EU News
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ČESKÁ SPOŘITELNA

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Dear readers,

The beginning of a new calendar year usually represents an apt opportunity to assess and analyse the period that has just ended and to formulate objectives for the oncoming period. The turn of the years 2004 and 2005 is rather specific in this respect due to our country's accession to the European Union.

The new issue of EU News Monthly Journal brings you also a brief assessment of the first eight months of our membership in the European Union as well as a brief review of the events expected to take place in 2005.

From our point of view, the creation of a financial framework for the next programming period beginning in 2007 is the most important of all the events of the year 2005. That is because most common budget projects and subsidies will be funded precisely from this financial framework. We shall concentrate on this issue because we would like to use it as an illustration of the probable architecture of individual key EU funds and inform our readers in advance of their chances and opportunities for becoming successful recipients of assistance from EU funds.

If we look at the recent development, we can say that December 2004, and in particular the summit of the European Council that took place in its second half, was characterised by an almost unbelievable concentration of key EU integration issues. While some of them will probably be fully resolved in the course of 2005, some represent generational challenges whose solution is likely to take several decades. The Council's summit also confirmed that the process of EU expansion definitely did not end in May 2004. The list of countries queuing to join the Union includes not only Bulgaria, Romania and Croatia but also Turkey. Another important issue discussed at the summit was the co-ordinated fight against terrorism. The presidents and prime ministers of individual EU member states also paid a lot of their attention to more general issues, such as personal liberties, security and justice. Plenty of time was dedicated to external relations of the European Union, including specification of its final and definite borders (essentially limiting the Union's future expansion). The summit also dealt with particular relations with East European countries, such as Russia and Ukraine, the Mediterranean as well as selected key countries of more distant territories.

It is clear that the year 2005 will be very challenging. We can already look forward to our regular monitoring of Europe's integration efforts because we will undoubtedly be reporting on many important events more or less affecting the lives of every single one of us.

I certainly hope that they will be profitable for most of us and not futile or even restraining and that EU News Monthly Journal will continue to play the role of a useful guide and advisor in this process.

Petr Zahradník

In the course of its upcoming EU presidency, Luxembourg is going to regard all three dimensions of the Lisbon strategy (competitiveness, social cohesion and sustainable development) as its priorities. The very first "new" EU member state to hold presidency will be Slovenia (in mid-2008). The Czech Republic is scheduled to take the chair in the first half of 2009. The European Commission has suspended its infringement proceedings against Germany and France triggered by their excessive public budget deficits.

POLITICS

Priorities of Luxembourg's EU presidency

At his meeting with journalists just before Christmas Luxembourg's Foreign Secretary Jean Asselborn presented the priorities his country would like to pursue in the course of its EU presidency in the first half of 2005.

According to Asselborn the Lisbon Agenda is not only about competitiveness but its general objective is the prosperity of all EU citizens. That is why Luxembourg shall use its EU presidency to focus on all three of its dimensions at the same time:

- competitiveness and economic growth,
- social cohesion,
- sustainable development.

The balance of the aforementioned dimensions will, therefore, very likely represent the basis of the Agenda's medium-term strategy that is to be discussed at the spring summit of the EU. For example, industry representatives and some politicians have recently expressed an opinion that economic growth and competitiveness are necessary conditions of social cohesion and environmental protection.

As far as the financial perspective for the period 2007 – 2013 is concerned, Luxembourg's representatives will do their best to find a generally acceptable solution by the end of June. The discussion about the future of the European budget will undoubtedly become one of the hardest political battles of 2005. To find a compromise acceptable at the same time for the countries purely contributing to the budget (wanting to pay as little as possible), the countries purely drawing from the budget (wanting to receive as much as possible) and Britain (not wanting to lose the so-called British allowance) will be a superhuman task.

http://www.eu2005.lu/

Slovenia is scheduled to become the first new member state to hold EU presidency

The foreign ministers of EU member states have agreed on the national teams that are to chair jointly selected EU bodies.

From January 2007 the European Council will be chaired by three closely collaborating states entitled to divide executive powers in individual areas among themselves. When the Union's Constitution comes into force, it will establish the posts of European Council President (appointed for 2.5 years) and European Foreign Minister chairing the EU Council for general affairs and the EU Council for external affairs.

http://register.consilium.eu.int/pdf/en/04/st15/st15865.en04.pdf

Presidency to Council:

Period	Member state
January-June 2005	Luxembourg
July-December 2005	United Kingdom
January-June 2006	Austria
July-December 2006	Finland
January-June 2007	Germany
July-December 2007	Portugal
January-June 2008	Slovenia
July-December 2008	France
January-June 2009	Czech Republic
July-December 2009	Sweden
January-June 2010	Spain
July-December 2010	Belgium
January-June 2011	Hungary
July-December 2011	Poland
January-June 2012	Denmark
July-December 2012	Cyprus
January-June 2013	Ireland
July-December 2013	Lithuania
January-June 2014	Greece
July-December 2014	Italy
January-June 2015	Latvia
July-December 2015	Luxembourg
January-June 2016	Netherlands
July-December 2016	Slovakia
January-June 2017	Malta
July-December 2017	United Kingdom
January-June 2018	Estonia
July-December 2018	Bulgaria
January-June 2019	Austria
July-December 2019	Romania
January-June 2020	Finland

Positive results of the latest "Eurobarometer"

In the first half of December the European Commissioner for communication strategy Margot Wallström presented the results of the Commission's autumn public opinion poll – the "Eurobarometer". It shows that while the Union's Constitution enjoys quite strong support, the opinion on its further expansion differs considerably in the "new" and "old" member states, respectively.

The most interesting conclusions:

- Europeans appear to be more satisfied and optimistic about the future than before,
- the main issue causing anxiety is unemployment,

- EU citizens are more satisfied with the membership of their countries in the Union (+ 8% in comparison with the previous poll),
- the countries perceiving the European Union least positively are Sweden and the United Kingdom,
- more than 2/3 of all respondents are in favour of the European Constitution,
- the citizens of the “new” EU member states are in favour of further expansion more than the citizens of the “old” EU member states (with France and Germany showing the lowest support with 39% and 36%, respectively),
- the expectations concerning real joint foreign policy have been increasing,
- the opinion of an average European citizen on the global policy of the United States is negative.

http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1460

ECONOMY AND EURO

The EU has stopped infringement proceedings against Germany and France

The European Commission has suspended its infringement proceedings against Germany and France resulting from their excessive state budget deficits. According to the Commissioner for economic and currency affairs Joaquín Almunia no further steps are necessary thanks to the improvement of public finances of both states. Almunia also adds, however, that he shall be monitoring the development of France’s and Germany’s budgets very closely, adopting immediate measures, should the situation in either country worsen considerably.

The Commission’s decision is based on the projections that in 2005 the public budget deficits of both respective states will drop below the threshold amount of 3% of their GDP, in particular to 2.9% in Germany and 3% in France.

By suspending its infringement proceedings, the Commission finally puts an end to a long-lasting dispute that had no clear winner and threw doubt on the current form of the Pact of Stability and Growth. Ecofin decided that Germany and France would not be penalised for their high deficits as early as last year. However, its decision was soon annulled by the European Court of Justice and returned to the Commission.

