CZech BusinessToday.eu

Published by CEBRE CZECH BUSINESS REPRESENTATION

www.cebre.cz

volume XII, 4-2013

REACH IMPACT ON SMEs IN CHEMICAL INDUSTRY MUST BE MITIGATED

Regulation on registration, evaluation, authorization and restriction of chemicals (REACH) scored among the ten most burdensome EU legislations by European SMEs last year. According to the Czech chemical industry representatives, REACH increases costs of business in the EU and reduces its competitiveness in the world. Review of the regulation issued by the European Commission (EC) in early February admitted that REACH is burdensome and has negative impact on SMEs. The EC thus agreed to reduce fees for SMEs and increase those for large companies in a way that there would be no loss in revenue of European Chemicals Agency (ECHA). The EC does not consider overall revision necessary at this time. Impact of REACH regulation that improved the protection of human health and environment in the EU was the topic of the discussion at European House in Prague on April 29th among representatives of the European Commission, Czech government, private sector and general public. Gustaaf Borchardt, Member of ECHA Board, believes that REACH has contributed to the rise in innovation in the chemical industry. Studies by the European Commission show that 40% of chemical companies have focused on innovation in the field of health, safety and environmental protection. He also says it is too early for an overall evaluation of benefits, since registration is underway until 2018 and not all companies have registered their substances yet. The smallest companies will be integrated in the third phase. According to Jarmila Sládková from the Ministry of Environment of the Czech Republic, the REACH review is too optimistic. Only exemptions from registration for research and development purposes could be considered as an innovation support. This provision has been rarely applied by SMEs so far. According to Ladislav Novák, Director of the Association of Chemical Industry of the Czech Republic, the implementation of REACH will cost Czech chemical industry around CZK 12 billion by 2020. "Costly procedures reduce the competitiveness of our companies, not only in the EU but also elsewhere. Upcoming substances authorization process may further jeopardize the competitiveness towards third countries," said Novák. Authorization accompanied by a fee does not apply to imported goods containing substances from Annex XIV (SVHCs). EU producers who will produce the same product (containing the same substance in Annex XIV of the REACH Regulation) will need the authorization. "This brings a risk that production will move beyond the EU borders," he stressed.

E-INVOICING REVISION SHOULD FOCUS MORE ON SMEs NEEDS

Currently, there are several e-invoicing systems in EU Member States that very often use national standards and are therefore impractical. As a result, e-invoicing often creates an additional burden for companies, especially SMEs that want to enter into public procurement contract with public authorities from different EU country. The main objectives of one of the EC initiatives under the Single Market Act II are to propose and provide common standards for e-invoicing and pave the way for a fully harmonized and interoperable EU system. A study made for the European Commission on this topic shows that e-invoicing has a potential of huge cost savings, not only for large companies, but SMEs as well. While large companies quite often have enough resources to implement e-invoicing, that is not the case for SMEs. Standardization still seems to be the biggest bottleneck of proper take-up of e-invoicing. Not only the standards vary from State to State, but each sector has different billing system as well. Furthermore, many companies are still hesitant regarding security and authentication issues of all the online processes. In addition, different taxation systems and invoicing regulations across the EU further complicate the situation. Apart from creating a common European standard, the EU policies targeted on SMEs' up-take of e-invoicing should focus on affordability of accounting software, provision of suitable solutions including cloud and raising awareness.

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.

www.komora.cz

www.spcr.cz

www.kzps.cz

www.czechtrade.cz

News FLASH

>CZECH NATIONAL REFORM PROGRAMME 2013

Czech government sent its National Reform Programme for 2013 to Brussels on April 17th, focusing on consolidation of public finances, more efficient public sector, better business environment and labour market as well as education system, including support for R&D.

>PRESIDENT OF THE EUROPEAN COUNCIL HERMAN VAN ROMPUY VISITED THE CZECH REPUBLIC

The president of the European Council Herman Van Rompuy discussed with representatives of the Czech Republic economic issues, single currency Euro and youth unemployment during his official visit in Prague on 25th April.

