

CZECH the News

Newsletter of the Embassy of the Czech Republic

Winter 2004

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President Vaclav Klaus Congratulates US President George W. Bush

Shortly after the presidential election in the United States of America, the Czech President sent a message to his American counterpart expressing his appreciation of George Bush's successful re-election for his second term as the 43rd President of the United States.

Dear Mr. President,

Let me congratulate you on my behalf and on behalf of the citizens of the Czech Republic on your re-election to the post of the President of the United States of America.

Many Czech nationals view your country as a symbol of freedom, optimism, individualism, liberal economic environment and conservative values. That is why it is not surprising that strong ties binding our countries in the past led naturally to the forming of an alliance between our countries within the North Atlantic Treaty Organization. Even after our entry into the EU, the Euro-Atlantic cooperation remains a major pillar of our foreign policy.

I very much appreciate, that throughout these difficult times you have been acting as a true leader of the American nation, being consistent in your opinions and attitudes, regardless of numerous objections from various sides. I personally attach a great importance to this quality.

Once again, let me congratulate you and your team for doing an outstanding job during the campaign, on your great success.

Vaclav Klaus

Celebrating November 1989, Return of Democracy in Miami

On November 9, 2004, exactly fifteen years after the Fall of the Berlin Wall in the then-Eastern Germany and subsequent series of revolutions across Central and Eastern Europe that brought back democracy, the Czech Embassy hosted an "Evening of Solidarity," in Miami, home of many exiled Cubans.

This event, aimed at supporting Cuban opposition and expressing our solidarity with Cubans living on the Island under the dictatorship of Fidel Castro, included messages by U.S. President George W. Bush, former Czech President Vaclav Havel, and letters by Senator John McCain as well as the former U.S. Secretary of State

Madeleine Albright and leading organizations promoting democracy in Cuba.

Martin Palous, the Czech Ambassador to the USA, told the gathering that Cuba's abuse of human rights should be addressed by the international community. In a video message from Prague, former Czech President Vaclav Havel wished Cuba a "quick arrival of democracy."

The evening in Manuel Artime Community Center in Miami's Little Havana began with a presentation of photographs from the Island, illustrating uneasy life under the dictatorship, followed by a musical performance by a famous Czech rock band, Prazsky Vyber



Ambassador Palous at Miami Conference

(Prague selection). Michael Kocab, the lead singer of the band, stated that the Prague Selection ". . . came to awaken democracy in Cuba."

The band performed for an audience of Cuban exiles as well as several dozens of young Czechs in order to demonstrate the Czech solidarity with Cubans and to encourage
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Message from the Ambassador

I am glad to announce to you that the Czech Embassy will resume production of the printed version of Czech the News, beginning with the Winter 2004 issue, which you have just opened. As you may be aware, since the spring of this year, we have experienced some technical difficulties which prevented us from keeping you up-to-date on developments in the Czech Republic, but we at least managed to resort to an internet version of the newsletter, and we kept Czech the News available for you on our web page. The web page (www.mzv.cz/washington), however, remains a valuable source of information

about our activities here in the US as well as about the Czech Republic in general, so I encourage you to browse through our page.

I present to you the last issue of 2004, featuring the celebration of freedom in Miami on the occasion of the 15th Anniversary of the Fall of the Berlin Wall. As always, we are enclosing News Brief and economic as well as cultural news, including "calendar of events" at the Embassy. In the economic section of our newsletter, you will find a few interesting pieces about the Czech economy as a newcomer to the common European market and about the

prospects and challenges the economy is facing in this new, truly European context. I believe that you will enjoy reading Czech the News.

As I look back at the year 2004, I see two major political events. For us, Czechs, it was the entry into the European Union, for which we have worked for more than a decade. For Americans, it was the presidential election. I am sure that these key events of 2004 will prove themselves to be wise decisions and that they will bring all of us an even greater deal of prosperity and democracy.

I would like to wish all of you a happy and quiet Christmas



Photo courtesy of Chad Evans Wyatt

season, Happy Holidays and all the best in the New Year 2005. I wish for all of us to be blessed with good health, prosperity, and above all, the gift of an understanding heart in the coming year.

Martin Palomo

Celebrating November 1989, Return of Democracy in Miami (cont'd)

(continued from page 1) dissidents in their fight for freedom. The Central European sound of Prague selection was complemented with Cuban music, performed by SaSon. The concert built a "bridge" between Miami and Cuba through the musical performance. The entire event was broadcast to Cuba via TV Marti as a special Central European gift to all freedom-loving Cubans. During the intermission, scenes from tearing down the Wall in Berlin in 1989 were presented. The footage of return of democracy to central Europe brought memories and sometimes tears in the eyes of those who witnessed this moment in history.

The unique show, hosted by a famous TV personality well known to all Cubans in Miami, Ms. Maria Elvira Salazar, lasted

for more than three hours and it turned out to be a huge success.

November 9, 2004 was also a significant day for various activists, intellectuals as well as diplomats, who attended a conference entitled "Transition from Communism in Central Europe: Lessons Learned, Challenges ahead for Cuba," organized by Professor Jaime Suchlicki, head of the "Cuba Transition

Project" at the University of Miami. At the conference in Omni Colonnade Hotel in Coral Gables, the participants deliberated on how Cuba might evolve in the future beyond Fidel Castro and his communist regime. This conference, featuring former US Ambassador to Geneva, Ms. Jeane Kirkpatrick as keynote speaker,



Photo courtesy of Ondrej Nemeš

Prazsky Vyber before their concert in Miami, FL

was attended, among others, by James Cason, head of the U.S. Interests Section in Havana, who spoke about poor conditions and lack of democracy in Cuba.

Prazsky vyber, a popular rock band in Czechoslovakia in the 80s, toured the United States for concerts in Los Angeles, Washington, D.C. and New York City, as part of the cultural program of the Czech Embassy commemorating the 15th anniversary of the Velvet Revolution. The frontrunner of the band, Michael Kocab, was at the very heart of events that brought Czechoslovakia from

communism to democracy. He is a former member of the Parliament, and he was directly involved in the forming of the first, post-communist Czechoslovak government. He also presided over the withdrawal of Soviet troops from Czechoslovakia in early nineties. Speaking about the "old times" in communist Czechoslovakia, Prague Selection drummer Kladius Kryspin said: "We got banned by the regime, but we kept playing. If everybody just gives up, nothing can change. We want to send any message we can to the people of Cuba not to give up." ■



Photo courtesy of Ondrej Nemeš

A fan at the Miami concert holds up both the Czech and Cuban flags.