Another member state arousing disapproval of the Commissioners because of its budget-related problems is Greece. The Commission, convinced that Greece’s effort to reduce its public budget deficit exceeding 4% of the country’s GDP is insufficient, has asked the EU Council for Economic and Financial Affairs to initiate infringement proceedings. According to the stabilisation programme presented by the Greek government to the Commission the country’s public budget deficit should drop below 3% in 2005.

http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1471

Ecofin approved accounting and capital directives

At the beginning of December the ministers of finance of individual EU member states finally reached an agreement and approved two important directives, one addressing capital adequacy of banks and the other prevention of accounting frauds. Both form an integral part of the Action Plan of Financial Services whose objective is to create a unified European financial service market.

The Capital Requirements Directive harmonises European legislation with the requirements defined by Basel II. It will affect some 8,000 credit institutions and investment companies. Banks will be required to create suitable internal controlling systems closely monitoring all types of risks that occur in connection with their operations. They will also be obliged to prove that they have sufficient capital resources covering such risks. The Directive divides banks into three groups, thus, for instance, specifying different criteria for banks financing small and medium-sized firms. The Directive, currently in the preparation stages, could become effective in 2006.

The Statutory Audit Directive is to prevent the occurrence of financial scandals similar to those of Parmalat or Ahold. It clearly specifies individual obligations of auditors, putting emphasis on their independence and quality. It also establishes a special committee ensuring collaboration among individual supervising authorities on a European level and assumes acceptance of international auditing standards through co-operation with third countries. It may become effective in mid-2005.

http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ecofin/82992.pdf

Czech Bureau of Statistics: wealthy Prague at 164% of EU average

The Czech Bureau of Statistics has published the amounts of GDP generated by individual regions of the Czech Republic in 2003.

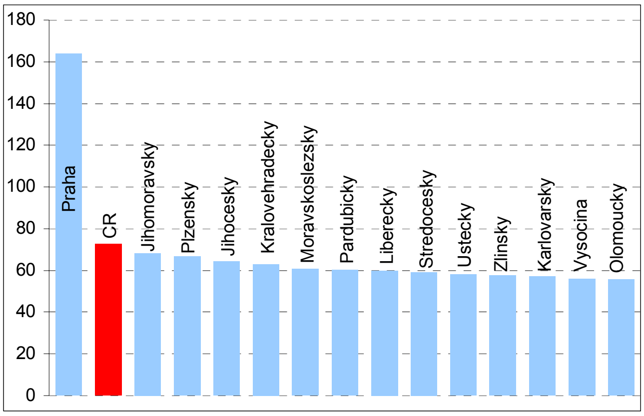
It is clear that our capital is the wealthiest region not only in the Czech Republic but also among the regions of the ten

The Council has approved third money laundering directive. In the future, insurance companies, their brokers and providers of tax or administration services will also be obliged to check the identity of their clients and report all suspicious transactions. On the other hand, the ministers of EU member states have rejected the proposed directive on energetic effectiveness, claiming that more flexibility is needed.

"new" EU members. Nevertheless, the Bureau's information is partially biased because Prague's economic performance is significantly enhanced by a considerable number of commuters living in other regions.

Last year, each citizen of Prague generated almost CZK 564,000.00 of GDP, i.e. approx. 164% of the average of the entire EU-25. The performance of other Czech regions was very similar, totalling from 55.7% in the Olomouc region to 67% in the Plzeň (*Pilsen*) region. The most significant step forward was taken by the country's south-eastern regions, i.e. Vysočina and Southern Moravia. On the other hand, the increase of GDP in the Karlovy Vary (*Carlsbad*) region was negligible and the region of Ústí nad Labem even reported a slight decrease.

GDP per capita in CR's regions, EU 25 = 100



Source: CSU

The overall amount of GDP per capita (taking into account spending power parity) produced by the Czech Republic as a whole in 2003 totalled 72.7% of the average in EU-25, i.e. 2.6% more than in the previous year.

http://www.czso.cz/csu/edicniplan.nsf/p/1371-04

FOREIGN TRADE

EU abolishes textile and clothing import quotas

The ministers of foreign affairs of EU member states have approved a regulation resulting from the WTO (World Trade Organisation) treaties signed ten years ago, formally abolishing all existing textile and clothing import quotas as of the beginning of 2005.

According to the regulation all textile and clothing import quotas concerning WTO member states shall be abolished on 1 January 2005. At the same time, the Union will be closely monitoring all imports in order to prevent possible flooding of its Common Market by cheap goods from China.

The fear of excessive imports of Chinese textiles should be partially averted by China's pledge expressed at its recent summit with the European Union to adopt adequate measures protecting textile producers, above all those operating in developing countries. Although export duty has already been introduced on 148 textile products, it is rather symbolic as it amounts to no more than a couple of hellers per kilogram and is very unlikely to affect the overall volume of export significantly.

Last year, China manufactured approx. 17% of the overall global production of textiles and clothing. The World Trade Organisation expects China's influence to grow considerably after the abolishment of trade barriers. Within three years the most populated country in the world will probably dress almost one half of the world.

Import quotas will stay in effect in relation to countries outside the World Trade Organisation, such as Belorussia, North Korea, Serbia and Vietnam, even though the European Union plans to conclude agreements on abolishment of import quotas with Serbia and Vietnam in the first half of 2005.

http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1470

SINGLE INTERNAL MARKET

The Council has adopted its third money laundering directive

The latest money laundering directive agreed by the ministers of finance of all EU member states is to make laundering of financial means acquired through criminal activities and/or used to fund terrorist activities even more difficult.

According to the directive the obligation to very thoroughly assess the identity of all clients, to monitor their transactions and to report any suspicion immediately will apply not only to credit and financial institutions, auditors, notaries, solicitors, brokers or casino owners as in the past, but also to insurance companies and brokers or providers of fiscal or administrative services.

The same obligation will also apply to all providers of services and retailers accepting cash payments exceeding € 15,000.00, whether in connection with one single transaction or a series of mutually related operations. They will be supposed to concentrate on "especially risky" cases involving payments to intermediaries, foreign subjects or politically active personnel.

http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ecofin/82992.pdf

The Commission considers mortgage market unification

The European Commission has been considering a proposal whose objective is to unify provision of mortgage loans within the European Union. It is expected that this measure should result in stronger competition and reduction of mortgage costs.

A special working group, established by the Commission last March, has proposed 48 measures, both legislative and non-legislative, significantly contributing to mortgage market unification. They concern above all consumer protection, mortgage brokers, data registration systems related to international treaties and financing of mortgages on capital markets.

According to the latest public opinion poll only one percent of all Europeans, mostly those living in border zones or owning several properties, takes advantage of mortgages offered by banks operating in another EU member state. This is caused above all by language and legal barriers, including differences in mortgage agreement conditions, preventing true mortgage market unification within the Union.

http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1466

ENERGY AND TRANSPORT

European Union to integrate selected Balkan states into its unified power-distribution market

The European Union has finally given a green light to the planned integration of selected Balkan states into its unified power-distribution market. The very first countries to join are Turkey and Moldavia, with others scheduled to follow later. This measure should ensure safe and uninterrupted electricity supplies throughout all of Europe.

