

Annual Review April 2004 - April 2005

Dear Members,

I am very happy to stand here in front of you on this our 10th Annual General Meeting.

On the 17th of May 1995 the Chamber was officially registered in the commercial register but the initiative to try and establish a chamber was surly taken already in 1993 or 1994 by Sture Lindberg, who at the time headed the Swedish Trade Council.

Then n the 18th of May 1996 the Chamber was officially inaugurated in the present of His Majesty King Carl XVI Gustaf and a speech by the Ministry of Industry and Trade at the time, Mr. Vladimir Dlouhy.

Mr. Pavel Stehlik from Mölnlycke was the Chamber's first president, followed by Mr. Jiri Kladiva from Nordic Transport Rail and Mr. Vartan Vartanien from SKF, from whom I in April 1998 took over the presidency from. During Mr. Vartanien presidency our objective and goals were formulated:

Our objective is to:

"Make the Swedish Chamber of Commerce in the Czech Republic a strong and admired organization."

In order to achieve the objective three goals where formulated:

- 1) Create a wider membership and association base
- 2) Involve more managers from member companies in SCC activities
- 3) Consider medium and long-term business issues where lobbying may be useful.

Now eight years later how is the result on these points:

In 1997 we had 70 members. This number has today almost doubled to a total of 124 members split between 96 company and 28 individual members; an increase from last years 123 members. In fact we lost a few individual as well as corporate but in the end gained more corporate memberships, so there has been a larger turnover in the membership than first perceived. We are very pleased to welcome the new members to our ranks and we regret the ones we have lost. With today's suggested name change to the Nordic Chamber of Commerce we hope to remove a last psychological obstacle for some of our fellow Nordic companies to join the chamber and thereby significantly be able to grow our membership number and become an even stronger organization.

Point number two to involve more managers from member companies in SCC activities; I personally see as our weakest point. I am not sure what we should do about this. One important factor is to see to that the information about the events really reaches the appropriate people within the company. We should, but don't have the names and email addresses of all leading positions among our members CEO, COO, CFO, Head of HR, Head of Sales & Marketing, etc. In addition we hope all Nordic people within your companies should be registered and receive the information. I ask you to please help us with this.

For point number three, Consider medium and long-term business issues where lobbying may be useful, we created the Euro-Czech Forum (ECF), together with the British, Dutch, French and German Chamber of Commerce's.

ECF is now clearly the most significant body to express the concerns of the business community (Czech as well as the foreign) and the most respected communication platform between politics and business in the country.

For your information the members of the ECF has made 80% of the foreign direct investments and employ 1.2 million people. Pretty significant numbers no government can afford to ignore.

All ECF's events are free of charge. In order to improve the legal-business environment it is immensely important that you business people participate in the debates. How else can you ever expect that there will be any changes in your favors?

Hence please participate personally or send your representatives to participate in the activities of the ECF.

Mr. Petr Greger, the ECF Executive Director, will present ECF recent activities and future strategy in greater detail in his presentation.

The one area where we will make some visible improvement is to our web site. Together with Mr. Pech we have now selected a company Hot Potatoes, to redesign it in order to improve its appearance and make it more useful for our members and anybody else looking for Nordic information. We hope the new web site will be launched during the summer.

During the last year a number of events have taken place and I believe we have succeeded in offering you a great variety of topics and speakers.

Tom Lindberg, our event manager, is unfortunately in Pakistan today but Mr. Husted will present the events held during the past year, which you could have participated in as well as some upcoming.

Please let me remind you about our most important event this year! Our 10th anniversary party on the 26th of May, which hopefully will be a great party, with great food, music, etc, and will be held at Hergetova Cihelna.

We always seek new great "events" and to improve from the past. However, as you know time is our most scarce asset and all board members do this work on a voluntary basis.

Therefore, as I say each year, we very much appreciate if you come forward with suggestions. Perhaps you want to make a specific event and are even prepared to sponsor it. In addition I do encourage anybody of our members who would like to arrange an event or an opening/launch of some sort and want the support of the

chamber to contact us so we can distribute the information to the rest of the members. Hopefully this could lead to some increased business between you.

During the last year we didn't make any real business mixer but now we will finally have one on the 18th of May together with Ceska Sportelna in Hotel Andel and I hope to see as many as possible of you there.

In addition to these pure business and social event we of course continue to try to make our members aware of cultural and other initiatives that we feel worthy of support.

In this respect, I ask you all for your support, for your help to grow our membership numbers and constructive criticism how we can improve our Chamber.

Some thanks!

First of all the board members would like to express their special thanks to Mr. Nikki Brandt, our Executive Assistant. Without him it would have been impossible to arrange this and other events.

I would also like to specially express our gratitude to our honorary Chairman the Swedish Ambassador H.E. Mr. Harald Fälth and the Embassy staff for a good co-operation and their continued interest in our activities.

