STANDARD SUMMARY PROJECT FICHE

1. Basic Information
   1.1 Désirée Number: CZ01-04-05
      Twinning Number: CZ01/IB/OT/04
   1.2 Title: The Economic Competition Protection and Development on the Market of the Czech Republic
   1.3 Sector: Internal Market
   1.4 Location: Office for the Protection of Economic Competition

2. Objectives
   2.1 Overall Objective(s):
      • Existence of a functioning market economy in the Czech Republic as well as the capacity to cope with competitive pressures and market forces within the EU
      • The creation of a level playing field for undertakings, effective implementation and enforcement of the competition acquis as well as the adaptation of companies for the competitive pressure of the internal market resulting from the full and direct application of the EC competition law upon accession

   2.2 Project purpose:
      • To achieve transparency and enforcement capacity of the Competition Office and its equipment with well-qualified staff to be able to fully implement the acquis communautaire at the time off accession and to enforce competition and state aid rules in compliance with them. The project will strength an enforcement capacity both in the field of antitrust and state aid law. The Office should be equipped with well-qualified and trained staff to be able to enforce competition and state aid rules fully in compliance with acquis communautaire at the end of the project.

   2.3 Accession Partnership and NPAA priority

   Short and medium term AP priorities: AP chapter “Internal market” obliges the Office to align anti-trust and state aid legislation with the EC law and reinforce state aid monitoring authority with sufficient qualified staff.
   In a medium term period the Office should ensure full enforcement of competition and state aid rules, ensure compliance of state aid schemes and state aid legislation with the acquis.
   NPAA (2000) - the Act should come into force in July 2001. The following enforcement of the Act in practice in line with the acquis belongs to the basic purposes of the Project.
   The second important area covered by the NPAA is block exemptions adoption in the form of Office’s Decrees issued by the Office for the Protection of Economic Competition. The middle-term and permanent priority of the Office in the economic competition field is improvement as far as transparent and effective enforcement of the competition law is concerned.
   The state aid monitoring unit within the Office was established on January 1, 2000.
   The Act on State Aid entered into force in May 2000. The long-standing task of the
Monitoring Unit is transparent enforcement of the law and elaboration of the secondary legislation concerning state aid in line with acquis. The training of the staff to be able to enforce the law in practice is the NPAA priority too.

3. Description

3.1 Background and justification:
The project is the result of recent competition law and state aid law developments both in the Czech Republic and the European Communities. The Czech Republic has achieved a high degree of compatibility with relevant EC legislation. At the present stage there is necessity of transferring attention to the strengthening ability to enforce the law in practice in particular with respect for the most important infringements of relevant legal documents.

The Office’s capacity to make an investigation and find an evidence as far as illegal economic behavior is concerned should be improved through the Project to achieve the same level as it is usual in the European Commission and competition offices in the Member States. For this reason this project has been drafted to follow fluently up the former Phare projects in the field of law approximation (Phare WPI-WPVIII). If the previous projects concentrated especially on a legal environment creation this project is to contribute to enforcement capacity strengthening in line with the acquis. At the same time the project should prepare new legal environment as far as state aid rules are concerned that will come in force at the moment of accession.

3.2 Linked activities:
The Office for the Protection of Economic Competition has received support within the Phare Program from 1992. The activities financed within the past Phare Programs included especially following items in the sphere of economic competition and state aid:

The support from Phare was aimed especially at the building of the Office’s infrastructure including the purchase of computers and fax machines. At the same time the priority was the first amendments to the competition act to bring it gradually into line with the EC legislation. We received help in the form of expert’s reports elaboration, advice and expert analyses of compatibility of law. Very important part of the initial Phare projects was purchase of literature, translations of EC legislation and special language courses organized at the premises of our Office.

The support included also acquisition and translation of EC-legislation, other legal documents, decisions and jurisdiction pertaining to the Articles 85-94 of the EC Treaty, e.g. provisions and decisions on individual and block exemptions, dominant position and abuse of dominant position, predatory and discriminatory prices, unfair, anti-competitive or discriminatory terms or conditions, dumping, decisions relating to cartel agreements and so on.

The main objective of this period was familiarizing the Office’s staff with the most important EC legal documents and their application in practice (see Annex 4).

