

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.cebrecz

Preparations of the Czech Republic for the EU Presidency are fully in progress

Efficient communication of priority topics, a lucid calendar of accompanying events and high-quality organisational arrangements will play important roles in dealing with the upcoming Czech presidency. This was a conclusion which MEP **Jan Březina**, head of the Department of Communication of the GS of the Council of the EU **Karel Ježek**, **Pavel Dobeš** of the Prague House and **Ondřej Karas** of the Communication Department of the Government Office of the Czech Republic all agreed on during a discussion with Czech state-administration officials, representatives of Czech regions, business associations and Brussels agencies and Czech employees of European institutions. The topic of the Cercle Tchèque event was preparation of the

Czech Republic for the EU presidency and the ability to communicate with all subjects concerned (see page 4 for more information).



From left Ondřej Karas (Czech Government Office), Karel Ježek (General Secretariat of the Council of the EU), Jan Březina (Czech MEP)

Cooperation between entrepreneurs and state, key to successful export

Joint access of EU businessmen to markets in third countries was the topic of a working breakfast organised by CEBRE in Brussels on June 25, 2008.



Despite the fact that this European Commission's strategy has been in existence for more than ten years, Czech exporters hardly know anything about its tools. „Interconnection between state institutions and entrepreneurs and their close cooperation in the area of informing exporters about the existing tools, participation in teams and so called Market Access

Committee is the key to success,” says **Martin Pilsner** of the European Commission. „The point is that local business organisations, specifically the chambers of commerce and industrial chambers, are the best sources of information for the business about what forms of export support are available and how they can be utilised,” adds **Jaromír Kohlíček**, a member of the European Parliament and a deputy member of the Foreign Affairs Standing Committee. In the era of information overflow, however, successful exporters should be able to look up and efficiently use information by themselves (see page 2 for more information).

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NEWS FLASH

Czech economy slowing down slightly

The estimated year-to-year growth of GDP in the Czech Republic after the second quarter of 2008 is 5.1%, while the employment rate increased by 1.8%. The slowdown of the Czech economy is caused by growing trends in the main partner countries, the remarkable strengthening of the Czech Crown with respect to USD and EUR, increase in the price of raw materials on the world market, and a significant slowdown in household spending.

Graduates are well-prepared

Czech university graduates are well-prepared for the working process (91%), information-processing literacy (90%) and practical application of theoretical knowledge (77%). They are not familiar with the processes which take place in companies. This is why entrepreneurs support closer cooperation between entrepreneurs and universities. The ministry of education wants to support this effort, and partnership between schools and entrepreneurs will be one of the educational priorities of the Czech presidency.

Will Czechs ban trucks at the weekend?

A bill aimed at banning truck transportation at the weekend is being submitted in the Czech Parliament. The Green Party, as a member of the government coalition, would like to extend the ban to Friday afternoons. Discussions between Czech MPs and senators will include two main arguments – safety and smooth traffic flow vs. jeopardising exports, which is viewed as a fundamental driving force of the Czech economy.

International Engineering Fair in Brno

From September 15th to 19th 2008, the 50th International Engineering Fair will be held in Brno. CEBRE has traditionally been a co-exhibitor and continues to offer Czech companies free consultations about European policies and legislative and financial tools. Entrepreneurs can participate in a CEBRE Workshop on overcoming barriers in the internal market on September 17, 2008.



WHAT IS MARKET ACCESS STRATEGY?

The European Commission has been dealing with support of European exporters to countries outside of the EU since 1996. After ten years of the same approach, the Commission reassessed and modernised the strategy. It currently focuses on new tools of support and includes setting up the Market Access Advisory Committee, which should coordinate activities at the European level, as well as teams coordinating activities of European business representations outside of the EU. The Commission's role is one of coordination only, with emphasis on adherence to the subsidiarity principle, and the initiative of supporting information activities is left to the national bodies.