Europe Must Stand Fast Against Castro's Tyranny

By Martin Palous

The European Union is discussing a proposal to reappraise its common position that all EU embassies in Cuba are open to all Cubans, including members of Fidel Castro's opposition and relatives of political prisoners. Such a reappraisal is what Castro wants. I believe it would be a great betrayal of the Cuban people and of our values rooted in liberty.

The issue will be revisited in Brussels in the next week on the level of working group for Latin America, but Cuban dissidents on the island have already begun to convey their concerns to the outside world.

"Our experience is that every time foreign governments give in to the pressures of the totalitarian government in Havana, repression is intensified,"

Marta Beatriz Roque, Vladimiro Roca and other dissidents wrote in a letter to the international media .

A couple of days ago, the 2002 laureate of the European Parliament's Sacharov's Prize Oswaldo Paya warned the EU not to change its common position and give concessions to the communist government: "It was the government that broke off contacts with the EU embassies, because they invited us...The political dialogue must have the goals of the release of political prisoners in the short term and then democratic reforms."

The message cannot be clearer: Closing the EU embassies to dissidents would be perceived as a gesture of appeasement and tolerance to Castro that will



Conference in Miami, FL

Photo courtesy of Ondrej Nemecek

badly harm the dissidents. Cubans dream of freedom, and they deserve our support and solidarity. Peoples in Central Europe know something of what they suffer.

On Nov. 9, we commemorated the 15th anniversary of the fall of the Berlin Wall that divided Europe after the Second World War. There is no doubt that in spite of all transitional troubles connected either with our own democratizations or with the birth pangs of an entirely new era, Central European nations have made gigantic

steps forward to restore open and democratic societies and today are enjoying the freedoms they were deprived of for decades. Freedom, however, is not only the greatest possible gift we could be given.

It is also an awesome responsibility. Precisely because we lived in a communist dictatorship and saw firsthand how totalitarian mechanisms worked to crush the spirit and the foundations of moral structures, we feel the obligation to speak up on behalf of the

brave Cuban people. We know well their situation of being harassed, blackmailed, ridiculed, persecuted and jailed. From our own experience, we also know the crucial importance of international pressure to the dissident struggle.

The Czech Republic, on behalf of the Czech people, has worked hard to unite the Free World in support of Cubans. In the spring of 1999, at the annual conference of the U.N. Commission for Human Rights in Geneva, we introduced a resolution criticizing the Cuban regime for the imprisonment of dissidents and other blatant human rights violations. A year earlier a U.S.-sponsored resolution calling attention to the Cuban situation had failed. In order to succeed, we knew we had to frame our argument on Cuba so as to "de-bilateralize" the debate.

Castro's human rights record was condemned that year. The productive cooperation between the U.S., the EU and the democratic countries of Latin America, turned out to be a condition sine qua non for our success in what seemed at the beginning to be "mission impossible."

It is the spirit of this new internationalism within the Free World that we believe will initiate the final push that will help set Cuba on the path toward

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Ambassador Palous with Pedro Fuentes-Cid, Spokesman for Presidio Political Cubano, in Miami, FL

Photo courtesy of Ondrej Nemecek

News Brief

November 9, 2004
 Fall of Berlin Wall amidst upheaval in Eastern Europe

Fifteen years ago, on November 9th, 1989, the infamous Berlin Wall fell, bringing down a barrier that had held East Germans behind the Iron Curtain, the most potent symbol of divided Europe. The fall of the Wall was not just the end of the communist regime in East Germany but anticipated the political changes in the whole of Eastern and Central Europe. At the same time in Poland, the communist government was seriously negotiating with the opposition movement Solidarity and the Hungarian Communist Party had already taken the road to democratic reform. On November 17, the Czechoslovak communist system began to crumble as well. Jiri Dienstbier, former dissident, who later became the foreign minister says that dissidents realized that history was being made, and they got ready to act: "We followed the development in all neighbouring countries. In East Germany, in Poland, in Hungary, and we knew that it is time to act now, that it is the end of at least the closed regime. We could not expect that it would fall so quickly and absolutely, but at least it was time for us to move as quickly as possible to achieve what was achievable at this time."

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News Brief

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**November 17, 2004
Commemorating
Jan Opletal,
whose murder
triggered
student marches**

On the morning of November 17th, 1989, no one would have believed that the events of that day would lead to the collapse of decades of the Communist regime. A peaceful student march was violently cracked down by the police. Almost 200 students were injured by the police force, triggering a wave of nationwide protests leading to the change of regime. This student march became a tradition fifty years before November 1989, when Jan Opletal, a medical student at the Charles University in Prague, was shot dead while protesting against the Nazi occupation of Czechoslovakia in 1939.



Photo courtesy of Jan Sihak

The nation unites in a protest

**Remembering
November 17**

On November 17, 1989 (the 50th Anniversary of the execution of nine Czech student leaders and the closure of the universities by the Nazis), a large student demonstration took place, along with members of "unofficial" groups. During the event, spontaneous expressions of resistance to the regime were
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**Europe Must Stand Fast
Against Castro's Tyranny
(cont'd)**

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democracy. It must be continued. The Free World has an unconditional moral obligation to express solidarity with the unjustly persecuted, jailed and harassed dissidents struggling for freedom. Free nations must send a clear signal to dictators like Castro that their methods are unacceptable in a civilized world.

This view is already widely held. In September, Prague hosted a conference organized by the International Committee for Democracy in Cuba. An unprecedented gathering of academics, journalists, NGO activists and politicians (including former presidents of Costa Rica, the Czech Republic, Chile and Uruguay, former prime ministers of Bulgaria, Canada, Estonia and Spain, members of parliament from Argentina, Chile, the Czech Republic, Finland, Germany, Guatemala, Mexico, Slovakia, Spain, Sweden, the United Kingdom and Uruguay), spent two full days seeking ways to ameliorate suffering in Cuba, made the more poignant by the messages from relatives of prisoners and human-rights activists that were received, smuggled out of the island.