The following reports were elaborated:
The extend of compatibility of the Act on Protection of Economic Competition with the EC competition law, approximation of law in the area of block exemptions and
the suggestions for amendment of the Act on Protection of Economic Competition.
The legislative problems of the legal approximation and the application of international element in the competition law.
The unification of the competition law terminology.
The suggestions for the amendment of the Act on Protection of Economic Competition resulting from the recent economic competition theory and practice and the European competition law.
Block exemptions advantages and disadvantages and their influence on the Czech economy.

Resulting from the article 33, paragraph 3 of the Interim Agreement and the Article 64, paragraph 3 of the European Agreement there were carried out the following activities to fulfill principal objectives of mentioned documents:
- familiarizing the Office’s staff on the different aspects of the EC competition law
- language training aiming to improve staff’s English language command
- complying English-Czech and Czech-English terminological dictionary
- working out the analytical study focusing on the application of block exemptions, the regulation of natural monopolies, the position of the chambers of entrepreneurial associations in the EC legal system and the influence of state administration on their activities

Under the Approximation of Law Phare Project there was put emphasis especially on the way of application of competition law within agricultural sector, introduction of the competition in the public utilities sector and transport, preparation of the new Competition Act and familiarization with EC state aid rules.

With the adoption of new Competition Act there will be achieved full harmonization of competition law with the EC legislation. For this reason the final Phare program will focus especially on the training in law enforcement both as far as economic competition field and state aid field are concerned.

The Office for the Protection of Economic Competition also benefitted from a Phare 1998 State Aid twinning project (UK/France). The project started in October 1999 and is going to be completed by the end of 2001.

3.3 Results:
- **Full compatibility of the Czech competition (anti-trust) and state aid law** with the relevant EC law in place (EC Treaty Articles 81-82, 87-89, Block Exemption Regulations, Guidelines for State Aid)
- **Decision-making process** as far as competition (anti-trust) and state aid cases are concerned will be fully in line with the practice of the European Commission, the EC Court of Justice and the Court of First Instance
- **Staff of the Competition Office trained** to meet requirements for strict enforcement both anti-trust and state aid rules.
3.4 Activities:

(1) Support of enforcement of competition law (anti-trust)

- Analysis of the current state of development of the competition law, policy and practice in relation to competition law and practice development in the Czech Republic
- Advice on implementation and enforcement relevant competition legislation including identification and drafting necessary notices, guidelines
- Advice and support for the staff dealing with cartel agreements investigation. Drafting the methodological guidelines for cartel agreements detection including the way of investigation and proving suspicious enterprises guilty
- Design and implementation of training programmes including seminars and workshops for both junior and senior staff of the Competition Office
- Organisation of seminars and workshops being held in the EU Member States
- Advisory within building up the computer network enabling cooperation among national competition offices (based on Phare Talinn Conference in 2000)

Twinning Covenant will include:

In the field of antitrust - the 1 PAA for 24 months and 6 short term experts will be responsible especially for the following activities:

Analysis of the current state of development of the competition law, policy and practice in relation to competition law and practice development in the Czech Republic

Advice on implementation and enforcement relevant competition legislation including identification and drafting necessary notices, guidelines

Advice and support for the staff dealing with cartel agreements investigation. Drafting the methodological guidelines for cartel agreements detection including the way of investigation and proving suspicious enterprises guilty

Design and implementation of training programmes including seminars and workshops for both junior and senior staff of the Competition Office covering especially:

EC competition law including leading cases of the European Commission and the EC Court of Justice and the Court of First Instance

Recent EC competition policy developments (eg. antitrust modernisation, reform of Regulation 17, international co-operation)

Achievement of knowledge necessary for decision-making in competition matters in line with acquis (horizontal agreements, vertical agreements, intellectual property licensing, abuse of dominant position, anti-trust procedures – approval, anti-trust procedures – prohibition, merger regulation)

Techniques of investigation (how to prepare an inspection, access to file, what kind of documents to search for – documents, databases, e-mail, archives, backups, schemes, powers of investigators, important questions)

Providing guidelines for competition forensics during inspections (searching for computer-based evidence, what lawyers have to know about computer storage)

Computer search, principles
Training of case-handlers to have a basic knowledge enabling them to read balance sheets of companies