TOOLS:

- Market Access Database (<http://madb.europa.eu>) has been in existence since 1998. It provides online information for free about business obstacles to accessing third country markets. Anybody can visit the Web site and view the database to learn about what type of form has to be filled out when exporting to a particular country outside the EU, what the required export documentation is and what customs fees are applied. Exporters can also look up statistics of the respective country's economy. Information is updated on an ongoing basis in English only (since waiting for translations would prevent access to the newest information as quickly as possible). MADB, visited daily by 1500 viewers on average, is used by entrepreneurs from EU Member States and EU candidate or associated countries.
- Complaints register of European exporters to and investors in countries outside of the EU (included in MADB since last year). Each exporter may enter a complaint anonymously concerning obstacles he or she has come up against. Complaints are processed by Commission employees and many have provoked resolution of situations on a bilateral level, such as EU/China or within the World Trade Organisation.
- The Market Access Advisory Committee works as a platform for partnership between member states, the European Commission, professionals and the business environment. This Advisory Committee deals, for example, with phytosanitary measures, raw materials, public tenders, and IPR. It closely cooperates with teams for access to third markets, which are formed by business sections of embassies, delegations, and European business associations.

TALKING ABOUT...



...MARKET ACCESS STRATEGY

Full implementation of revised Market Access Strategy and removing barriers in global markets is one of the sectoral priorities of upcoming Czech presidency. Czech Republic will aspire to enhance the partnership between the Commission, diplomatic bodies of the EU member states and European businesses.

What is the significance of Market Access Strategy for the Czech Republic?

The Czech economy is very open and the issue of access to markets in third countries, which is aimed at enhancing European exports, is a source of great opportunity for Czech businesses.

In what concrete ways is our country participating in this strategy?

The Czech Republic actively participates in the Market Access Advisory Committee of the European Commission. This Committee actively sets up many working groups dealing with specific problems of European exporters and creates teams for access to markets in selected third countries. The Ministry of Industry and Trade of the Czech Republic regularly publishes information on its website about the Market Access Strategy and Market Access Database, cooperates with economic sections of embassies

on setting up market access teams, and communicates with entrepreneurs. The Market Access Strategy is among the priorities of the upcoming Czech presidency of the EU Council.

How can Czech entrepreneurs participate?

The Market Access Database enables businesses to use the Complaint Registry to point out existing barriers to the European Commission. Entrepreneurs and associations can also actively participate in working groups aimed at their own fields of business.



Lucie Sestáková, Director of Department of Multilateral and Common Trade Ministry of Trade and Industry CR.

CHINESE GOODS ROLL INTO THE CZECH MARKET

Czech statistical data regarding external trade gives evidence of Czech orientation towards the internal market, although cooperation with Asian countries is still very important. In July 2008, the Czech Republic recorded a trade surplus with EU member states and a trade deficit with third countries.

Year-on-year trade surplus with the EU grew by CZK 11.2 billion and the trade deficit with non-EU countries increased by CZK 3.1 billion. Compared with the previous twelve months, Czech exports and imports grew by 8.4% and 7.1% respectively. The trade deficit grew the most with China, Japan, Azerbaijan and the Russian Federation, while the trade surplus with Spain fell. The surplus with the United States turned into a deficit, deteriorating the trade balance.

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"The role of the European Commission and individual governments must not be in mediating information – that must be ensured by exporters themselves. They have information and sufficient resources at their disposal – ability to make use of them is an indication of business skills. Institutions on the EU level should, to a maximum extent, ensure removal of legislative and macroeconomic barriers to developing markets that are in the exporter's way. Manufacturers cannot allow a one-sided opening of the Union towards such

markets if they do not allow barrier-free exports to European producers. The important issue here is the extent to which the „field“ results are utilised within the framework of negotiations, that is, going from the information-sharing level to the most important thing, an action plan containing particular measures on particular markets, which will support exports to third countries," emphasises **Karel Havlíček**, CEO of Sindat Group and Deputy Chairman of Association of small and medium-sized enterprises and crafts of the Czech Republic.

