

GDP per capita without change

The Czech Republic is 17th when it comes to GDP per capita in the EU. In 2009, Czech GDP represented 80% of the EU average. Traditionally, the richest country is Luxembourg (268%) and the poorest is Bulgaria with only 41% of the EU average.

The Czechs have got what they chose

The new Czech government is to be set up following the parliamentary elections in May. Negotiations about the ministerial chairs within the new coalition led by conservative parties TOP 09, ODS and conservative liberal VV (Public affairs) are still in progress. However, some preliminary agreements were made regarding the limitation of MPs and Senators immunity, obligatory university fee for students, direct presidential elections, reduction of politicians' salaries and fighting corruption.

Czech businesses opposes financial transaction tax

Czech companies do not support an EU agreement made at the beginning of June on bank levies and financial transaction tax. Czech PM Jan Fischer as well as Italy's PM Silvio Berlusconi refused to discuss bank levies unless there is a G20 agreement for a global deal. Additional bank levies could worsen access of businesses to credit, which is already very difficult.

Pessimism still present

According to the survey of Czech Confederation of Industry published in May, business confidence rose to 16.8% compared when compared with May 2009. It shows that there is a slight recovery and hope for the end of recession in 2011. However, one-third of respondents are to reduce the number of their employees this year.

Complexity of European tenders

On average only 7 out of 833 applicants (from 49 countries) for contract framework tenders within the European development aid are Czechs. What is behind the low participation of Czech companies in the EU development aid and EU tendering? On 30th June, CEBRE discussed the issue of EU tendering and granting with Czech companies, territorial directors of Czech export agency CzechTrade and Czech economic counsellors. The main reasons for low participation are: complexity, late payments and bureaucracy. First, there is a lack of knowledge about these instruments, despite many raising awareness campaigns and information sources. Second, there is some scepticism about the use of EU money. One Czech entrepreneur, owner of an ICT company, has experience with EU tendering. His company was granted around 20 tenders in candidate and potential candidate countries. He states that the period of payment by the Commission was 45 days, not 30 days as he expected. Moreover, the 45-day period

was often not respected. In the Czech Republic, the beginning of the payment period is commonly assumed as the issue date of the invoice. The EU institutions count the time from the date the invoice is recorded in their system and accepted in accordance with the "complete delivery" (a process called provisional acceptance). (see more on page 2)



From left Robert Vindiš, Director of CzechTrade office in Zagreb, Pavel Svoboda, director of CzechTrade office in Beograd and Michal Kadera of CEBRE

Is it finally time for innovation?

For a number of years the EU has been promoting stronger strategic involvement in innovation policies in several strategic documents and political statements. Nonetheless, most of the Member States seem not to have managed (by far) to increase their public investment in research and development to meet the agreed targets. Finally, with the Barroso II and the Lisbon Treaty, innovation seems to be put at the fore front of European policies - EU2020 Strategy confirmed the 3% target in R&D, Commissioner Madam Geoghegan-Quinn is also

responsible for innovation and autumn Council meeting will be dedicated to innovation. The concept of innovation is as broad as one can imagine. It goes from research and development to transfer of technologies through environment, energy and other fields. Mentioning energy, one of the biggest challenges is the development of sustainable and smart infrastructure. It would enable gas and electricity to flow between Member States without bottlenecks and to address the diversified supply sources in third countries. (see more on page 2)

EU 2020 National Targets

On 17 June the European Council adopted the so called "EU2020 Strategy" for jobs and smart, sustainable and inclusive growth. At the beginning of June, the Czech government set up its five preliminary targets, which will be further discussed: (see the figure on the right)

EU targets

- raise the employment rate for people aged 20-64 to 75%
- raise the investment level for innovation to 3% of GDP
- reduce greenhouse gas emissions by 20% compared to the 1990 level, increase the share of renewables in final energy consumption to 20% and moving towards a 20% increase in energy efficiency
- reduce school drop-out rates to less than 10% and increase the share of 30-34 year-olds having completed tertiary or equivalent education to at least 40%
- lift 20 million people out of the risk of poverty and exclusion

Czech targets

- 75%
- 2.7%
- The Czech government will target primary energy sources reduction
- 5.5% and 32%
- Need for further discussion

TALKING ABOUT...