In contrast to the past when democratic nations were often divided on the issue of Cuba, European, Latin American and North American participants of the Prague conference, representing a broad spectrum of political views and experiences, were united in their desire to assist in the rebirth of Cuban democracy.

The Prague Memorandum was addressed to all Cubans, and most importantly to Castro and his cronies. It stated that international support for the Cuban

people seeking a nonviolent transition to democracy is stronger than ever. Cuban political prisoners are not forgotten as their jailers would wish, but have

become the conscience of the Free World. The time when the Castro regime was able to mislead many around the world by masquerading as a "socialist" revolution in a life-and-death struggle with the imperialistic giant in the North, is over.

The conference announced the creation of an international network of solidarity with Cuba, ready to work with Cuban democrats to attain their fundamental objective: to throw off



Photo courtesy of Ondrej Nemec

Ambassador Palous and Maria Elvira Salazar, a popular TV host, opening the show in Miami, FL

the yoke of totalitarianism and to live in a free country; in a nation that is genuinely "Patria para todos" (The homeland of all), with a democratically elected government, respectful of human rights

and the rule of law, capable of bringing the nation from its current misery and despair to the path of reconciliation, justice and economic prosperity.

But now some in Europe want to go backwards, adopting a new policy of détente with the Cuban dictatorship that would shut dissidents out of our embassies. The argument is that it is necessary to overcome the current impasse in the communication between the EU and the Cuban government that after all recently released 14 political prisoners, including the poet Raul



Photo courtesy of Ondrej Nemec

Frank Calzon, Director of the Washington based Center for Free Cuba, at the Miami Conference.

Rivero, on probation for health reasons. It is always a reason to celebrate when innocent people return home from communist prisons, but there is no evidence whatsoever that this "humanitarian gesture" signals the real change of Cuban official policy. There are still too many other dissidents serving long term sentences and there are even new trials under preparation. The case of Nestor Rodriguez Lobaina, President of Young Cubans for Democracy Movement, who is serving six years in prison for "disrespect to the figure of Commander Fidel Castro" and who is now facing new charges brought against him, demonstrates clearly what the real intentions of the totalitarian regime are. Let us be very clear here. The suggested change of the EU position on Cuba would not help the cause of human rights and democracy in Cuba. It would effectively be turning our backs on those struggling for freedom while we embrace Fidel Castro. It would be an unconscionable act.

It was almost 20 years ago in Berlin when President Ronald Reagan called on the Soviet Leader Mikhail Gorbachev to "tear down this wall." Let us send now a similar message to Havana: Fidel Castro, open your prisons, and go!

Ambassador Palous is a former dissident, he presented the 1999 resolution condemning the Castro regime at the meeting of the U.N. Commission on Human Rights in Geneva. ■

OECD Report: Economic Survey of the Czech Republic 2004

Following accession to the European Union, the big issue for the Czech Republic is to strengthen growth prospects. Growth potential at present is somewhat above 3 per cent, implying a moderate pace of catch-up to living standards in the EU. There is room for greater ambition in growth performance, and it is welcome to see this reflected in the program of the new Czech government.

Growth Has Picked Up, Reflecting Past Reforms

Growth in the Czech Republic is projected by the OECD to be around 4 per cent, this year and next, marking substantial progress over past performance and reflecting the success of past reforms. Investment and exports are expanding rapidly, taking over from a period of strong increase in domestic consumption. This good performance needs to be sustained, and preferably enhanced, for living standards to catch up with the OECD average at a reasonable pace. This means creating the right conditions for continued capital deepening, efficient utilization of labor resources and the further development of relevant skills. In many areas, good policy has already created convenient conditions for growth. For some years now, inflation has been low and stable and membership of the EU has prompted further progress in structural reform. Indeed, institutions and policies now closely resemble those in many other OECD countries.

At the same time, however, there are challenges related to the fiscal position, business conditions and the labor market. These will need to be addressed alongside the approaching challenges of euro entry and accelerated ageing of the population. The key policy issues can be summed up under four headings:

Fiscal consolidation

Fiscal consolidation is the dominant challenge for macro-

economic policy, and is not only necessary to cope with ageing and to bring down the tax burden but is also needed to fulfill the euro-area entry conditions. The fiscal reform has begun, including proposals for a system of multi-year aggregate spending ceilings and significant expenditure cuts. However, to date, mainly revenue-raising measures have been implemented while the full impact of expenditure measures is yet to be realized. The attempt to secure broad political consensus on pension reform is commendable, but it must be underscored that whatever reform is finally implemented, it will have to bring considerable fiscal savings. Health-care reform also has to deliver savings, but concrete proposals have yet to be made. To facilitate assessment of the true fiscal position, extra-budgetary funds need to be more fully integrated in mainstream government budgeting procedures. Also, with the further decentralization of public services, the need for good budgeting practices and accountability in regional and municipal governments is all the more important.

A successful entry into the euro area

The Central Bank and the Ministry of Finance have created a transparent strategy for entering the euro area that foresees minimizing the time spent in ERM II. Annual reports will assess the economic conditions in relation to the Maastricht criteria and a request to enter

ERM II will only be made if the probability of a positive first assessment by the EU authorities is high. The choice of a 3 per cent inflation target for the run-up to euro entry is justifiable on medium-term grounds. However there may be some difficulty communicating the consistency of this target with the Maastricht criterion for price stability. The Czech authorities should therefore pay close attention to how the Maastricht criteria are interpreted and applied by the European Commission and the ECB and adjust their communication strategy accordingly.

Making the environment for business more growth-friendly

Most of the catch-up in living standards will have to come from boosting productivity growth. This means swifter re-allocation of resources across firms as well as stronger in-firm productivity growth. While the Czech Republic is a strong competitor for attracting foreign direct investment, policy towards poorly performing firms and business start-ups has problems, slowing down the exit and entry of firms. Bankruptcy procedures are cumbersome, often long and usually end up in liquidation, with asset stripping not uncommon. Reforms have long-since been planned, and it is welcome that new legislation looks finally set to go ahead.