COLLECTIVE REDRESSES CLAIMING COMPENSATION – LIKE LETTING THE GENIE OUT OF THE BOTTLE

Czech businesses warn that pressure groups may be created to file lawsuits for trivial matters if the EU chooses the US approach to consumer rights protection. Allowing groups to claim damages on the aggrieved party's behalf can be like letting the genie out of the bottle.

In its revision of the internal market, the European Commission focused on two target groups – consumers and businesses. This focus is indicated by the new initiatives of the Commission – the Small Business Act and an effort to enhance consumer rights. The question remains whether or not the EU will copy the way it's done in the US (i.e. collective redresses in the area of consumer and economic competition law).

The Eurobarometer of the European Commission clearly showed in 2006 that 17% of consumers feel that an individual redress is the most certain way of enforcing their claims. Only 13% think that collective redresses could be efficient, and 42% of European citizens would go for alternative methods – arbitration, mediation, reconciliation. This indicates a low level of interest in American-type class actions. Measures accepted in Europe, however, must be balanced with respect to interests of all players on the internal market and evaluate all legal and economic consequences while preserving subsidiarity and proportionality principles.

National systems within the EU have recently been developing in very different directions due to differences in principles and legal procedure traditions. Practice has shown that individual lawsuits may not always be sufficient. The cost and time it takes substantially restrict resolution of claims put forth by consumers. But collective redresses applied in some member states – opt-out, opt-in or text case – have their drawbacks. The opt-in procedure is costly and difficult to manage, while opt-out is incompatible with the constitutional principles of several countries.

In Czech law, collective redresses are not considered and have no real tradition. Moreover, within opt-out procedures in which the redresses filed on behalf of persons who have not expressed their will to participate in the proceedings, compensation is not paid to the aggrieved parties. Instead it is paid out in other ways, which can lead to abuse and unexpected results. The amount of money concerned is large – even minor damages, if simply declared, are multiplied by the theoretical number of aggrieved parties, which is very high. Lawsuits may be abused by special-interest groups who claim to defend the interests of such groups, but actually have other interests.

Czech businesses therefore warn that pressure groups may be created to file lawsuits for trivial

matters. These groups may claim to represent the aggrieved parties without the parties being made aware of the fact. They may even claim damages on the aggrieved party's behalf. Consumer confidence in an internal market is of the same importance as preserving fair competition and the competitive ability of entrepreneurs. For this reason, Czech businesses support more efficient and simpler access of consumers to their rights with the aid of an adequately set up mechanism for payment of damages. The European Commission should thoroughly analyse the situation and continue transparent consultations with all concerned parties.

Vladimíra Drbalová

The Confederation of Industry of the Czech Republic



ENERGIZING EUROPE

Liberalisation of energy sector in Czech hands

The European Commission has recently come up with two important legislative proposals in the field of energy – the 3rd liberalisation package on further liberalisation of energy markets in the EU (September 2007) and the Climate-Energy package dealing with issues pertaining to the EU Emissions Trading System, such as renewable energies and carbon capture and storage (January 2008).

Just before the summer break, both the European Parliament and the Energy Council discussed and voted on this legislative proposal. However, both institutions came up with different opinions. The EP in its first

reading ordered the member states to only adopt ownership unbundling, thereby forcing the vertically integrated utilities to fully separate and sell its transmission networks.

The Council, on the other hand, chose to be more flexible and, apart from the unbundling, adopted two further options whereby the utilities could keep the ownership of transmission networks or let them be operated by an independent operator. In the gas sector, the opinions of both institutions are the same - both the unbundling and independent operator models were agreed upon.

The European Parliament also voted on strengthening consumer rights, some of which are slightly controversial. According to the EP, customers should be allowed to change energy suppliers within two weeks and the introduction of smart meters to all customers should be mandatory within ten years.

The proposal also introduces pricing formulas, whereby the price rises with higher consumption, and allows national regulators to set temporary price caps in uncompetitive markets for a defined and limited period.

A slight delay in the adoption of the liberalisation package might appear due to the French presidency's inclination to favour the Climate-Energy package. Adoption of the liberalisation package will probably overlap the Czech presidency and therefore seems

rather uncertain because of the EP's election in June 2009.