...complexity of European Tenders

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When suppliers deliver goods/services, they have to ask for this provisional acceptance. Therefore, the payment period starts only when an EU project manager signs this acceptance. But there is no due period for the project manager to sign the provisional acceptance. The company has no guarantee the project manager will do it quickly. There is also another problem. According to Czech law, the due sum has to be received in the account of the creditor by the date of payment. However, according to the EC rules, it is sufficient that the money was sent (not received) on the respective day of payment. Besides that, the company must cope with many obstructions (such as standardised labels) and paperwork. The EU tenders, either in

the EU development aid or pre-accession stage, offer to EU companies an opportunity to make first steps in the third countries. But do they really help them?



Participants of CEBRE's event on EU tenders and programmes held on June 30, 2010

CAN WE SAVE THE INTERNAL MARKET?

Long awaited recommendations of professor Monti regarding the relaunch of the Internal Market were handed to the president of the European Commission José Manuel Barroso on 9 May. More than innovative strategy the 107-page report requested by Barroso, looks like a cook book for the EC president when searching for better compromises convenient for EU institutions, Member States and the civil society. 25 years after the issue of the White paper on the Internal Market, Monti points out the fact that there is not any complete Internal Market yet. Moreover, there are more participants and challenges today. In reaction to the Monti's report, the European Parliament recommended the EC to adopt a Single Market Act by May 2011 at the latest and set up priorities for a highly competitive social market and a green economy. As for Barroso himself, he informed that the EC would come up with its own recommendations in June, later postponed to the period after summer holiday. In the taxation area Monti draws attention to the high fragmented Internal Market with 27 different fiscal systems obviously creating barriers to the cross-border trade. Businesses as well as consumers need an assurance. Double taxation and fiscal discrimination deepen this problem. Czech businesses want the taxation more effective, simplified and coordinated, though not harmonized. In the light of digital revolution, public administration should use e-tools omitted in the report. Therefore, the EU needs more

innovation in public but also private sector. The Innovation act, expected to be published in autumn, should enhance the cooperation between universities, businesses and researchers. Simple support tools such as innovation vouchers should be used to boost up the innovation. Community patent, also mentioned by Monti, is fully supported by Czech business. As for the consumer issue, Czech business opposes Monti's proposal for collective redress.

CEBRE CALENDAR:

- CEBRE Seminar on Innovation & Green Economy on **14th July, 2010 (Brussels)**
- Exhibition of Císařovský, Císařovská from **7th September till 1st October, 2010 (Czech House Brussels)**
- CEBRE Seminar "Export outside of the EU, how to deal with?" on **15th September, 2010 (Brno)**
- European Week of Regions and Cities Open days from **4th October till 7th October, 2010 (Brussels)**
- CEBRE Debate on Electric vehicles (Open days) on **6th October, 2010 (Brussels)**

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ENERGIZING EUROPE:

Nuclear debate in ENEf continues

On May 25-26, the 5th plenary session of the European Nuclear Energy Forum took place in Bratislava, gathering political representatives, including Slovak and Czech Prime Ministers Robert Fico and Jan Fischer, Commissioner for energy Günter Oettinger, Members of European Parliament, nuclear experts and representatives of NGOs. The forum reaffirmed its outstanding contribution to open and objective discussion about the nuclear energy in the EU, with many speakers stressing its irreplaceable role as a stable and proven low-carbon source. The need for qualified personnel was repeatedly men-



tioned as a key pre-condition for further nuclear „renaissance“.

CEZ GROUP

Vaclav Lebeda,
ČEZ Group

INNOVATION

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Europe has to answer a few important questions first – how to support development of smart integrated grids in the very near future? Should there be a public support? Setting environmental goals is a necessary step towards creating sustainable use of resources. Clean technologies and innovation in the field of environment can help to achieve these goals at significantly lower cost. The key is to find a good mixture of policy measures and other tools that will stimulate innovation and development. Environmental innovation should take into account various factors of social, technology, economic and political nature. Innovation happens at the grassroots level, not in Brussels, as a result of interaction between companies and researchers. Successful research and development are conditioned by successful transfer into concrete research results (new technologies, products) and it goes also hand in hand with a framework of intellectual property protection. In a period of preparations to publish the European Innovation Plan, one can come and learn more about aspects of innovation at a Czech seminar "Innovation & Green Economy" that will take place at the Czech Permanent Representation to the EU (15, Rue Caroly) on 14th July 2010 from 13h30 until 17h30 (followed by a reception).

CEBRE was founded in 2002 by:



www.komora.cz



www.spcr.cz



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