The said agreement was reached at the Union's meeting in Athens. The future Power Industry Association should include the current 25 EU member states, Bulgaria, Romania, Albania, Croatia, Bosnia and Herzegovina, Macedonia, Moldavia, Serbia and Montenegro, Turkey and Kosovo (controlled by the United Nations).

It is expected that the planned power industry co-operation will eventually also concern natural gas and crude oil imports to the European Union currently depending on supplies from less stable territories, such as Russia.

Thanks to the aforementioned collaboration, the European Union should also be able to take advantage of less expensive methods of gas and oil transportation from the Near East and the Caspian Sea area. In addition, the directive would definitely end the current power-distribution isolation of Greece from the rest of the Union.

http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1473

Power industry effectiveness: ministers call for flexibility

In the course of their first discussion about the directive on power industry effectiveness proposed by the European Commission the ministers of EU member states expressed their disagreement with obligatory power saving objectives.

As a part of its power industry package of December 2003, the Commission proposed a new directive addressing power industry effectiveness and services. Its objective was to make each member state save at least one percent of its annual energy consumption every year until 2012 (with the overall amount of savings totalling 6%). The public sector was scheduled to save even more – 1.5% a year. In order to meet the aforementioned goals, individual EU member states would need to introduce special measures, such as energy services, Energy Performance Contracting or energy audits, some of which have already been (at least partially) implemented by energy suppliers. The proposal also requested strict energy monitoring of all end consumers of network stored energy.

In order to ensure much higher effectiveness of end consumption, the proposal also asked all member states to remove barriers, provide credible information and create all necessary mechanisms and instruments within their energy sectors.

Turkey has taken another historical step towards its full-fledged EU membership. Ankara is to start its accession talks with the Union in October 2005. The ministers of environment of EU member states have agreed on partial ban of cadmium in batteries. However, the ban will not apply to industrial batteries. The Czech Republic has found itself on the imaginary black list thanks to its failure to adopt the European legislation regulating telecommunication business.

The EU Council for power industry failed to reach an agreement at its meeting last November, with the main thorn in their side being above all the fixed reduction of end consumption in the period 2006–2012 that leaves very little space for flexibility and does not take into account national specifics of individual countries.

The proposal will be discussed again by the European Parliament at the beginning of 2005. Its final version (very likely a generally acceptable compromise) could be adopted during the first half of 2005.

http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/03/1687

ENLARGEMENT

Turkey on its way to EU

The highest representatives of EU member states have made a historic step, agreeing to begin accession talks with Turkey on 3 October 2005.

The Turkish Prime Minister Recep Tayyip Erdogan and the Chairman of the European Council the Dutch Prime Minister Jan Peter Balkenende have managed to reach an agreement on the normalisation of relations between Turkey and Cyprus. Turkey is scheduled to sign a special schedule to its association treaty with the European Union before the talks start. The said treaty will be amended to include also all ten newly admitted EU member states. This means that Ankara will effectively recognise the existence of the Republic of Cyprus, something it has so far refused to do.

Other important items:

- accession talks will probably take at least ten years,
- the objective is full membership of Turkey in the European Union, no forms of “strategic partnership” will be considered,
- the result of negotiations cannot be guaranteed in advance; however, should Turkey be rejected, it will have to be closely tied to the EU in another way,
- serious and continuous breaching of liberties, democratic principles and human rights may result in suspension of accession talks,
- both long-term transitory periods and permanent protective measures concerning, for instance, free movement of persons may be negotiated.

Although Turkey’s membership in the European Union is again one step closer, there are still several serious barriers to be reckoned with. Some states that are not extremely eager about the accession of this largely Asian country to the European Union are going to hold national referendums on the issue. The highest representatives of Austria and France, two of the states whose population is mostly against, have already officially admitted considering this option. In order to be admitted to the European Union, Turkey will have to obtain consent of all member states.

http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/83201.pdf

Accession treaties with Bulgaria and Romania to be signed this spring

Bulgaria and Romania are very likely to sign accession treaties in April 2005 and to join the European Union on 1 January 2007. However, Bulgaria’s and Romania’s representatives have accepted special conditions, according to which their accession may be postponed until 2008, should they fail to implement all agreed reforms.

According to a recent declaration of the European Parliament even though both countries comply with all required economic and political criteria, there are still many things that need to be improved. This applies above all to corruption on all levels of public administration. While Romania must also go ahead with its social security reform, increase environmental protection and improve its judicial system, Bulgaria needs to adopt effective measures against organised crime and human smuggling.

Accession talks with Croatia are scheduled to begin on 17 March 2005 on condition that Zagreb starts fully collaborating with the International Tribunal for the former Yugoslavia.

http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/83201.pdf

ENVIRONMENT

The Council agrees to ban cadmium in batteries

The EU Council for the environment has agreed on a limited ban of cadmium in consumer batteries (designated for mobile phones, toys, cameras, etc.). Other types of batteries, such as those used in electric tools or industrial batteries, however, will not be affected by the ban.

The aforementioned exception – pushed through mainly by France and Britain – will be reviewed by the European Commission after four years.

The ministers of environment of EU member states have also specified collection principles concerning all types of used batteries. Within four years following their implementation all member states will be obliged to collect

at least 25% and within eight years at least 45% of all sold batteries (in annual revenues).

http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1517

JUSTICE AND HOME AFFAIRS

Are the police going to be granted access to e-mails, SMSs and telephones?

The ministers of EU member states have been trying to push through their legislative proposal that is to help fight terrorism, requiring all providers of telephone and Internet services to save e-mail and telephone conversation data.

According to a new general resolution discussed by the EU Council for justice and internal affairs all telephone companies, mobile operators and Internet providers will be obliged to store any information that could determine the identity of persons calling EU citizens or sending them text messages or e-mails as well as the place of origin of such calls, text messages or e-mails. While the system should be able to identify the place, duration, time and date of each individual contact, it could not control the content of e-mails or conversations.

The aforementioned measures are advocated above all by the police and courts of justice because more and more criminal activities are being organised via e-mail or through mobile phones.

According to some European MPs, however, such legislative proposals are too excessive for both the risk of misuse and additional costs of telecommunication companies would be too high.

http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/jha/82937.pdf

INFORMATION SOCIETY

Czech Republic to face infringement proceedings because of telecommunications

Most EU member states have already adopted legislative measures improving competition in their telecommunication sectors. Nevertheless, according to Viviane Reding, the Commissioner for Information Society and Media, 13 countries, including the Czech Republic, have so far failed to introduce either principal or secondary laws regulating this area.

Among the sinners having no primary legislation as yet are Belgium, Estonia, Greece, the Czech Republic and Luxembourg. Infringement proceedings have already been initiated against Belgium, Greece and Luxembourg, with Estonia and the Czech Republic being next in line, says Viviane Reding.