Lucie Horová
CEZ, a.s.



CEZ GROUP

What You Shouldn't Miss

September 11th 2008
STRATEGIC DEBATE

Under the auspices of the Czech Minister of Education, CEBRE will hold a strategic debate for representatives of Commission services (DG ENTR, DG EAC and DG EMPL) and stakeholders with the aim of discussing support mechanisms that can enhance partnership between the education sector and employers. Come and learn more about the main educational priority of the incoming Czech Presidency. Czech House (Rue du Trone 60) at 11:00am.

October 8th 2008
BUSINESS BREAKFAST

What exactly will the impact of the Small Business Act be in June? What can European SMEs expect and when? What are the French pushing for and what are the Czechs planning to do regarding the new SME policy? Visit the CEBRE Business Breakfast at Czech House (Rue du Trone 60) at 8:30am and listen to a panel debate between representatives of the European Commission, the Czech Ministry of Industry and Trade, Members of European Parliament, and members of the business community.

October 14th 2008
**EUROPEAN PARLIAMENT
OF ENTREPRENEURS**



Up to 785 entrepreneurs from all the EU Member states (22 from the Czech Republic) and third states will gather in the European Parliament to discuss recent legislative proposals which impact the entrepreneurship environment and to adopt their respective positions.

October 27th 2008
ART OPENING – JIRI CHMELAR



The Czech Centre is organizing an art opening for the well-known artist Jiri Chmelar on October 28, 2008 at 6:00pm (Rue du Trone 60). The Chmelar exhibit will continue until mid-January 2009.

**Would you like to take part
in some of the events?**
Register at:
cebre.europe@mail.be

Events



**CZECH STREET PARTY
takes over Brussels
(June 12th 2008)**

According to The Bulletin, the second year of the Czech Street Party was a great event in Brussels. It took over Rue Caroly for a whole day and attracted hundreds of people interested in Czech culture. Not even bad weather could discourage visitors from tasting Czech meals and drinks while listening to live Czech music bands (including the well-known band Gipsy Kings) and viewing presentations of Czech regions, agencies and companies. This event, the largest of its kind outside the Czech Republic, was arranged by the Permanent Representation of the Czech Republic to the European Union with partners.



Rue Caroly absorbed hundreds of people interested in Czech culture.

**CONSULTATIONS
WITH CZECH BUSINESSES
(June 25th – 26th 2008)**

CEBRE has traditionally taken part in consultations with Czech companies during the annual meeting of commercial counsellors and foreign offices organised by CzechTrade – National Trade Promotion Agency of the Ministry

of Industry and Trade of the Czech Republic. Czech businesses were most interested in project financing from communautaire programmes and programmes for support of foreign development cooperation. They are highly interested in business activities in Romania, Bulgaria and the Middle East.



**CZECH WINE PARTY IN BRUSSELS
(June 15th 2008)**



Permanent Representative Milena Vicenová with traditional Moravian band Slovácko mladší.

Czech Ambassador to the EU Milena Vicenová invited more than 300 employees of European institutions and other Brussels offices to her residency for the first Czech Wine Party, aimed at familiarising the guests with high-quality South Moravian wine and Czech cuisine specialities. The South Moravian Region and the Ministry of Agriculture of the Czech Republic co-organised the event. South Moravian wines have recently been rather successful abroad.

**CERCLE TCHEQUE – DISCUSSION
ON PREPARATIONS OF THE CZECH
PRESIDENCY
(June 16th 2008)**

(continued from page 1) CERCLE TCHEQUE is an informal platform of Czech subjects present in Brussels. More than 50 people participated in this interactive discussion and came to the conclusion that the key to success is quality of preparation. In autumn, a calendar of Czech cultural and accompanying events that will take place in Brussels will be published. You can be sure that there are quite a few events to look forward to!



Cercle tcheque organised on June 16 in Prague House.

**AVAILABLE
IN BRUSSELS!**