Application and enforcement of EC competition rules in the sphere of public undertakings and newly liberalised sectors (telecommunications, postal services, energy sector)

Organisation of study visits to DG Competition in Brussels and to competition offices of the Member States to get first hand experience in antitrust-decision making and procedures. The program of visits will consist of items mentioned above

Organisation of the Office’s experts participation in the seminars and workshops being held in the EU Member States and organized especially by the European Academy of Law in Trier and the European Commission

Assistance in preparation and organisation the activities for enterprises and public to understand the principles of competition law and to be able to comply with them (draft the Office’s compliance program)

Advice on building up the computer network enabling co-operation among national competition offices (based on Phare Talinn Conference conclusions in 2000)

(2) Support of enforcement of state aid law in following:

• Day-to-day advice on enforcement of the Act on State Aid that has recently entered into force (1st May of 2000)

• Amending the draft guidelines related to secondary legislation concerning state aids in various branches of economy (methodological guidelines)

• Draft strategic guidelines on the development of state aid policy in compliance with the development of EC state aid law

• Enforcement of financial procedures and controls

• Co-operation related to state aid inventory, state aid annual reports and state aid decision making in particular in the sensitive sectors

• Training (including seminars and workshops) in order to deep knowledge about state aid policy and procedures focused especially on:
  – Economic concepts for State aids Experience with application of state aid rules on privatisation/ restructuring of companies
  – International dimension of state aid (export aid, development aid)
  – Introduction to financial instruments (financial business support other than grants – e.g. soft loans, risk capital, guarantees
  – Introduction to the operation of modern capital markets
  – Overview to the ways companies raise capital
  – How do private banks assess the risk when deciding to lend money to firms?
  – How to calculate the internal rate of return for a given risk capital fund
  – raining case handlers to have the basic knowledge enabling them to read balance sheets of companies (explanation the basic notions of a company balance sheet
  – acquiring basic knowledge in assessing the financial sheets of companies; acquiring knowledge in assessing the financial position of a company on the basis of balance sheet
– providing advice on use of internet as a source of information during inspections (usefulness of searching for computer-based evidence, what could be searched for (documents, data bases schemes, archives)
– private investor principle
– rescue and restructuring aid including privatisation
– regional aid, multisectoral framework
– aid granted to the banking and financial sector

• Training and advice to the Office´s staff who will be responsible for future training of state aid providers focused especially on sensitive sectors of economy (car industry, synthetic fibres industry, steel and coal industry, transport) and state aid rules development

• Organisation of visits to the European Commission to get first hand experience in state aid investigation and decision making focused especially on:EC state aid law development including leading cases of the European Commission and the EC Court of Justice
  - Block exemptions
  - State aid in banking sector
  - State aid in sensitive sectors of economy
  - Financial instruments related to state aid
  - Co-operation between state aid units in the Member States and the European Commission

• Organisation of Office´s experts participation in seminars and workshops being held in the EU / Member States organised especially by the European/ Academy of law in Trier and by the European Commission

• Co-operation in drafting new state aid legislation to deal with state aid monitoring and other related issues, including block exemptions, following accession.

EC competition law including leading cases of the European Commission and the EC Court of Justice and the Court of First Instance

New EC competition policy developments (eg antitrust modernisation, Reform of Regulation 17, International Co-operation)
Deepening of knowledge in competition policy areas (horizontal agreements vertical agreements, intellectual property licensing, abuse of dominant position, anti-trust procedures approval, anti-trust procedures prohibition, Merger regulation)
Techniques of investigation (How to prepare an inspection, Access to file, What kind of documents to search for (documents, databases, e-mail, archives, backups, schemes), Powers of investigators, Important questions)

• Providing guidelines for competition forensics during inspections (searching for computer-based evidence, what lawyers have to know about computer storage, how to do a computer search, principles)
  – Training of case-handlers to have a basic knowledge enabling them to read balance sheets of companies
  – Application and enforcement of EC competition
Twinning Covenant will include:

In the field of state aid the **1 PAA for 24 months** and **5 short-term experts** will be responsible especially for the following activities covered by the twinning covenant:

- Day to day advice on enforcement of the Act on State Aid that has recently entered into force (1st May of 2000)
- Amending the draft guidelines related to the secondary legislation concerning state aids in various branches of economy (Methodological Guidelines of the Office)
- Draft guidelines (notices) in compliance with the development of the EC state aid law
- Enforcement of financial procedures and controls
- Co-operation related to preparation of the state aid inventory, state aid annual reports and state aid decision making in particular as far as sensitive sectors are concerned
- Drafting training programs including seminars and workshops aiming at deepening of knowledge about state aid policy and procedures focused especially on Development of economic concepts for state aid
- Experience with application of state aid rules on privatisation/restructuring of companies
- International dimension of state aid (export aid, development aid)
- Introduction to financial instruments (financial business support other than grants – eg. soft loans, risk capital, guarantees)
- Introduction to the operation of modern capital markets
- Overview to the ways companies raise capital
- How do private banks assess the risk when deciding to lend money to firms
- How to calculate the internal rate of return for a given risk capital fund
- Training case handlers to have the basic knowledge enabling them to read balance sheets of companies (explanation the basic notions of a company balance sheet; acquiring basic knowledge in assessing the financial balance sheet)
- Providing guidelines for computer forensics during inspections (usefulness of searching for computer-based evidence, what could be searched for – documents, data bases schemes, archives)
- Private investor principle
- Rescue and restructuring aid including privatisation Regional aid, multisectoral framework
- Aid granted to the banking and financial sector
- Organisation of the visits to the European Commission to get first hand experience in state aid investigation and decision making focused especially on:
  - EC state aid development including leading cases of the European Commission and the EC Court of Justice
- Block exemptions
- State aid in banking sector
- State aid in sensitive sectors of economy
- Financial instruments related to state aid
- Co-operation between state aid units in the Member states and the European Commission
- Organisation of the Office’s expert participation in seminars and workshops being held in the EU Member States and organized especially by the European Academy of Law in Trier and the European Commission
The twinning covenant:

2 PAA (24 MM) – one for antitrust and one for state aid field.

In addition to 2 PAA the covenant will include 11 short term experts, 6 for antitrust and 5 for state aid.

The experts for economic competition field should have at least 10 years experience with the EC competition law and policy enforcement. He or She should belong to the senior staff at the National Competition Authority at the EU Member State or at the European Commission, Directorate for Competition.

Short term experts should be specialised and involved especially in the following areas of competition law and policy:
- building up information networks related to economic competition
- data and
- communication among competition authorities
- investigation of hard-core cartels
- horizontal and vertical restraints
- abuse of dominant position
- application of competition law on newly liberalised sectors
- merger regulation

The PAA for the state aid monitoring unit should have at least 10 years experience with state aid law and policy enforcement. He or She should belong to the senior staff at the National State Aid Monitoring Unit at the EU Member State or at the European Commission, Directorate for Competition.

Short term experts should be specialised and involved especially in the following areas of state aid law and policy:
- building up the information system connecting monitoring units and state aid providers
- sensitive sectors of economy
- rescue/restructuralisation aid
- regional aid
- export aid

4. Institutional Framework

In institutional terms, the protection of economic competition of the Czech Republic including state aid monitoring is handled by the Office for Protection of Economic Competition. The Office has been established by the Act No.272/1996 Coll. The Office is the central body of state administration for the support for and protection of economic competition. The jurisdiction of the Office has been defined by the Act No.273/1996 Coll. as amended by the Act No.187/1999 Coll. which came into force on 2 September 1999.

The Office is responsible for enforcement the Act No.63/1991 Coll. on Protection of
Economic Competition, as amended by the Act No.495/1992 Coll. and Act No. 286/1993 Coll. The Act is predominantly compatible with the EC competition law. The Act took on the provisions of articles 81 and 82 of the Treaty establishing the European Community and other institutes of secondary Community law, in particular the Council Regulation 4064/89, on the Control of Concentrations between undertakings (as amended by the Council Regulation 1310/1997 Coll.) and Council Regulation 17/62 on the application of Articles 81 and 82 of the EC Treaty. The block exemptions can be regulated in the form of decree issued on the basis of Article 6a of the Act. In 1999 the Office prepared the Draft Decree on a Block Exemption for Franchise Agreements, that was published in the Collection of Laws on 25 January 2000 and entered into force on 1st March 2000. In January 2000 the Office has started working on block exemptions adoption in general.