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met with brutal police intervention. On November 18, The Civic Forum and The Public Against Violence as well as Charter 77 activists (in 1977, a group of intellectuals signed a manifesto, Charter 77, protesting the suppression of human rights in Czechoslovakia), students, and other intellectuals attracted the attention of other citizens. On November 19, the Velvet Revolution was launched and came with the strike of students and theatres. The Velvet Revolution was characterized not by weapons, but by the use of information and publicity. Late in 1989, emboldened by the sweeping political changes taking place in East Germany, Poland, Hungary, and the Soviet Union itself, hundreds of demonstrators took to the streets to demand political and economic liberation, beginning in Prague on November 17th. Later in November, Secretary General of the Communist Party Jakes resigned along with other members of the Politburo. Finally, on November 28, 1989, the Communist Party allowed noncommunist ministers into the cabinet, giving up its 41-year monopoly of political power. In December, the National Assembly chose Alexander Dubcek as its chairman and towards the end of 1989 the Assembly elected playwright and dissident leader Vaclav Havel to the post of President. In June 1990, the first free elections in 42 years resulted in the formation of a new, non-communist Federal Assembly. November 17 is a National

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News Brief

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Holiday for all Czechs and Slovaks. It is called Freedom and Democracy Day, commemorating the anti-Nazi student demonstrations of 1939 and the anti-Communist demonstrations of 1989.



November 22, 2004 Gross confident Euroconstitution to strengthen the Czech Republic

Prime Minister Stanislav Gross firmly believes that the European constitution will strengthen the position of the Czech Republic in the European Union, he said after a meeting with Luxembourg's Prime Minister Jean-Claude Juncker. Juncker arrived in Prague to become acquainted with the Czech government views on EU issues. Luxembourg will chair the EU for six months starting from the beginning of next year. Prime Minister Gross said that he had "... no doubt that the voice of the presidency will be widely heard" and that he is "... confident that it will be proven with the help of constructive arguments that the ratification of the European constitution is a step in the correct direction and will strengthen the position of the Czech Republic".

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Outsourcing from the CR Is No Threat to U.S. Jobs

While the U.S. political debate about outsourcing and offshoring goes on, U.S. companies keep on outsourcing and offshoring, including from the Czech Republic. "The unrelenting pressure on U.S. companies to continue to cut labor costs guarantees that more work will be done in America by fewer people. In addition, from China to the Czech Republic, there is virtually an unlimited supply of industrious and educated labor working at a fraction of U.S. wages. And these workers' skills will be enhanced by the expansion abroad of the research companies such as IBM and Intel employing local talent," writes Jeffrey E. Garten in his article "Offshoring: You Ain't Seen Nothin' Yet" in the Business Week. Yes, the Czech Republic is indeed on the radar screens of U.S. economic researchers and globally thinking companies.

Outsourcing can be viewed from many perspectives. From the perspective of the lesser developed world, outsourcing has been the best form of foreign or U.S. aid to the developing countries or countries in economic transition, such as the post-communist countries of Central Europe, which proudly joined the EU this year. The tradeoff of outsourcing and offshoring is creation of more jobs and thus wealthier consumers abroad. Wealthier consumers mean more demand for higher end products of U.S. global companies from Coca-Cola to Nike shoes and Intel powered HP computers and computing gear.

Traditionally the CR has been a sweetheart to German firms outsourcing products and services abroad, and after some time it became an attraction for outsourcing and offshoring activities of global Japanese, British

and U.S. firms. Outsourcing of manufacturing parts, knowledge and services from the Czech Republic constitutes no threat to U.S. job market for several reasons. In terms of population (10.4 mil.), the Czech Republic cannot be compared in any way to China or India. Therefore, the volume of goods and services outsourced from the CR is very little in comparison to the magnitude of U.S. outsourcing and offshoring to China or India. Further, the R&D or maintenance centers of U.S. firms located in the CR serve mostly local or European activities of global U.S. firms, and only at a limited scale add value to U.S. based operations.

U.S. corporations need some foothold for their European operations, in a single market bigger than the U.S. market, and simply have to place their facilities in some European spot. While Europe (the EU) is nowadays big enough, they have many options. In addition, outsourcing is not the correct word for business activities within the EU market, including subsidiaries of U.S. companies in Europe. As U.S. firms do not outsource from California to Wisconsin, they do not outsource from Central Europe to Spain, as they operate in one single European market.

The Czech Republic has been an attractive place not only for the government investment incentives, but for its industrial and cultural tradition and skilled educated labor in the first place. ExxonMobil, DHL, IBM, Ingersoll Rand, Honeywell and others, have picked the CR for their major European presence for many good reasons."

Among other criteria, the CR maintains an extensive educational system of high schools and universities. 55 universities cater for 250.000 students, of



A view of Prague, Czech Republic

which 50.000 study economy and finance and 20.000 IT. Czechs have the highest secondary level school completion rate in Europe. Demand for university education has fostered new private colleges and language schools. 70% of population is able to communicate in at least one foreign language, with English and German being the most represented ones. Active knowledge of Central European languages and Russian is key factor to success in country competition for European service centers of multinationals. The CR still keeps its low-cost advantage for shared centers in comparison to Western European states or North African or Middle East countries. Operational costs in other Czech cities than Prague are comparable to those in Asia. The country excels in telecommunication infrastructure with multiple providers of voice, data and Internet services of the latest standard of worlds class technology.

As a result of the EU accession, FDI is getting stronger. In the first half of 2004, the total value of new investment projects handled by CzechInvest alone is close to 1 billion Euros. Compared to the first six months a year earlier the number of projects doubled. The projects indicate creation of at least 8.500 new jobs, of which university or high school graduates will fill in 60%. This represents a radical shift from classical manufacturing to industries with a need of highly qualified labor. It is no wonder that more and more high-tech

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Photo courtesy of the Czech Tourist Authority

EU Enlargement Is Beneficial to U.S. Business

On the whole, EU enlargement will benefit U.S. companies in Europe and U.S. exporters. Enlargement will bring more consumers to the single European market, making it the world's largest single market of 450 million consumers. The Central European economies (in particular Czech Republic, Hungary, Poland, Slovakia) hold enormous potential for manufacturers of consumer and engineering products and service providers. Gradual increase of household incomes and spending, easier access to markets and easier movement of goods across borders will be the main benefits.