As far as the secondary legislation specifying telecommunication administration regulations in detail is concerned, eight countries in total, including the Czech Republic again, have fallen behind. While infringement proceedings have already been initiated against the "old" EU members, the "newcomers" will be notified very soon.

When infringement proceedings are initiated, the guilty country is first sent an informational letter. It has two months to reply. If it reports that the necessary corrective and implementation measures have already been adopted, the Commission waits, not pursuing the issue any further for the time being. If no answer is received within the aforementioned time limit, a reminder follows. If no positive reaction is shown within the next two months, the Commission may bring the country to justice (i.e. take its case to the European Court of Justice).

The Czech Republic is guilty of still not adopting a new act on electronic telecommunication seven months after its accession to the European Union. Its proposal, harmonising Czech legal regulations with those of the Union, was presented to the Senate for approval at the end of December 2004. The act deals with a whole range of problems including conventional telecommunications, mobile phones and digital TV, broadens the powers of regulation authorities, changes their structure, and guarantees, for instance, transferability of mobile phone numbers.

http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1438

The most interesting of the events that did not make it to our detailed current affairs section in December was probably the controversial long-term fish protection strategy. The recently published report titled European Innovation Scoreboard confirms that the United States still outdo Europe in the area of innovations; the Lisbon Strategy seems to have a very slow start. Nevertheless, this trend may be reversed in the future thanks to the proposed competitiveness and innovation programme that is to be implemented in the period 2007 – 2013

1 DECEMBER

Two candidates for European Ombudsman:
http://www2.europarl.eu.int/omk/sipade2?PUBREF=-//EP//TEXT+PRESS+NR-20041130-1+0+DOC+XML+V0//EN&L=EN&LEVEL=2&NAV=X&LSTDOC=N#SECTION5

Presidency Conclusions for the Euro-Mediterranean Meeting of Ministers of Foreign Affairs:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/er/82876.pdf

Environment: Consultation on air pollution:
http://europa.eu.int/yourvoice/forms/dispatch?form=356

Results of the reflection process on EU health policy:
http://europa.eu.int/comm/health/ph_overview/strategy/results_reflection_process_en.htm

2 DECEMBER

European Commission - Economic and Financial Affairs: Euro area GDP indicator:
http://europa.eu.int/comm/economy_finance/indicators/euroareagdp_en.htm

Research: Commission opens consultation on European Information Society policy:
http://europa.eu.int/comm/space/news/article_1728_en.html

3 DECEMBER

2626th Justice and Home Affairs Council meeting:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/jha/82937.pdf

European Day of People with Disabilities 2004:
http://europa.eu.int/comm/employment_social/news/2004/dec/disabilityday_en.html

2004 EU Descartes Prizes - excellence in scientific research and science communication:
http://europa.eu.int/comm/research/press/2004/pr0212en.cfm

6 DECEMBER

Consolidated Financial Statements of the European Communities 2003:
http://europa.eu.int/comm/budget/furtherinfo/index_pg2_en.htm#execution

European Central Bank: Publication of euro bond market study 2004:
http://www.ecb.int/press/pr/date/2004/html/pr041203.en.html

7 DECEMBER

2624th Employment, Social Policy, Health and Consumer Affairs Council meeting:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/lsa/82976.pdf

Economic criteria for accession: assessment from 2004 regular report:
http://europa.eu.int/comm/economy_finance/publications/enlargement_papers/2004/elp21en.pdf

Thematic Strategy on the Sustainable Use of Natural Resources:
http://europa.eu.int/comm/environment/natres/form.htm

China now second trade partner of EU25:
http://epp.eurostat.cec.eu.int/cache/ITY_PUBLIC/6-07122004-AP/EN/6-07122004-AP-EN.PDF

8 DECEMBER

2628th Economic and Financial Affairs Council meeting:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ecofin/82992.pdf

Enterprise: New report sees US continuing to out-perform EU: http://europa.eu.int/comm/enterprise/library/enterprise-europe/news-updates/2004/07-12-2004_a.htm

9 DECEMBER

Report of European Parliament on Turkey, Bulgary, Romania and Croatia:
http://www2.europarl.eu.int/omk/sipade2?PUBREF=-//EP//TEXT+PRESS+BR-20041213-S+0+DOC+XML+V0//EN&L=EN&LEVEL=2&NAV=X&LSTDOC=N#SECTION2

7th EU-China Summit, The Hague:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/er/82998.pdf

Evaluation of strategic approaches to integrating sustainability into community policies:
http://europa.eu.int/comm/budget/evaluation/Key_documents/evalguide_study_en.htm#strateval0710

Fisheries: 2005 fish quotas, application of long-term strategies to rebuild stocks:
http://europa.eu.int/comm/fisheries/news_corner/press/inf04_52_en.htm

10 DECEMBER

2629th Transport, Telecommunications and Energy Council meeting:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/trans/83037.pdf

European Neighbourhood Policy - the first Action Plans:
http://europa.eu.int/comm/internal_market/ext-dimension/neighbourhood/index_en.htm#actionplans

Diary

13 DECEMBER

GALILEO will definitely become operational in 2008:
http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/1461

14 DECEMBER

2630th General Affairs Council meeting:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/gena/83083.pdf

2631st External Relations Council meeting:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/gena/83084.pdf

15 DECEMBER

22nd EU-EEA Council:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/er/83113.pdf

New guidelines for the notification of dangerous consumer products by business to authorities:
http://europa.eu.int/comm/consumers/cons_safe/prod_safe/gpsd/guidelines_en.htm

16 DECEMBER

The structural challenges facing the candidate countries (Bulgaria, Romania, Turkey):
http://europa.eu.int/comm/economy_finance/publications/occasional_papers/occasionalpapers11_en.htm

Information system to be implemented in all EU Member States:
http://www.europol.eu.int/index.asp?page=news&news=pr041215_2.htm

Commission's public consultation on the Future Framework Programme for Competitiveness and Innovation (2007-13):
http://europa.eu.int/comm/energy/intelligent/consultation_2007_2013_en.html

17 DECEMBER

Stakeholders consultation on restriction of the use of certain hazardous substances:
http://europa.eu.int/comm/environment/waste/rohs_consult.htm

EU25 real agricultural income per worker up by 3.3%:
http://epp.eurostat.cec.eu.int/cache/ITY_PUBLIC/5-17122004-BP/EN/5-17122004-BP-EN.PDF

20 DECEMBER

Presidency conclusions about Brussels European Council:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/83201.pdf

Transparency obligations of publicly traded companies:
http://europa.eu.int/comm/internal_market/securities/transparency/index_en.htm

21 DECEMBER

2632nd Environment Council meeting:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/envir/83237.pdf

Economic and Financial Affairs: Fourth quarter report on the euro area:
http://europa.eu.int/comm/economy_finance/publications/quarterly_report_on_the_euro_area_en.htm

Commission refers five Member States to the European Court of Justice for failing to implement EU anti-discrimination rules:
http://europa.eu.int/comm/employment_social/news/2004/dec/antidiscrimination_en.html

"Capital Markets and Financial Integration in Europe" (ECB-CFS Research Network Report):
http://www.ecb.int/press/pr/date/2004/html/pr041220.en.html

22 DECEMBER

2633th Agriculture and Fisheries Council Meeting:
http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/agricult/83243.pdf

The Stabilisation and Association Agreement with Croatia will enter into force on 1 February 2005:
http://europa.eu.int/comm/external_relations/see/news/2004/croatia_211204.htm

23 DECEMBER

Education and Culture: 233 European cultural projects offered grants in 2004 Action 1:
http://europa.eu.int/comm/culture/eac/culture2000/project_annuel/projects1_en.html

On the last day of 2004 the Czech Republic ended its first eight months of fully-fledged EU membership. How can we assess the membership aspects immediately affecting Czech subjects after the aforementioned period and what events should we expect to take place in the course of 2005? Both issues are the subject of our current analysis.

