally high-level representatives of the Czech Republic and Europe meet.

New Commissioner – New horizon?

March 2009

What are the main aims of a new Czech Commissioner Mr. Štefan Füle for next five years? Enlargement and neighbourhood policy as well as the European aid are undoubtedly of a big interest of Czech and European entrepreneurs. CEBRE initiates a debate with Füle, especially on Eastern Partnership launched by CZ PRES.

Two exhibitions in January

You can visit two exhibitions related to the Czech Republic until mid-January 2010. Firstly, the Czech Centre (Rue du Trone 60) in cooperation with the Pilsen region invites you to an exhibition of crèches. Secondly, the Waldburger art gallery (Chausée de Waterloo 4) is showing works of the young Czech artist Jakub Nepraš.



Events



CEBRE BUSINESS BREAKFAST ON LATE PAYMENTS

September 30, 2009

CEBRE organized a business breakfast titled Late payments in September. The aim was to discuss a proposal of the European Commission to combat late payments presented in April 2009. The speakers from the European Commission, the European Parliament, UEAPME, BUSINESSEUROPE and the Czech Permanent Representation to the EU agreed that paying on time should be the standard, and stricter rules for public authorities are needed.



Representatives of the European chamber network

CHAMBERS MEET MEPS

October 14, 2009

400 representatives of Chambers of Commerce



Members of the European Parliament discussing with chamber people

from 45 countries gathered with Members of the European Parliament, representing the four largest political groups, on 14th October in the European Parliament premises to discuss business-related issues. Business representatives called for better regulation creating a quality business environment and helping the economy to get out of the crisis. The Czech Chamber of Commerce was represented by its President Mr. Petr Kužel and the Secretary General Mr. Radek Pažout.

POLICY CAFÉ ON CONSUMER RIGHTS

November 11, 2009

In November, representatives of the European Parliament, European business and consumer associations and Czech Permanent Representation to the EU agreed that more clarity and a higher quality Consumer Rights Directive are needed. In addition, the proposal should be thoroughly examined

in detail to avoid further recasts and unnecessary burdens for traders. Businesses called on the European Parliament to request a new Impact Assessment of the directive. The Policy Café was organized by CEBRE, Edvard Kožušník (Czech MEP) and eStat.cz.



Policy café on Consumer Rights held on 11th November

VÁCLAV HAVEL IN THE EP

November 11, 2009

On the occasion of the 20th anniversary of the fall of the Iron Curtain, former Czech president Václav Havel contributed to the European Parliament mini-plenary in Brussels. In his speech he defended the current integration process and dismissed the view that the Czech Republic will lose its sovereignty.

POLICY CAFÉ ON IPPC DIRECTIVE REVIEW

December 2, 2009

Members of the European Parliament and key players in the EU energy market discussed the review of the IPPC directive on December 2nd 2009 in the European Parliament. Vladimír

Hlavinka, Member of the Board of Directors, Chief Production Officer of ČEZ, Group called on the MEPs to back the Council's Common Position from June 2009.

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

Contact us at:
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