As business destination, the Czech Republic has been attracting many foreign firms predominantly due to its geographical central location in the enlarged single market, excellent infrastructure and highly skilled labor. The new EU countries had to align their legislation fully with the EU legal and regulatory framework, making them more transparent a less risky proposition for American business.

In short, EU enlargement will likely bring economies of scale and increased competitiveness to EU businesses as well as to businesses in the accession countries, which will be an impetus to increased economic growth.

The overall cost of doing business in accession countries will fall as U.S. businesses will consolidate their European operations and simplify corporate structures. Some of the regional corporate headquarters will be moved to Central Europe (hopefully to Prague or other Czech cities).

The new EU states will adopt the EU Common External Tariff in its entirety. While the Czech Republic maintained lower tariffs, on average, weighted industrial tariffs in accession states were higher than those in the EU. The average tariff level of



Photo courtesy of the Czech Tourist Authority

Metro in Prague, Czech Republic

the EU is 4%. Therefore, U.S. exporters will see benefits in terms of lower tariffs. Also, tariff differential that disadvantaged U.S. firms in some cases will be phased out. Adapting products to meet local standards in small markets may be expensive. U.S. firms will now only have to conform to one standard and one certification for the entire EU market. The CR will accept products tested and certified for the EU market without additional national requirements.

Since the EU is a party to international agreements under the WTO, the new member states must align to EU commitments under these agreements such as GATS (General Agreement on Trade in Services), GPA (government procurement), agreement on information technology or civil aircrafts. The adherence to the WTO agreements to which the EU is a party improves environment also for third-country service providers and exporters.

The commitment to join the ERM regime (Euroland, Euro monetary regime) by the new member states by 2008 - 2010 will bring twofold benefits for U.S. companies. First, meeting the (Maastricht) fiscal criteria regarding budgets, debt, inflation, and long-term interest rates results in necessary budgetary control that benefits the business environment for U.S. investors.

Second, the adoption of Euro

will lower costs for business transactions and eliminate risk of exchange rates of national currencies. The Czech Republic will keep its tax and other investment incentives in place. The Czech investment incentives package has been designed in compliance with EU rules. In some countries (Hungary and Poland) tax breaks will be phased out, as they are inconsistent with EU rules. Benefits of cheaper labor and EU market access will outweigh lost fiscal advantages.

The EU will support infrastructure enhancement in the new member states. The improvement in infrastructure and administrative capacities will make Central Europe a better investment destination. The Czech Republic has been a leading country of the region in the respect of enforcing intellectual property rights. Even more rigorous enforcement will be in effect after EU enlargement, due to stringent regulation by the European Commission. The EU enlargement will benefit both the U.S. firms in Europe and the European firms, in having the same level playing field on the both sides of the Atlantic.

Finally, the economies of Central Europe that have strived to emerge from transition markets to the developed European single market will accomplish this goal, set after the break of communism 15 years ago. ■

News Brief (continued from page 6)

November 22, 2004
Governor of
Baghdad visits
Czech foreign ministry to discuss
plan to rebuild
Iraqi capital

Two months ago, the governor of Baghdad narrowly escaped an assassination attempt, as a roadside bomb attack rocked his convoy, leaving two civilians dead. At the end of November, however, the Iraqi governor was in Prague to discuss plans -- and possible work for Czech engineering and construction firms -- for the reconstruction of the historic city of Baghdad. Governor al-Haidri is looking forward to a stable, "truly sovereign, and democratic" Iraq. The Czech Republic, which played a role in the war, is well-suited to help play a role in the reconstruction effort, said the Baghdad governor while visiting the Czech Republic.

Prague Olympics would cost 130 billion crowns, would turn profit

Hosting the Summer Olympic Games in the Czech Republic would cost approximately 130 billion crowns and it might turn into a profitable project. In the city of Prague, it would also solve a number of problems, improve the quality of infrastructure and such project would put the country in a higher league. Prague's leaders are considering a candidacy for the summer Olympic games in either 2016 or 2020.

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The cost estimates, ranging from 132 to 135 billion Czech crowns, are said to be realistic and they include the costs for stadiums, the Olympic and medal village, expenditures for infrastructure and security.

November 24, 2004 Czech politicians discuss human rights violations at San Jose ICDC forum

The International Committee for Democracy in Cuba (ICDC), founded on initiative of former Czech president Vaclav Havel, has held an international forum in Costa Rica. The meeting resulted in signing of the so called "San Jose Memorandum". Former Latin American presidents, politicians, and activists from Cuban human rights organisations gathered to discuss the importance of Latin America joining in the promotion of human rights in Cuba.

November 26, 2004 Chamber approves extension of Czech mission in Kosovo

PRAGUE - The Chamber of Deputies approved to prolong the Czech military mission operating within the KFOR forces in Kosovo for 2005. As the Senate approved this extension at the beginning of November, there are no obstacles to the further participation of Czech soldiers in Kosovo. ■

Prazsky Vyber - Prague Selection

The band Prazsky Vyber, Prague Selection, performed on November 11 at the Czech Embassy in remembrance of the freedoms achieved during the Velvet Revolution.

The event was attended by some local Ambassadors, students, and the community.

In the 1970's and 80's, young Czechs looked to rock music as an escape from the reality of the society under the communist rule. The Communist regime saw Prazsky Vyber as a threat to the "official culture." Prazsky vyber, one of the best representatives of the Czech New Wave of the eighties, became an artistic symbol of resistance against the establishment.