The Act on State Aid entered into force on 1st May 2000. The Act provides the monitoring authority with sufficient powers to assess all forms of the state aids from all public funds as to their compatibility with EC rules, to prohibit the forms of aids which are not compatible with EC principles and to collect data from all subjects granting aid. The monitoring authority is allowed to abolish the incompatible state aid and require recovery of aid including interest.

The institutional framework has been established according to the model in place within the European Union. The important is increasing viability and ability to enforce the powers at disposal. The results of the project will lead to Office’s strengthening capacity to enforce antitrust and state aid law fully in line with acquis and ability to co-operate with the EC Commission (DG Competition) at the moment of accession.

The Office for the Protection of Economic Competition is the central organ of state administration and it is fully independent in its decision-making. The Office is able to fulfil its obligation through the outlined Phare twinning program.

### 5. Detailed Budget (in M€)

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<tr>
<th></th>
<th>Inv</th>
<th>IB</th>
<th>Total Phare (Inv+IB)</th>
<th>*Co-financing</th>
<th>IFI*</th>
<th>TOTAL</th>
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<tr>
<td>Twinning Covenant</td>
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*Czech side will finance activities linked with the ensuring of the work of the Twinner. This includes the provision of office space, the provision of equipment (including access to a computer, telephone, fax...).

### 6. Implementation Arrangements

#### 6.1 Implementing Agency

The CFCU is the Implementing Agency responsible for tendering, contracting and accounting. The beneficiary is responsible for technical preparation and control. Steering Committee mentioned above is involved in control activities.
The contact person will be: Mr. Tomáš Fiala, Director of the European Integration and International Department of the Office., Joštova 8, 601 56 Brno, the Czech Republic, telephone 420-5-4216 1037, fax 420-5-4221 2021.

6.2 Twinning
Beneficiary institution: The Office for Protection of Economic Competition of the Czech Republic.
Contact person for this project is: Mr. Tomáš Fiala, Director of the European Integration and International Dpt.

6.3 Non-standard aspects
The "Practical Guide to Phare, Ispa & Sapard contract procedures" shall be followed.

6.4 Contract
(1) contract for Twinning and Training Package =1,5 M€

7. Implementation Schedule
7.1 Launch of Twinning Request to Member States 2Q/01
7.2 Selection of MSs for Twinning 3Q/01
7.3 Elaboration of Twinning Covenant 1Q/02

8. Equal Opportunity
Equal opportunity principles and practices in ensuring equitable gender participation in the project will be guaranteed.

9. Environment N/A

10. Rates of return N/A

11. Investment criteria N/A

12. Conditionality and sequencing N/A

Annexes to project Fiche
1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme
4. List of Relevant Law
**LOGFRAME PLANNING MATRIX FOR**  
Project: The Economic Competition Protection and Development on the Market of the Czech Republic

<table>
<thead>
<tr>
<th>Overall objective</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
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| • Existence of a functioning market economy in the Czech Republic as well as the capacity to cope with competitive pressures and market forces within the EU  
• The creation of a level playing field for undertakings, effective implementation and enforcement of the competition *acquis* as well as the adaptation of companies for the competitive pressure of the internal market resulting from the full and direct application of the EC competition law upon accession. | • Acknowledgement by the European Commission. | • European Commission’s Regular Report  
• Reports from external experts  
• International reports / publications (WTO, OECD) |

<table>
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<tr>
<th>Project purpose</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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| • To achieve transparency and enforcement capacity of the Competition Office and its equipment with well-qualified staff to be able to fully implement the *acquis communautaire* at the time of accession and to enforce competition and state aid rules in compliance with them. | • Increased number and improved quality of decisions taken by the Office concerning in particular cases which raise the most serious concerns in terms of distorting competition  
• Effective competition advocacy (promotion of competition principles namely in new legislation and sectors undergoing restructuring) in place  
• Public perception of the Competition Office as a real watchdog of economic competition  
• Effective compliance programme for undertakings and providers of state aid | • European Commission’s Regular Report  
• The Office’s Annual Report;  
• Reports from external experts  
• International reports / publications (WTO, OECD)  
• The PAA report | • Stabilisation of the qualified staff in the state administration |