BRIEF REVIEW OF 2004 AND OUTLOOK FOR 2005 IN EU

Just before our accession to the European Union, our country’s membership was regarded by most realistic and positively thinking “Euro-optimists” above all as an opportunity to take full advantage of all effects resulting from the existence of the Single Internal Market, to acquire additional financial assistance from the Union’s funds available only to its full-fledged members, to cultivate our economic competition environment and to improve relations among individual entrepreneurial subjects. Some were also emphasising strengthening of economic and fiscal discipline resulting from our admission to the Euro-Zone.

So, what is the reality more than eight months later? The principal expectation resulting from the enhancement of mutual economic ties with other EU member states has undoubtedly been fulfilled. This fact is clearly demonstrated by the increase of export and import operations between Czech subjects and their partners in EU-25. In the course of our membership in the European Union the overall amount of exports has risen by almost one quarter and the overall amount of imports by more than one fifth in comparison with the previous period.

In addition, the CR has experienced no significant negative shock directly or indirectly resulting from its accession to the European Union. This fact can be regarded as good news confirming that the country’s long-term preparations were thorough. We have registered no negative price swings, except for more or less marginal, one-off and quite insignificant growth related above all to tax harmonisation.

Since May 2004 Czech commercial and non-commercial subjects also have been able to take advantage of the EU funds available only to full-fledged Union members. The opportunities in this area can be divided into two principal categories. A new project (its requirements and preferences) can be consistent with a measure included among the priorities of one of the five Operational Programmes prepared for the Czech Republic.

If a new project is not consistent with the content of any of the prepared Operating Programmes, its author can pull together with other entrepreneurs in the same situation and try to influence the structure of the Operating Programmes for the next programming period (2007 – 2013) accordingly. In such cases, a very important role is played by various professional chambers, associations of employers and other similar special-interest groups that can be used as a platform for the formulation of common opinions.

Those entrepreneurs that are not willing to be bothered by the often very complicated communication with their national authorities (that is nevertheless necessary if assistance from one of the Operating Programmes is to be obtained) have another option. They can apply for grants or loans directly to individual departments of the European Commission, without being limited by national financial frameworks or templates. Here, it is possible to negotiate specific conditions and push through even projects that would never be realised within national Operating Programmes. Communication is usually conducted in English or French. Typical examples of direct grants and loans include intangible investments in development projects, preparation of feasibility studies, expert opinions, educational projects, etc.

And what key European integration events can be expected to take place in 2005? It is interesting that the principal issues that will be affecting the European Union for many years to come remain the same in spite of the completed expansion of the Union in May 2004. A brief review follows.

As we have already mentioned and analysed in the main article of this issue, one of the principal events will be the process of financial planning for the period 2007 – 2013, with its general principles scheduled to be approved as early as in June 2005. Another important issue is the Union’s further expansion. Accession talks with Croatia should begin in March 2005 and a month later Bulgaria and Romania should conclude their accession treaties with the Union (both countries are scheduled to acquire their full-fledged membership in 2007). Nevertheless, the most serious issue by far is the accession of Turkey discussed at the European Council’s summit in December 2004. In this connection the Union will also have to determine its final and definite borders and address its granting of a special statute to those countries that have no or very little chance of becoming full-fledged members. The year 2005 should also bring gradual fulfilment of individual objectives of the Lisbon Strategy (analysed in detail in the previous issue of our magazine). The first wave of referendums scheduled to lead to subsequent ratification of the European Constitution will take place in 2005. It is expected that the countries whose legal regulations do not require a referendum on this issue will go ahead with their own specific ratification procedures. Should the planned visit of the American president George W. Bush to Europe bring the expected breakthrough in the area of Trans-Atlantic partnership, it will become one of the most important factors affecting the Union’s integration efforts. The traditional spring summit of the European Council will focus on the Union’s medium-term sustainable development strategy because in the opinion of some EU institutions, sustainable development was in the past rather overshadowed by the effort to increase competitiveness.

Expected events

On the first day of 2005, Luxembourg ascended to the symbolic EU throne. We would like to use this opportunity to mention, rather untraditionally, the start of trading in CO_2 emissions whose objective is to reduce the amount of greenhouse gases in the atmosphere. Industry captains will surely be very closely following the first public hearing of the proposed new chemical policy (REACH) in the European Parliament.

1.1.2005	**European Union**	- Start Luxemburg EU Presidency
1.1.2005	**European Union**	- Start EU emissions trading system (ETS)
7.1.2005	**Brussels, Belgium**	- Special Foreign Affairs Council on Asia crisis
10.-13.1.2005	**Strasbourg, France**	- European Parliament plenary session
17.1.2005	**Brussels, Belgium**	- Finance ministers Eurogroup
18.1.2005	**Brussels, Belgium**	- ECOFIN Council
19.1.2005	**Brussels, Belgium**	- Public Hearing on REACH in European Parliament
26.-27.1.2005	**Brussels, Belgium**	- European Parliament mini-session
27.-28.1.2005	**Luxemburg, Luxemburg**	- Informal Council Justice and Home Affairs
31.1.-1.2.2005	**Brussels, Belgium**	- General Affairs / External Relations Council

For more than six months Czech subjects have been able to acquire financial means through regional and cohesion policy instruments, the most renowned and important of which are the Structural Funds. However, all entrepreneurs and municipal representatives should realise that on 1 January 2007 their existing format will be changed radically. The new structure, to a large extent determining the programming period 2007 – 2013, is still subject to finalisation.

FINANCIAL FRAMEWORK OF THE PERIOD 2007 – 2013: MEDIUM-TERM AND LONG-TERM PERSPECTIVES OF KEY EU REGIONAL AND COHESION POLICY FUNDS

Even though the final shape of the next programming period is not known as yet, some of its characteristics have already been agreed upon. No forward-looking entrepreneur or municipal or regional representative can, therefore, remain unconcerned with this issue, unless rather naively believing that the Structural Funds are going to become unimportant after 2006 or unless quite short-sightedly giving up the opportunity to obtain support from the Structural Funds for his business projects or provision of high-quality public services in the future.

What major changes are expected?

The discussions that have been taking place since mid-February 2004 indicate that in the next programming period the Structural Funds should concentrate above all on:

- strategic projects contributing to the fulfilment of the Lisbon Strategy (i.e. competitiveness enhancement of the European knowledge-based economic system and significant increase of employment);
- the least developed regions, above all those located within the territory of the new EU member states or located in the countries that are very likely to become new EU member states in the course of the next programming period (Bulgaria, Romania and Croatia);
- projects whose management is more decentralised, simpler and more transparent.