The band was formed in 1980 by jazz-rock musician, singer, and keyboardist Michael Kocab and brilliant rock guitarist Michal Pavlicek. The other



Prazsky Vyber performing at the Czech Embassy in Washington, DC on Nov. 11, 2004.

members of the group included drummer Jiri Hrubec and bass guitarist Ondrej Soukup - who was later replaced by Vilem Cok. The group exhibits their talent and mastery over their instruments through their aggressive performance, using vocal inspirations from punk rock. The band creates a sophisticated music structure which uses a broad scale of styles and composing skills of individual band members. Prazsky vyber

used music as an outlet for the people during the stifling grip of the communist hand over the former Czechoslovakia. ■

Future Events at the Czech Embassy

The embassy will be mailing out their program for the next season in January. We will be posting the events on the website: www.mzv.cz/washington/culture

MFA Financial Contribution for 2006

Financial assistance to organizations and societies of Czechs abroad will be offered by The Ministry of Foreign Affairs of the Czech Republic for the year 2006. According to the rules, the support will only be provided for specific projects planned for the year 2006, for non-investment expenditures only. The contribution may not be used to cover the overhead expenses of the organization, the rent of its permanent

seat, salaries of its employees and assistants, travel and accommodation costs, etc. More detailed information, including the "Rules" and application forms, will be sent out to those who will contact the Cultural Section of the Czech Embassy in Washington, D.C. (located at 3900 Spring of Freedom St. NW, Washington, D.C. 20008, fax no. 202/966-8540, phone no. 202/274-9127, e-mail: broskevic@yahoo.com). Please be

advised to express your interest as soon as possible as the deadline for submitting the filled-in applications to the Embassy is March 31, 2005. Unfortunately, forms received after this deadline will not be considered. No project will be accepted without the Embassy's (Consulate General's) statement. Please note that the successful applicants will receive the Ministry's contribution during the spring months of 2006. ■

2005 Czech Course in Dobruska

If you are interested in learning the Czech language, please be advised that a four-week course in Dobruska (Czech Republic) will be organized also in the summer of 2005. Eligibility for the course, however, is limited. Please note that only those who actively assist Czech American organizations and societies to preserve and promote Czech language and culture, and whose language skills will in the future con-

tribute to the activities of these societies, are eligible to apply for the fully covered course. Therefore, recommendation from at least one such society is required. Please be advised that very few people are admitted to the courses as paid for by the Czech government. Therefore, applicants should decide before submitting their final applications whether or not they would like to apply for the self-payers' course, as well. The deadline for

the applications to reach the Embassy will be the middle of March 2005.

For more information, contact the Cultural Section of the Czech Embassy in Washington, D.C. (3900 Spring of Freedom St. NW, Washington, D.C. 20008, fax no. 202.966.8540, phone no. 202.274.9127, e-mail: broskevic@yahoo.com). ■

2005 SVU Conference Update

"Czech and Slovak Heritage on Both Sides of the Atlantic"

North Miami, FL,
17-20 March 2005

We are pleased to inform our members and other interested parties that the preparation for the upcoming Conference and the associated Festival activities are proceeding extremely well. You will be pleased to hear that the President of the Czech Republic has given the Conference his sponsorship and we are now awaiting word from Slovak President Ivan Gasparovic who was also invited.

The general theme of the Conference "Czech and Slovak Heritage on Both Sides of the Atlantic" has attracted a lot of interest among the Czech and Slovak scholars here and abroad, as well as in the Czech and Slovak communities in America. We are expecting a strong contingent of visitors from the Czech and Slovak Republics. A moment ago, I received confirmation that from the Palacky University in Olomouc alone, at least three representatives, Prof. Ivo Barteczek, Dean of the Philosophical Faculty, Prof. Milos Trapl, Director of the Center for the Czechoslovak Exile Studies and Dr. Karel Konecny are coming.

In addition to the announced speakers, we also have commitment from Dr. Zdenek David, a Senior Scholar at the Woodrow Wilson International Center for Scholars and Dr. Slavomir Michalek of the Slovak Academy of Sciences to actively participate and take part in the session entitled "Czech and Slovak Historical Traditions". Prof. Jan Vicar, a noted musicologist and composer from Palacky University and Prof. Vladimir Papousek, an authority on Czech-American literature from the University of South Bohemia will participate in another session "Echoes from the Old Country" Among other speakers in the same session are Lauren McConnell from

Northwestern University, specializing in the Czech Theatre, and Dr. Ladislav Bolchazy, a known Slovak-American publisher and director of the Slovak-American International Foundation.

A separate session will be devoted to Czechs and Slovaks Abroad which will feature presentations on "Albin Polasek Museum and the Sculpture Garden in Winter Park, FL" and "Czech Music on Player Piano in the US", by Don Martin of the Albin Polasek Foundation, and Prof. Michael A. Kukral of Rose-Hulman Institute of Technology, respectively. Other speakers will include Gail A. Naughton, President/CEO of the National Czech & Slovak Museum & Library in Cedar Rapids, IA, Dr. Laurence Cerny from Cleveland, David Chroust from Texas A&M University, Liza Alzo from Cornell University and Vlado Simko of V.A. Medical Center, Brooklyn, NY.

There will be a special session devoted to the important subject of "Preserving Czech and Slovak Heritage Abroad", featuring addresses by the two Ambassadors, H.E. Martin Palous and H.E. Rastislav Kacer, representing the Czech and Slovak Republics in the US, respectively. They will be followed by the major address of Prof. Rudolph Vecoli, Director of the University of Minnesota's immigration History Research Center, where the SVU deposited its archival material. In this connection SVU President will announce the establishment of the Czech and Slovak Studies Fund to assist the Czech and Slovak scholars and students to work on Czech and Slovak documents at the Center.