>THE CZECH REPUBLIC AGREES WITH THE INCREASE OF EU BUDGET FOR 2013

The Czech Republic supports the proposal of the European Commission from March 27th to increase the EU budget for this year by 11.2 billion EUR, although it means to contribute with additional 3 billion CZK. "Additional" money should mostly support cohesion policy.

>CZECH PRESIDENT WANTS TO INCREASE EUROPEAN ELECTIONS' PARTICIPATION

Czech President Miloš Zeman wants to change the low participation in the European Parliament´s elections by unifying the dates of elections in the EP with those in the Chamber of Deputies of the Czech Parliament.

EU-US RELATIONS: BIGGEST FREE TRADE AGREEMENT EVER COMING IN SIGHT

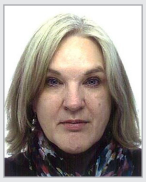
Economic relations between the European Union and the United States are one of the most important ones in the world. Altogether, both partners account for almost half of the world's GDP and trades in goods and services reach almost 2 billion EUR every day. Despite these facts there are still barriers to trade on both sides of the Atlantic and therefore the announcement to start negotiations for a Transatlantic Trade and Investment Partnership (TTIP) was welcomed especially by the business community. The estimates of GDP growth on both sides vary from 0.5 per cent to very optimistic 3.5 per cent; however mutual benefits are clear. The agreement should focus mainly on three areas, which are market access, regulatory issues and non-tariff barriers, and new ways of cooperation in the field of rules and principles. Although tariffs are in general very low, business community welcomes the tendency to lessen them as closest as possible to zero. Furthermore, the promise to negotiate complete opening of services market is appreciated as well. The overall openness of both markets should also bring new job opportunities, which is one of the crucial elements for the EU. If properly done, harmonisation of regulatory frameworks and removal of non-tariff barriers should reflect in annual GDP growth of more than 100 billion EUR. As TTIP has the ambition to be the biggest free trade agreement ever, the investment part will be an important part of the negotiations as well, giving the fact that together; both partners have investment stocks of more than 2 trillion EUR. However, the ambition is to further deepen the ties and attract even more foreign direct investment into the EU and vice versa. While the business organizations welcome the initiative to start and conclude the negotiations as soon as possible, they realize that some part of TTIP will be challenging, especially in the field of non-tariff barriers, standardization, protection of IPR or access to government procurement. Despite that, they urge EU member states to swiftly adopt negotiating mandate so that the European Commission could start to strengthen economic bonds between both parties.

EESC CORNER: THE SINGLE EUROPEAN SKY II +

A single European airspace will not emerge without greater leadership from the European Commission and a better enforcement of EU legislation, said the European Economic and Social Committee during its April plenary session. The warning came in the form of an opinion on the Single European Sky II +, which was adopted at the EESC's plenary session following a request from the European Commission. December 2012 was the deadline for creating nine cross-border functional airspace blocks (FABs), intended to replace the current 27 separate national air traffic control areas, thus paving the way for a single European airspace. However, only two of these are up and running in a truly operational sense, the Danish-Swedish and British-Irish airspaces. To put an end to the patchy implementation of the SES II legislation, the European Commission must bring infringement proceedings against Member States which failed to enact it and fine them if found in breach of the law.

Breaking up monopolies

The EESC has come out in favour of opening up ancillary air traffic management services to competition. Meteorological services, training and communication navigation surveillance services could be better, and more efficient if they were subject to market conditions and tendering procedures. The provision of core air traffic management services across the EU is far from optimal. The wide range of navigational charges in Europe suggests that there is significant potential for lower charges through closer coordination and standardisation in EU air traffic services. If the reforms foreseen in the SES II package were to succeed, they would have to be introduced through social dialogue. If staff members are not fully engaged in the transition process, the risk of failure will increase significantly.



Marie Zvolská,
EESC Member– Employers Group

CEBRE CALENDAR:

- CEBRE Debate "Do I know what I eat?" – 15th May 2013 (Prague)
- CEBRE founders meet Czech MEPs – 24th June (Prague)
- CEBRE debate on Country specific recommendations: CR – 25th June (Prague)
- CEBRE consultations with companies – 26th-27th June (Prague)

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

CEBRE CZECH BUSINESS REPRESENTATION www.cebre.cz