In mid-July 2004 the European Commission approved a whole range of legislative proposals reforming its regional and cohesion policy and allocated € 336.1 billion for their implementation. The said proposals determine above all general directives governing all three resources from which individual structural projects will be funded in the next programming period, specific directives for each of the principal resources (European Regional Development Fund, European Social Fund, Cohesion Fund) and a brand new directive concerning cross-border collaboration structures.

The Commission's reform of its regional and cohesion policy is exceptionally ambitious and it is questionable whether all its aspects can really be implemented in full. It is scheduled to completely change the conception and interpretation of European solidarity within the expanded Union, while taking into account the existence of economic globalisation and knowledge-based economic systems. The strategy and resources of regional and cohesion policy are reflected by the following three new priority objectives of all structural projects – **convergence**, **competitiveness and employment**, **co-operation**.

The aforementioned proposal also contains relatively significant innovations and simplified procedures, such as:

- initiation of annual strategic dialogues with all member states within the EU Council, with the European Parliament, the Economic and Social Committee and the Regional Committee whose objective is to ensure that all cohesion and regional policies are observed in the course of the entire programming period;
- full recognition and funding enhancement of all zones with a natural handicap and increased concentration on urban areas;
- more extensive delegation of executive powers to individual member states and regions, including controlling powers, and strict observation of all principles of project funding;
- considerable reduction of the number of financial instruments of economic cohesion (from six to three);
- integration of all individual competencies of the existing Community Initiatives URBAN and EQUAL, innovation campaigns and Operational Programmes of EU member states and their regions;
- financing of all Operational Programmes from one single fund (either from the European Regional Development Fund or the European Social Fund), except for infrastructure programmes (these can be financed from both the Cohesion Fund and the European Regional Development Fund);
- introduction of several-year planning periods of the Cohesion Fund upon the same conditions that apply to the Structural Funds;
- opening of the Union's new regional and cohesion policy to all regions and citizens, with emphasis put on the least developed sectors and consideration given to particular conditions of individual projects.

The said aspects are the result of a discussion initiated by the European Commission three years ago. Its course was used by the Commission as an inspiration for its Third Report on Economic and Social Cohesion published on 18 February 2004 and currently representing the principal source of information on the Union's regional and cohesion policy after 2007.

It is expected that future discussions of the new financial framework for the period 2007 – 2013 should also concentrate on the European Council's proposal on financial perspectives for the period of 2007 – 2013 (in the course of Luxembourg's EU presidency, i.e. in the **first half of 2005**) and the aforementioned European Commission's Report presented in February 2004. The European Parliament and the EU Council will then be able to agree on the content of new regulations. Within the following three months the Council shall adopt its "Strategic Cohesion Priorities" used by the Commission and member states and regions as a basis of their National Strategic Reference Frameworks. A new set of Operating Programmes scheduled to become effective at the beginning of 2007 will be produced in the course of 2006.

The common basis of all new regional and cohesion policies to be introduced in 2007 and at the same time the principal aspect of all proposed changes is a directive specifying general regulations of two Structural Funds (European Regional Development Fund, European Social Fund) and the Cohesion Fund for the programming period 2007 – 2013.

As we have mentioned above, the new programming period will be characterised by the fulfilment of all three new key objectives. Each of them is determined by specific criteria that will have to be met by any subject applying for EU assistance (as in the current programming period). All three existing priority objectives of the Structural Funds (Objective No. 1 – promotion of underdeveloped regions; Objective No. 2 – promotion of regions undergoing economic and social structural changes and transformations; Objective No. 3 – promotion of educational and employment support systems) will be modified for the next programming period in the following way.

Objective No. 1: convergence

The most important Objective of the next programming period is **convergence**, to a large extent based on the existing Objective No. 1 (promotion of underdeveloped regions). It is to accelerate economic convergence of the least developed regions, improve employment conditions through investments in material and human resources, promote innovation and development of knowledge-based companies, ensure adaptability to economic and social changes, encourage environmental protection and enhance administration efficiency.

Convergence should play an important role above all in the new EU member states.

In order to receive financial assistance in connection with this economic Objective, the applicant's GDP per capita may not exceed 75% of the EU average (all calculations are based on information gathered in the last three years preceding the effective date of the aforementioned directive).

Nevertheless, the Objective also respects possible statistical consequences of the Union's expansion, providing financial support even for the regions whose GDP per capita may exceed 75% of EU average as a result. That is why the new directive – taking into account past practical experience in this area – will also provide specific and temporary support for the regions exceeding the aforementioned 75% threshold as a result of statistical changes. Its overall amount should be gradually decreasing towards the year 2013 when it will be abolished. Temporary financial assistance will be offered to all regions whose GDP per capita will range between 75% of the EU average and an amount specified in accordance with a list of the regions concerned.

The remotest regions (the Azores, Madeira, Canary Islands and French overseas territories) will be subject to special financing from the European Regional Development Fund focusing above all on their integration into the Common Internal Market and consideration of local specifics regardless of whether they meet the specified convergence criteria or not.

Another integral part of this Objective will be utilisation of financial means from the Cohesion Fund by all countries whose total (i.e. not regional) GDP per capita does not exceed 90% of the EU average. However, only transport infrastructure and environmental projects may be subsidised in accordance with this provision.

A list of regions and member states complying with the aforementioned conditions will be published by the European Commission as soon as this directive becomes effective.

Almost 79% (exactly 78.54%) of all financial resources of the Structural Funds and the Cohesion Fund, i.e. € 264 billion in total, will be allocated to this Objective (75% in the course of the current programming period). 67.34% of this sum will be used to fund projects in regions whose GDP per capita does not exceed 75% of the EU average, 8.38% will be received by regions affected by the aforementioned statistical changes, 23.86% will be designated for the member states receiving assistance from the Cohesion Fund and 0.42% will be used to fund projects in the remotest regions.

Objective No. 2: regional competitiveness and employment

The second Objective of the next programming period is **regional competitiveness and employment**. It essentially means strict compliance with the Lisbon Strategy on a regional level and concentration on significant increase of employment in all regions suffering from high unemployment

or having less functional labour markets. This objective is designated above all for the regions that are unable to meet Objective No. 1. Two types of approach are proposed in this area. The first one should increase the competitiveness and attraction of individual regions, anticipate economic and social changes, promote innovations and development of knowledge-based companies, improve the entrepreneurial environment, support environmental protection and prevent risks through regional development programmes (financed from the European Regional Development Fund). The second should ensure adaptability of employees and employers, development of labour markets and social integration of problematic subjects (defined, for instance, by the European Employment Strategy) through national programmes or relevant regional projects.

This Objective should play an important role in preventing the occurrence of possible new imbalances, with regions suffering from disadvantageous social and economic factors and lack of sufficient means for other forms of support, especially those funded from the governmental resources of individual EU member states.

All individual EU member states will create lists of their regions whose programmes could be co-financed from the European Regional Development Fund (the preliminary zoning used for the purpose of the existing Objective No. 1 should be abolished).