One of the unique events of the Conference will be a special discussion panel relating to "Institutions of Higher Learning in the Czech Republic and their Collaboration with the US". In this connection we are expecting participation by a number of

high level University officials, including the current and the Past Rector of the University of West Bohemia in Pilsen, Doc. Ing. Josef Prusa (former Deputy Minister of Education of CR) and Prof. Ing. Zdenek Vostracky, respectively; the Rector of the University of South Bohemia in Ceske Budejovice, Prof. Dr. Vaclav Buzek, and Vice-Rector Prof. Dr. Vladimir Papousek; and the Past Rector of the Technical University of Ostrava, Prof. Ing. Vaclav Roubicek. The United States side will be represented by Dr. John Dunn, Provost of the University of Southern Illinois in Carbondale and Dr. Jack Rechcigl, Director of the University of Florida's Gulf Coast Research and Education Center. Both Universities have strong collaborative links with the Czech universities, specifically with the Technical University in Ostrava and Czech University of Agriculture in Prague. Dr. Rechcigl, who is building an entirely new state-of-the-art research facility in Balm County, FL, in the amount of some \$15 million, is in the process of negotiating another collaborative agreement between the University of Florida and Agricultural University in Nitra, Slovakia.

As you can see this is a great program. We are still interested in additional papers that would fit our major theme. Those that are interested should immediately contact SVU President Mila Rechcigl via e-mail: SVU1@comcast.net

The 2005 SVU conference will also highlight the rich cultural customs and traditions that the Czechs and Slovaks have brought to the USA. The programs will feature entertainment, presentations, and demonstrations on a variety of subjects including the legendary pop singer Waldemar Matuska, the

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Business Buzz

October 29

The CNB (Czech National Bank) raised its GDP growth forecast from 3.9% to 4.3% for this year and from 3.8% to 5.2% for next year. It also expects slightly slower price inflation over the next year. The CNB left interest rates unchanged, and analysts now say the CNB is not expected to raise rates before the board is reshuffled in February.

November 1

Czech exports increased y/y by 29.9% between May (when the CR joined the EU) and Sept. Imports for the period rose by 22.6%. EU countries now account for all but 18% of Czech foreign trade. Meanwhile, Czech consumers are expected to spend CZK 223bn in the fourth quarter, up y/y by CZK 4bn (1.8%).

November 2

The Statistical Office found that 15,000 self-employed people turned in their business licenses during the first three quarters of the year. There are now 790,000 sole proprietors. The statistics bureau puts the jobless rate at 8.2%.

November 4

The real-estate rentals have dropped in price by an average of 10% over the past year. The biggest drop has been in Prague, where rent declines of 20% are not uncommon. Three-room flats in old housing projects are difficult to let. New rules on home ownership for EU members have led to a rise in purchases by foreigners, especially Slovaks. EU citizens are now allowed to own homes if they have

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Business Buzz

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temporary residence in the CR. However, increased purchases by foreigners should not affect prices much.

November 8

The CR posted a CZK 3.2 billion trade surplus in September, compared to analysts' forecast of CZK 2 billion surplus. Exports rose y/y by 21 % and imports by 19 %. The deficit for the full year is expected to drop from CZK 70 billion in 2003 to about CZK 50 billion.

November 9

Consumer prices rose y/y by 3.5% in October, the largest jump in two and a half years. Leading the way were higher natural gas and gasoline prices. Also, unemployment fell from 10.1% to 9.9% in October, thanks in part to warm weather. The jobless rate under the EU's methodology was 8.9% in October. Cash is going out of style. The use of bank cards for payment, and not just for withdrawing cash, has doubled in the past two years. Card use in stores is expected to rise this year by 9%, to CZK 85 billion. Cash withdrawals are expected to rise by 1.4%, to CZK 350 billion.

November 12

The number of people taking early retirement is on the rise. Last year, almost 20 000 people retired as many as three years early, with a reduced pension. This year, 21 000 took advantage of this in the first three quarters alone.

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New Honorary Consulate of the Czech Republic Opens in Detroit

In the summer of 2004, a new Honorary Consulate of the Czech Republic was opened in Northville (a suburb of Detroit), which covers the states of Michigan and Ohio. Dr. Tom Prose has been appointed the Honorary Consul (more information can be found at www.generalmedicine.com/men_u.htm)

Hours of operation:

Monday to Friday, 9 a.m. - 5 pm.
Eastern Standard Time

Address :

Honorary Consulate of the
Czech Republic
590 Dubuar St.,
Northville, MI 48167
United States of America

Telephone : 1-734-453-0787

Fax: 1-734-455-9248

e-mail: detroit@honorary.mzv.cz ■

Outsourcing from the CR Is No Threat to U.S. Jobs (cont'd)

(continued from page 6)
operations are directed to a country in the very center of Europe with educated, skilled labor.

It seems that thanks to the well educated and mostly multilingual population, the Czech Republic will be successful in attracting more and more sophisticated industries and building a new knowledge-based economy with major modern industries as microelectronics, biotech, wireless communication. This would be impossible without global economy and more outsourcing or offshoring by global companies. ■



Ambassador Palous congratulates AFOCR President Phil Kasik (left) on completing his term as president of AFOCR as he receives an award presented by Vice-president Mike Rokos at the annual AFOCR Board of Directors meeting. The new officers elected at the November 19 meeting are: Mike Rokos, President (right); Peter Rafaeli, Vice-president and Treasurer; and Bob Doubek, Secretary.

Photo courtesy of Phil Kasik

2005 SVU Conference Update (cont'd)

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third Miss Czech & Slovak Florida Pageant, a kolace-making demonstration, polka and waltz lessons, a strudel-making demonstration, an egg decorating demonstration, a Czech dumpling-making demonstration, and an accordion jamboree.

The conference is especially significant because it is held in conjunction with the First Annual Czech & Slovak Heritage Festival on the historic grounds of the American Czech-Slovak Cultural Club (ACSCC) in North Miami. The ACSCC has played a major role in the attraction of Czechs and Slovaks to the area and in the preservation of the culture through the years. In its 56-year history, the ACSCC has been host, especially in the last three years, to the following personalities: Helene Bain Cincebeaux with her folk dress and folk art, Slovak singer Sisa Sklovska from Prague, Dan Baldwin who was President of the National Czech & Slovak Museum and Library, Slovak film director Lubo Kocka, Czech-American country and western singer Larry Morava, Slovak-Canadian photographic artist Yuri Dojc, Slovak singers Jozef and Dodo Ivasska, Czech comedian Petr

Novotny, Czech folk singer Jaromir Nohavica, and Slovak cosmonaut Ivan Bella.