During the past year you have received our Nordic News. I want to thank the editorial committee and staff for their work on both the Nordic News. They put in tremendous work producing them but we have noticed an increased resistance among our members to advertise. We do believe that although it doesn't have the widest readership the target group is well defined, has the purchasing power and should therefore be interesting for many of our members. Please reconsider and support your Chambers publication.

We are also very thankful for the support we receive from Ms. Anna Forsberg and the rest of her team at the Swedish Trade Council especially Mr. Jiri Zumr, who as always has handled our financials in an impeccable manner.

However as you probably have understood there has been some unfortunate strain put on the potential future of the Chamber and the STC co-sharing of offices.

I here want to give you my personal expose on this development:

The Chamber has always seen it self as a partner and not a client of STC, on which initiative it was originally founded and seen it as a mutually beneficial symbiosis to be together. The Chamber has been using between 800 and 1.000 hours of STC services per year and for this during the last few years paid a fix amount of CZK 800.000 per annum. In February the STC demanded a 15% increase of the fee to CZK 920.000 or we potentially had to move out until the 1st of April! Suddenly we were now regarded not as a partner of STC but as a client with a big discount.

Obviously the Chamber should cause no financial loss to the STC. On the contrary it was the Boards opinion that a cost plus some margin formula should be found. In order to defend the fee increase to you our members, which maybe would have lead to a membership fee increase, the Board asked for the STC to show its costs in order to be able to calculate a margin on top of it. This the STC under all circumstances denied. Apparently the STC is according to its head quarter not allowed to show its cost or cannot calculate it? The Board argued that it felt that the current fee must cover the costs of its utilization and must also contribute substantially to cover STC's cost.

Without being able to agree on some formula for paying the fee the board felt that the fee was hard to defend towards you, our members, and also that nothing prevented us from having the same discussion next year and the year thereafter. Therefore the Board refused the increase although made a few alternative suggestions. In any case if the STC decided on a termination of the current relationship then that we at least should be able to stay until after the AGM and better until at least the 31st of May. Hence a few days after our board meeting in March the STC gave the Chamber two alternatives. Either we move out of the STC within seven days until the 1st of April or we pay a reduced hourly fee, which still though clearly would have blown our finances to pieces.

Through Björn Mattsson's effort the STC finally, the day before the inevitable move agree to an extension until the 30th of June for CZK 260.000 for the three month, which corresponds to a yearly fee of CZK 1.040.000. We have now some respite time to continue our negotiations but for the moment it unfortunately looks like we would have to move out at the end of June and I am personally very disappointed over this development. The most likely address would currently then be the Scandinavian House.

On this 10th anniversary AGM we have four very important decisions, which we need to vote on:

First of all three amendments to the Article of Associations:

- 1) A proposed name change from the Swedish Chamber of Commerce in the Czech Republic to the Nordic Chamber of Commerce in the Czech Republic.

A name change, which we believe will only reflect what we have already become. In addition we believe it will make the chamber a stronger organization.

- 2) The change of seat of the Chamber. We have in the past had the specific address in the status but since the Swedish Trade Council has now moved we need to change it and suggest now to simply be in Prague, Czech Republic.

- 3) The change of the number of people in the Board registered with the Commercial register. Today all members of the Board are required to be registered, which is tremendously cumbersome since it takes long time to register and there usually is a significant turnover of Board members within any given election period. Hence we suggest that only the President, the two vice-Presidents and the Treasurer should be listed in the Commercial Register.

And last but not least the Election of a new board for the next two years:

The chamber's management board is elected for 2 years at the time and this year is election year. We should according to the statutes have eleven members, plus our honorable Chairman, in the Board. However we have had some problems with the

recruitment and as you can see from the following suggested board member slide we will shortly only have nine members.

Board members slide:

In February Fredrik Åhlberg from Tele2 left the Board to move back to Sweden to head up eBay in Scandinavia. In addition Tom Lindberg will leave the Board this summer to move to Budapest to Head the regional office for Telenor.

I wish to warmly thank them for their great contribution and on behalf of the Chamber wish them all the luck in their new positions and countries.

We would also have one addition Mr. Stefan Lager, CEO of eTel, and we wish him a warm welcome and look forward to his contribution and good co-operation.

On the board we have the pleasure of having Danish and Norwegian representatives representing our Danish and Norwegian members. For the remaining two positions I believe we probably have found one person and the last we would like to reserve for a Finnish representative. Obviously we would as well like to have an Icelandic representative.

Both last year and the year before, I mentioned that we would like to have a Finnish representative, but no volunteer has ever stepped forward, however with the name change I hope this will happen.

At last I would like to thank you members for the past year. I hope to see you on our events and that please propose new events!

Let us continue to move forward making the Swedish Chamber of Commerce a strong and admired organization in the Czech Republic.

Thank you very much!

Nils Silfverschiöld

President