The regions covered by the existing Objective No. 1 and not meeting the convergence criteria in 2007 due to their economic progress will receive special and temporary assistance (so-called phasing-in assistance) as a part of this Objective. However, its overall amount will gradually decrease towards the year 2013 when it will be abolished. A list of all regions qualifying for this type of assistance will be published by the European Commission as soon as the relevant directive becomes effective.

In total, 57.9 € billion (17.22% of the financial means provided by individual funds) will be allocated to Objective No. 2:

- 83.44% to the regions covered by the current Objective 1;
- 16.56% to the regions in the phasing-in regime.

While the participation of the European Regional Development Fund (ERDF) and the European Social Fund will be equal (50/50) in all regions complying with the existing criteria of Objective No. 1, the participation of the European Social Fund in phasing-in regions may total up to 50%.

Objective No. 3: European territorial co-operation

The third, least expensive Objective, requiring less than 4% of the overall budget, is **European territorial co-operation**. It concentrates on joint promotion of cross-border co-operation, collaboration in multinational regions and creation of co-operation and information exchange networks within the entire EU. It is to a large extent based on the experience of the Community Initiative INTERREG.

This Objective, together with Objectives No. 1 and 2 (convergence and competitiveness, respectively), will also cover any specific interregional collaboration efforts between bodies involved in one programme and bodies from at least one other member state.

The planned cross-border co-operation should concern not only EU regions located alongside internal continental borders and selected external continental borders but also EU regions having naval borders. This objective, financed from the ERDF, should contribute to cross-border elements of the future **European Neighbourhood and Partnership Instrument** and **Pre-accession Instrument**, designated to replace the existing programmes PHARE, TACIS, MEDA, CARDS, ISPA and SAPARD. As soon as the relevant directive becomes effective, the Commission will authorise a list of optional cross-border regions and multinational co-operation zones. Any region of the EU can become subject to funding of European co-operation and exchange network.

In total, some 13.2 € billion (i.e. 3.94% of the financial means designated for regional and cohesion policy) will be allocated to Objective No. 3. This amount will be distributed as follows:

- 47.73% to cross-border co-operation; thereof 35.61% to cross-border co-operation projects realised within the territory of the European Union and 12.12% to the cross-border part of the European Neighbourhood and Partnership Instrument and Pre-accession Instrument (the proportion of both Instruments must be at least equivalent);
- 47.73% to zones of multinational co-operation;
- 4.54% to European co-operation and exchange network.

Cohesion policy 2007-13 (EUR 336.1 billion)

Programmes and Instruments	Eligibility	Priorities	Allocations
1. Convergence objective (including the special programme for the outermost regions			**78.5 % (EUR 264bn)**
National and regional programmes (ERDF, ESF)	Regions with per capita GDP < 75 % of EU-25 average	• Innovation • Environment/risk prevention • Accessibility • Infrastructures • Human resources • Administrative capacity	67.34 % = EUR 177.8bn
	Statistical effect: regions with per capita GDP < 75 % of EU-15 and > 75 % of EU-25		8.38 % = EUR 22.14bn
Cohesion Fund	Member States with per capita GDP < 90 % of EU-25	• Transport networks • Sustainable transport • Environment • Renewable energy	23.86 % = EUR 62.99bn
2. Regional competitiveness and employment objective			**17.2 % (EUR 57.9bn)**
Regional programmes (ERDF) and national programmes (ESF)	The Member States propose a list of regions (NUTS 1 or NUTS 2)	• Innovation • Environment/risk prevention • Accessibility • European employment strategy	83.44 % = EUR 48.31bn
	"Phasing in" regions covered by Objective 1 between 2000 and 2006 and not covered by the convergence objective		16.56 % = EUR 9.58bn
3. European territorial cooperation objective			**3.94 % (EUR 13.2bn)**
Cross-border and transnational programmes and networks (ERDF)	Border regions and large transnational cooperation regions	• Innovation • Environment/risk prevention • Accessibility • Culture, education	35.61 % cross-border cooperation 12.12 % European neighbourhood and partnership instrument 47.73 % transnational cooperation 4.54 % networks

Cohesion 2007–13: the objectives and instruments proposed by the Commission

2007 – 2013		2000 – 2006	
Objectives	**Financial Instruments**	**Objectives**	**Financial Instruments**
Convergence	ERDF ESF Cohesion Fund	**Cohesion**	Cohesion Fund
		Objective 1	ERDF, ESF, EAGGF – guarantee and guidance, FIFG
Regional competitiveness and employment • regional level • national level: European employment strategy	ERDF ESF	**Objective 2**	ERDF, ESF
		Objective 3	ESF
European territorial cooperation	ERDF	**Interreg**	ERDF
		URBAN	ERDF
		EQUAL	ESF
		Leader+	EAGGS – guidance
		Rural development and restructuring of the fisheries sector outside Objective 1 EAGGF - guarantee	EAGGF – guarantee FIFG
Total: 3 objectives	**Total: 3 instruments**	**Total: 9 objectives**	**Total: 6 instruments**

REGIONAL GDP IN CR: CHANCES OF INDIVIDUAL REGIONS IN THE NEXT PROGRAMMING PERIOD

The Czech Bureau of Statistics has recently updated its statistical data concerning regional GDP in the Czech Republic. For more detailed information visit the following website: http://www.czso.cz/csu/edicniplan.nsf/p/1371-04. We shall use this update to try to assess the chances of individual regions of the Czech Republic obtaining financial assistance from the Structural Funds, in particular, through the instruments of regional and cohesion policy in the next programming period (2007 – 2013).

The latest information on regional GDP per capita in the Czech Republic and the aforementioned financial framework parameters for the period 2007 – 2013 quite clearly determines the chances of individual regions in the next programming period. In addition, the resulting picture also offers several relatively important views.

1. Almost all Czech regions and their economic performance have been showing gradual real economic convergence over the last five years. Nevertheless, the most dynamic region by far has been Prague, i.e. the one region that is not (and will not be) affected by the basic Objective of the Union's regional policy (Objective No. 1) at all. The sum of GDP per capita generated in Prague amounts to 164% of EU-25 average, i.e. almost 20% more than five years ago.

With the exception of NUTS2 north-west (Karlovy Vary and Ústí nad Labem regions), all remaining regions (according to EU classification) show more or less distinctive improvement. The most dynamic in this respect is the third wealthiest NUTS2 in the Czech Republic, the south-east (Vysočina and Southern Moravia), whose GDP per capita amounts to 64.4% of the EU-25 average, i.e. almost 4.5% more than five years ago.

2. The review shows that apart from Prague, all other Czech regions are relatively homogenous in terms of their economic development. The difference between the second wealthiest region, the south-west (Plzeň and Southern Bohemia regions), and the poorest region, Central Moravia (Zlín and Olomouc regions), is just 9%, with all other regions of the Czech Republic in between.

It is, therefore, obvious that in the programming period 2007 – 2013 every single Czech region, except for Prague (whose economic performance is fully comparable with the old EU member states), will be able to take advantage of some of the financial instruments of the Union's regional policy, especially the Structural Funds.