This joint venture between the SVU and the ACSCC is a signature event for the region, state, and the rest of the country as together we are establishing an annual cultural festival. This event not only preserves our history, traditions and artistic and scientific endeavors, but also it provides a venue for others who are unaware of the contributions of the Czechs and Slovaks to become knowledgeable in our contributions to the global society.

Irrespective of whether you are a speaker or passive participant, you are urged to register right away in order that you can get your accommodation at our negotiated price. The reserved rooms will go fast, considering that this is a very busy tourist season in Florida. Send your registration to Robert Petrik at the following address: 5200 NW 67th Ave., Lauderhill, FL 33319.

We look forward to seeing you in large numbers in North Miami. Don't miss this great event. Combine your trip with a family vacation. March is the nicest month of the year in Florida!

Mila Rechcigl
SVU President ■

Growth has picked up, Reflecting Past Reforms

(continued from page 5)

The legislation aims at strengthening the role of creditors, speeding up proceedings and allowing composition to play a bigger role. Likewise, efforts to streamline business registration are welcome and should be implemented as soon as possible. The general business climate is also damaged by issues in network-industry competition, as some services, notably internet, are rather expensive in international comparison.

Improving the functioning of the labor market

Mobility between jobs and regions is low. Administrative extensions of collective wage agreements, strict employment protection legislation (EPL) on individual dismissals, rent control, severe poverty traps (particularly for families) and a high tax wedge have contributed to considerable long-

term unemployment. Tackling the unemployment problem requires measures across a wide front, but most notably social benefit reform is needed along with reduction in the tax wedge as well as easing of EPL. A more open immigration policy is needed to address immediate issues such as the inconsistency between granting work permits as well as for better alignment of immigrants' skills with those needed on the Czech labor market. ■

Czech Authors are Available at Catbird Press

KAREL CAPEK - LIFE AND WORK,

by Ivan Klima

[Klima] brings a novelist's perspective to the proceedings, allowing readers to appreciate the depth and thematic complexity of Capek's writing." - Library Journal

CROSS ROADS, by Karel Capek

Two of Capek's early story collections, one appearing for the first time in English. "Early in his career, Capek is obviously a master in the making." - Booklist

TALES FROM TWO POCKETS,

by Karel Capek

Capek's unique approaches to the mysteries of justice and truth are full of the ordinary and the extraordinary, humor and humanism. "[They] stretch the detective story to its limits and ... tell us much about the mysteries of human existence." - NY Times

APOCRYPHAL TALES, by Karel Capek

Retellings of great events and figures of history, myth, and literature. "[These stories] combine broad learning with sharp wit to make powerful moral statements." - Publishers Weekly

WAR WITH THE NEWS,

by Karel Capek

One of the great satirical works of the 20th century. "Its unshowy outrage, its humane ironies and its resolve to come to terms with history remain as vital as its despair." - Times Literary Supplement

TOWARD THE RADICAL CENTER: A

Karel Capek Reader, ed. Peter Kussi, foreword by Arthur Miller

"It brings the voice of Capek back to life." - The Nation

THREE NOVELS: Hordubal, Meteor, An

Ordinary Life, by Karel Capek

Approaches the problem of mutual understanding through various kinds of storytelling. "Capek's masterpiece." - Chicago Tribune

TALKS WITH T.G. MASARYK,

by Karel Capek

Masaryk was the original Philosopher-President of Czechoslovakia. A great work in the art of biography.

THE POETRY OF JAROSLAV SEIFERT

The largest collection in English from the Czech Nobel Prize-winning poet's entire career.

LOVERS & MURDERERS, by Vladimír Parál

An exhilarating ride through human nature's cavern of horrors. "A dazzling mosaic." - Library Journal

THE FOUR SONYAS, by Vladimír Parál

In Parál's darkly comic world, people will do almost anything to attain their dreams.

CATAPULT, by Vladimír Parál

"A middle-European, existential account of the sexual revolution as seen from behind an irony curtain - very funny, erotic, and disturbing." - Chicago Tribune

CITY SISTER SILVER, by Jachym Topol

Considered the most important Czech novel of the 1990s, this modern epic captures the emotional dislocation that followed the Velvet Revolution of 1989. "A prodigal astonishment; an emancipation proclamation." - John Leonard, Newsday

FINGERS POINTING SOMEWHERE

ELSE, by Daniela Fischerova

Stories. "A taut, intelligent collection ... elegantly translated." - New York Times Book Review

LIVING PARALLEL,

by Alexandr Kliment

"Kliment honors the complexities of Svoboda's dilemma with poetic delicacy. The language is gorgeous, often languid and dreamlike, yet always vivid and original." - Prague Post

DAYLIGHT IN NIGHTCLUB INFERNO:

Czech Fiction from the Post-Kundera Generation, ed. Elena Lappin, multiple translators. "This important anthology ... places some marvelous talent on display." - Booklist

WHAT OWNERSHIP'S ALL ABOUT,

by Karel Poláček

A darkly humorous novel by the leading Czech Jewish writer between the wars.

These books are available at :

Catbird Press
16 Windsor Road
North Haven, CT 06473
tel.: 800-360-2391
www.catbirdpress.com ■



Business Buzz

(continued from page 10)

November 19

The crown rose to a two-year high against the euro of just below CZK 31. Against the dollar, the crown hit a record high of CZK 23.72. A survey of analysts found that all of those polled expect the crown to strengthen against both currencies between now and the end of the year.

November 22

The professional association for the textile industry predicts that up to 40,000 Czechs could lose their jobs when EU quotas on imports from China and other countries are eliminated as of the first of the year. Some companies have already announced layoffs. Seventy percent of the 120,000 people employed in Czech textiles are women.

November 29

Average rates for new mortgages fell in October to 4.8%, from above 5% in September. CEO Alexis Juan of KB (Komerční banka) said banks are using mortgages as a way to win young clients who are unlikely to switch banks later.

December 1

Average monthly wages rose y/y by 7.3% in the third quarter, to CZK 17,700. Average wages in the CR will not catch up with the EU average for at least 25-30 years. The Economist Intelligence Unit found that companies are starting to look at Romania and, more long-term, at Ukraine because of the rising wages in Central Europe. ■