<table>
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<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
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| • Full compatibility of the Czech competition (anti-trust) and state aid law with the relevant EC law in place (EC Treaty Articles 81-82, 87-89, Block Exemption Regulations, Guidelines for State Aid)  
• Decision-making process as far as competition (anti-trust) and state aid cases are concerned will be fully in line with the practice of the European Commission, the EC Court of Justice and the Court of First Instance  
• Staff of the Competition Office trained to meet requirements for strict enforcement both anti-trust and state aid rules | • All Decisions concerning cases in the field of both anti-trust and state aid are taken in line with practice of the European Commission and jurisprudence of the EC Court of Justice and the Court of First Instance  
• The acquis communautaire related to both economic competition and state aid fully transposed into the Czech legal system  
• All responsible staff trained in competition enforcement | • The PAA reports  
• European Commission’s Regular Report  
• Wording of the New Competition Act and the secondary legislation  
• Wording of the decisions of the Office  
• Approval of the New Competition Act by the Parliament of the Czech Republic | • Stabilisation of the qualified staff in the state administration  
• Approval of the New Competition Act by the Parliament of the Czech Republic |
### Activities

**Support of enforcement of competition law (anti-trust) with following main components:**

- Analysis of the current state of development of the competition law, policy and practice in relation to competition law and practice development in the Czech Republic
- Advice on implementation and enforcement relevant competition legislation including identification and drafting necessary notices, guidelines
- Advice and support for the staff dealing with cartel agreements investigation. Drafting the methodological guidelines for cartel agreements detection including the way of investigation and proving suspicious enterprises guilty
- Design and implementation of training programmes including seminars and workshops for both junior and senior staff of the Competition Office covering especially:
  - EC competition law including leading cases of the European Commission and the EC Court of Justice and the Court of First Instance
  - New EC competition policy developments (e.g. antitrust modernisation, Reform of Regulation 17, International Co-operation)
  - Deepening of knowledge in competition policy areas (horizontal agreements, vertical agreements, intellectual property licensing, abuse of dominant position, anti-trust procedures-approval, anti-trust procedures-prohibition, Merger regulation)
  - Techniques of investigation (How to prepare an inspection, Access to file, What kind of documents to search for (documents, databases, e-mail, archives, backups, schemes), Powers of investigators, Important questions)
  - Providing guidelines for competition forensics during inspections (searching for computer-based evidence, what lawyers have to know about computer storage, how to do a computer search, principles)
  - Training of case-handlers to have a basic knowledge enabling them to read balance sheets of companies
  - Application and enforcement of EC competition rules in the sphere of public undertakings and newly liberalised sectors (telecommunications, postal services, energy sector)
- Organisation of study visits to DG IV in Brussels and to competition offices of the Member States to get first hand experience in anti-trust decision-making and procedures
- To assist on public information activities for enterprises and public to understand the principles of competition law and to be able to comply with them

### Means

**Twinning covenant**

- 1 PAA (2 years) working in the competition authority of the EU Member State who must have long term experience (minimum 10 years) in EC competition (anti-trust) law and policy including detection of cartel agreements, co-operation between national competition authorities and European Commission and EC competition law applied in the newly liberalised sectors

- 1 PAA (2 years) working in the state aid monitoring unit of the EU Member State who must have long term experience (minimum 10 years) in EC state aid law and practice

- 11 STEs collaborating with PAA in the activities realising. The short term experts should be specialising in the following:
  - Antitrust: (6 STE)
    - Information networks related to economic competition data
    - Hard-core cartels
    - Horizontal and vertical restraints
    - Abuse of dominant position
    - Application of competition law on newly liberalised sectors
    - Merger regulation
  - State aid: (5 STE)
    - Building up information system connecting monitoring units and state aid providers
    - Sensitive sectors of economy
    - Rescue/restructuralisation aid
    - Regional aid
    - Export aid

Short term experts will be available 1 month per year = 11 experts x 30 days x 2 years = 660 man days

### Assumptions

- Stabilisation of the staff in the state administration
• Organisation and funding of Office’s experts participation in seminars and workshops being held in the EU Member States

• Advisory within building up the computer network enabling co-operation among national competition offices (based on Phare Tallinn Conference in 2000)

Support of enforcement of state aid law in following:

• Day-to-day advice on enforcement of the Act on State Aid that has recently entered into force (1st May of 2000)
• Amending the draft guidelines related to secondary legislation concerning state aids in various branches of economy (methodological guidelines)
• Draft strategic guidelines on the development of state aid policy in compliance with the development of EC state aid law
• Enforcement of financial procedures and controls
• Co-operation related to state aid inventory, state aid annual reports and state aid decision making in particular in the sensitive sectors
• Training (including seminars and workshops) in order to deep knowledge about state aid policy and procedures focused especially on:
  - Economic concepts for State aids
  - Experience with application of state aid rules on privatisation/restructuring of companies
  - International dimension of state aid (export aid, development aid)
  - Introduction to financial instruments (financial business support other than grants – e.g. soft loans, risk capital, guarantees,
  - Introduction to the operation of modern capital markets
  - Overview to the ways companies raise capital
  - How do private banks assess the risk when deciding to lend money to firms?
  - How to calculate the internal rate of return for a given risk capital fund
training case handlers to have the basic knowledge enabling them to read balance sheets of companies (explanation the
basic notions of a company balance sheet
- acquiring basic knowledge in assessing the financial sheets of companies; acquiring knowledge in assessing the financial position of a company on the basis of balance sheet
- providing advice on use of internet as a source of information during inspections (usefulness of searching for computer-based evidence, what could be searched for (documents, data bases schemes, archives)
- private investor principle
- rescue and restructuring aid including privatisation
- regional aid, multisectoral framework
- aid granted to the banking and financial sector

• **Training and advice to the Office’s staff** who will be responsible for future training of state aid providers focused especially on sensitive sectors of economy (car industry, synthetic fibres industry, steel and coal industry, transport) and state aid rules development

• **Organisation of visits to the European Commission** to get first hand experience in state aid investigation and decision making focused especially on:
  - EC state aid law development including leading cases of the European Commission and the EC Court of Justice
  - Block exemptions
  - State aid in banking sector
  - State aid in sensitive sectors of economy
  - Financial instruments related to state aid
  - Co-operation between state aid units in the Member States and the European Commission

• **Organisation and funding** Office’s experts participation in seminars and workshops being held in the EU Member States organised especially by the European Academy of law in Trier and by the European Commission

• **Co-operation in drafting new state aid legislation to deal with state aid monitoring and other related issues, including block exemptions, following accession**

• **Advisor to building up the computer network enabling co-
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<th>Preconditions</th>
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<tr>
<td>The new Competition Act was approved by the Czech Government in August 2000; the Act is expected entering into force on 1 July 2001</td>
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<td>The decrees of the Office transposing EC block exemptions have been already worked out; they are expected entering into force together with the new Competition Act</td>
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<tr>
<td>The Act on State Aid entered into force on 1st May 2000</td>
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<td>Year Detailed Project Implementation</td>
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<tr>
<td>Launch of Twinning Request to Member States</td>
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<td>Selection of MSs for Twinning</td>
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<td>Elaboration of Twinning Covenant</td>
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<td>Twinning Implementation</td>
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Cumulative Contracting and Disbursement Schedule for the Project (MEUR)

Annex 3

Cumulative Quarterly Contracting Schedule (M EUR)

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<tr>
<th>Project</th>
<th>4Q/01</th>
<th>1Q/02</th>
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Cumulative Quarterly Disbursement Schedule (M EUR)

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ANNEX 4

List of Relevant Law and Annex

Articles 85-86 of the EC Treaty

Council Regulation 4064/89


Commission Regulation (EEC) No.1984/83 of 22 June 1983 on the application of Article 85(3) of the Treaty to categories of exclusive purchasing agreements

Commission Regulation (EEC) No.4087/88 of 30 November 1988 on the application of Article 85(3) of the Treaty to categories of franchise agreements

Commission Regulation (EEC) No.2349/84 of 23 July 1984 on the application of Article 85(3) of the Treaty to certain categories of patent licensing agreements

Commission Regulation (EEC) No.417 of 19 December 1984 on the application of Article 85(3) of the Treaty to categories of specialization agreements

Commission regulation (EEC) No.418/85 of 19 December 1984 on the application of Article 85(3) of the Treaty to categories of research and developments agreements

Commission regulation (EEC) No.556/89 of 30 November 1988 on the application of article 85(3) of the Treaty to certain categories of know-how licensing agreements