

Legal environment for microbusiness

UNCITRAL International Colloquium on Microfinance
16-18 January 2013, Vienna

Alex Ivančo

Ministry of Industry and Trade

The views and opinions expressed are those of the author and do not necessarily represent the views of, and should not be attributed to any agency of the Czech government.



Entrepreneurship - microfinance

- ➔ UNCITRAL Colloquium on Microfinance, 2011, 2013
 - ▶ Microfinance could play an important role as a tool for the alleviation of poverty.
 - ▶ Creating an enabling legal environment for micro, small and medium enterprises that can facilitate their development.
- ➔ Entrepreneurship is a powerful driver of economic growth and job creation. New companies, especially SMEs, represent the most important source of new employment: they create more than 4 million new jobs every year in Europe.

Entrepreneurship 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe, 9.1.2013

http://ec.europa.eu/enterprise/policies/sme/public-consultation/files/report-pub-cons-entr2020-ap_en.pdf

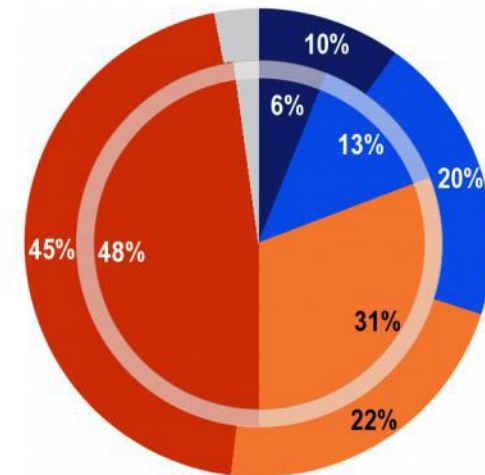


Impressions of the feasibility of self-employment

- ➔ Only 19% of people in the Czech Republic consider self-employment to be feasible within the next five years, as opposed to 30% across the EU as a whole.
- ➔ Self-employment would not be feasible for 80% of respondents in Croatia, 79% in Japan and 67% in South Korea.
- ➔ In Brazil (60%) and China (51%) a majority argue that self-employment would be feasible

2012 Flash Eurobarometer on Entrepreneurship,
http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/eurobarometer/index_en.htm

Q7. Regardless of whether or not you would like to become self-employed, would it be feasible for you to be self-employed within the next 5 years?



EU27 Outer pie CZ Inner pie

	EU27		CZ	
	2012	Diff. 2009-2012	2012	Diff. 2009-2012
Very feasible	10%	+ 2	6%	+ 2
Fairly feasible	20%	- 1	13%	+ 2
Not very feasible	22%	+ 1	31%	+ 8
Not feasible at all	45%	- 1	48%	- 7
Don't know	3%	- 1	2%	- 5

Evolution 12/2009 - 06-08/2012

Difficulties perceived when starting a business

- ➔ A large majority of EU respondents think that it is difficult to start one's own business due to a **lack of available financial support** (79%); and that it is difficult to start one's own business due to the **complexities of the administrative process** (72%).
- ➔ Two-thirds (67%) of EU respondents who are self-employed say that they **started their business from scratch**.
- ➔ The **risk of failure deters** almost half of all EU respondents from starting their own business.
- ➔ 51% of EU respondents think that it is difficult to obtain sufficient **information** on how to start a business.

2012 Flash Eurobarometer on Entrepreneurship

http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/eurobarometer/index_en.htm

Enabling legal environment for microbusiness

- ➔ Lack of available financial support
- ➔ Start the business
- ➔ Complexities of the administrative process
- ➔ Risk of failure
- ➔ Access to credit, secured lending, valuation of collateral, registration of a security interest
- ➔ Simplified incorporation and registration
- ➔ Mobile payments and peer-to-peer networks
- ➔ Innovative and more efficient dispute resolution systems
- ➔ Simplified alternatives to insolvency procedures for entrepreneurs -“fresh start”



Access to justice and the rule of law

➔ WG III – Online Dispute Resolution

➔ In July 2010 the Commission agreed that a Working Group should be established to undertake work in the field of **online dispute resolution**.

- ▶ Small value
- ▶ High volume
- ▶ Cross-border
- ▶ Electronic

➔ Commerce transactions:

- ▶ business-to-business (B2B),
- ▶ business-to-consumer (B2C),
- ▶ consumer-to-consumer (C2C)



Czech Republic in UNCITRAL WG III

- ➔ Effective and efficient ODR system has to be simple
- ➔ Sharing experience based on ADR.EU (ICANN Rules for Uniform Domain Name Dispute Resolution)
- ➔ ODR Exchange - international consultation and pilot related to the preparation of digital infrastructure enabling the provision of cross-border ODR services <http://www.odrexchange.com>
- ➔ 11th International Online Dispute Resolution Forum in Prague 27-29 June 2012, <http://odr2012.org>



ODR Exchange

- ➔ ODR backbone functionality - complementary system enabling the various resolution end-points (e.g. government agencies, buyers and sellers, online dispute resolution service providers, entities involved in enforcing judgments, online trust marks, consumer centers etc.) to **exchange information in real time in multiple languages.**
- ➔ **Czech Republic and ODR Exchange initiated the consultation and pilot project in January 2012.** At the moment there are participants from the following countries: Belgium, Canada, Croatia, Czech Republic, Germany, Hong-Kong, Hungary, Ireland, Korea, Latin America, Sweden, The Netherlands, UK and USA.



New Business Corporations Act

- ➔ Business Corporations Act, Act No. 90/2012 Coll.,
 - ▶ Adopted in 2012 and effective as of 1 January 2014.
 - ▶ Part of the recodification of Czech private law
 - ▶ Easier incorporation of limited liability companies
 - ▶ Regulation of executive powers and liabilities



On-line Insolvency and Commercial Register in the Czech Republic

➔ Insolvency Register

- ▶ Facilitated by the electronic Insolvency Register
- ▶ Enables creditors, debtors, insolvency courts and trustees to access all important information on-line

➔ Commercial Register

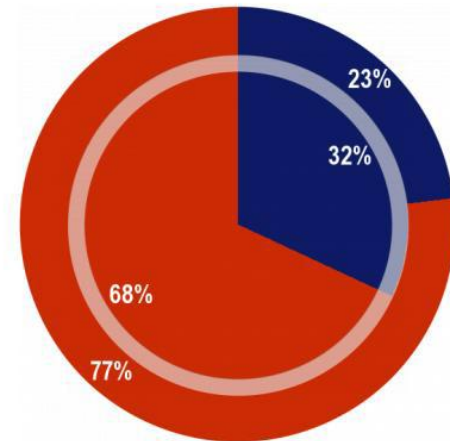
- ▶ On-line system contains information on trade names, registered offices, business activities, statutory bodies, associates, membership contributions and authorized stock



Experience of starting up a business

➔ Since 2009 far more people in the Czech Republic say that they have started a business or are planning to start one (+14 points).

Q13. Have you ever started a business, taken over one or are you taking steps to start one?



EU27 ● Outer pie CZ ● Inner pie

	EU27		CZ	
	2012	Diff. 2009-2012	2012	Diff. 2009-2012
● Yes	23%	+ 1	32%	+ 14
● No	77%	=	68%	- 11
● Don't know	0%	- 1	0%	- 3

Evolution 12/2009 - 06-08/2012

2012 Flash Eurobarometer on Entrepreneurship,
http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/eurobarometer/index_en.htm

Thank you!

Alex Ivančo
Ministry of Industry and Trade