3. The strategy of our approach to optimal utilisation of EU funds in the next programming period should be based on more detailed specification of regional GDP development. In other words, we should determine why, for instance, the north-western region has been stagnating for five years, while other regions have been showing above-average economic growth (in comparison with the EU). The more weaknesses we manage to discover in the course of this analysis, the more chances we will have of acquiring additional financial means for underdeveloped regions, especially in connection with Objective No. 1 (on condition that our governmental and regional authorities act responsibly and pragmatically).

Regional GDP per capita in Czech republic (EU-25 = 100)

Region	1999	2000	2001	2002	2003
Praha	145.2	145.5	156.2	158.4	163.8
Středočeský kraj	57.0	56.4	56.1	57.3	59.1
Jihozápad	63.6	63.0	62.5	63.3	65.6
- Jihočeský kraj	61.9	60.7	59.6	62.4	64.4
- Plzeňský kraj	65.6	65.7	65.7	64.4	66.8
Severozápad	57.9	55.9	54.8	55.9	57.8
- Karlovarský kraj	56.2	55.7	53.7	55.2	57.1
- Ústecký kraj	58.6	56.0	55.2	56.1	58.0
Severovýchod	58.2	57.7	57.3	58.8	61.1
- Liberecký kraj	56.7	56.3	56.4	57.3	59.8
- Královéhradecký kraj	59.6	59.5	58.6	60.7	63.1
- Pardubický kraj	58.1	56.9	56.6	58.0	60.1
Jihovýchod	60.0	59.2	60.5	62.0	64.4
- Kraj Vysočina	53.9	54.0	55.9	54.2	56.1
- Jihomoravský kraj	62.7	61.6	62.6	65.6	68.3
Střední Morava	55.4	54.2	54.2	54.3	56.6
- Olomoucký kraj	53.8	52.7	52.4	53.6	55.7
- Zlínský kraj	57.1	55.7	56.1	55.1	57.6
Moravskoslezský kraj	59.0	56.7	57.6	58.5	60.7
Česká republika	**68.8**	**67.8**	**68.9**	**70.1**	**72.7**

Source: ČSÚ

Probably the most important January event will be the annual summit of the World Economic Forum in Davos, Switzerland, regularly visited by top businessmen and politicians from around the world. Another traditional event, usually attracting a whole range of anti-globalisation activists, the World Social Forum, will be held at almost the same time in Porto Alegre, Brazil. Anyone interested in the Union's common defence and security policy should not miss either of the two events organised by the New Defence Agenda forum.

Date	Place	Name and Characteristic
17.1.2005	Brussels, Belgium	New Defence Agenda - Is the transatlantic defence marketplace becoming a reality?: http://www.newdefenceagenda.org/conferences_ataglance.asp?Confid=313
18.-20.1.2005	London, UK	Visiongain - Wireless sport (sport & new media): http://www.b2b-conferences.com/ComingEvents/142/Wireless-Sport-2005.html
24.-25.1.2005	Budapest, Hungary	How to get European funds?: http://www.welcomeurope.com/form_info.asp?id=33
25.1.2005	Brussels, Belgium	Swedish Secretariat for Gender Research, Swedish EU R&D Council and NIKK, Nordic Institute for Women's Studies and Gender Research - Gender Research Strengthening Scientific Excellence in Europe - A seminar on Gender Research in FP7: http://www.genus.gu.se/eu/bryssel2005.htm
25.1.2005	Brusel, Belgie	Forum Europe - 3rd Annual European Financial Services Conference: http://www.forum-europe.com/conferences_ataglance.asp?Confid=312
26.-30.1.2005	Davos, Switzerland	World Economic Forum Annual Meeting: http://www.weforum.org/site/homepublic.nsf/Content/Annual+Meeting+2005
26.-31.1.2005	Porto Alegre, Brazil	Forum Social Mundial 2005: http://www.forumsocialmundial.org.br/dinamic.php?pagina=tudo_fsm2005_por
27.-28.1.2005	Brussels, Belgium	Brussels Commission - Conference on Research Ethics Committees: facing the future together: http://europa.eu.int/comm/research/conferences/2005/recs/index_en.htm
3.2.2005	Brussels, Belgium	New Defence Agenda - Towards an EU Strategy for Collective Security: http://www.newdefenceagenda.org/conferences_ataglance.asp?Confid=306
12.-20.2.2005	Brussels, Belgium	Commission - Earth & Space Week: http://europa.eu.int/comm/space/esw/index_en.htm
17.2.2005	Brussels, Belgium	European Centre for Public Affairs - The State of Public Affairs 2005: Putting the EU Jigsaw Together?: http://www.publicaffairs.ac/inindex.php?in=publicprogrammes/AC2005/

The statistical window in a tabular form shows the important macroeconomic and financial indicators of the countries which have newly acceded to the European Union, with respect to the criteria defined in the Maastricht Treaty: the month-on-month, year-on-year and average inflation rates, the indicators of the fiscal budget deficit and the state debt, expressed in relation to the GDP, and the volatility of the exchange rates of national currencies to the euro.

Price development

	m-on-m HICP growth			y-on-y HICP growth			average y-on-y HICP growth in %		
	IX-04	X-04	XI-04	IX-04	X-04	XI-04	IX-04	X-04	XI-04
EU	0.2	0.3	0.0	2.1	2.3	2.2	2.0	2.1	2.1
EU - minimum	-	-	-	-	-	-	0.5	0.6	0.7
CR	-0.7	0.4	-0.1	2.8	3.1	2.6	1.8	2.3	2.4
Estonia	0.2	0.3	0.4	3.8	4.0	4.4	2.0	2.5	2.7
Cyprus	1.0	1.0	0.4	1.8	2.0	2.6	2.1	1.9	1.8
Lithuania	0.5	0.2	0.3	3.0	3.1	2.9	-0.2	0.5	0.8
Latvia	0.4	0.4	0.5	7.7	7.2	7.2	4.9	5.6	5.9
Hungary	0.1	0.5	0.0	6.7	6.4	5.7	6.5	6.8	6.8
Malta	0.5	0.0	-4.0	3.2	2.7	1.9	2.6	2.8	2.8
Poland	0.3	0.6	0.3	4.7	4.6	4.5	2.5	3.1	3.4
Slovakia	0.2	0.1	-0.2	6.4	6.3	6.0	8.5	8.0	7.7
Slovenia	-0.4	0.1	0.6	3.4	3.4	3.8	4.2	3.9	3.8

Note: HICP means harmonised index of consumer prices, EU – minimum means the average inflation in three EU member states with the lowest inflation. Source: Eurostat

Fiscal development

	Net balance of general government to GDP in %			General government gross debt to GDP in %		
	2001	2002	2003	2001	2002	2003
EU-25	-1.2	-2.3	-2.8	62.1	61.6	63.2
CR	-5.9	-6.8	-12.6	25.3	28.8	37.8
Estonia	0.3	1.4	3.1	4.4	5.3	5.3
Cyprus	-2.4	-4.6	-6.4	64.3	67.4	70.9
Lithuania	-2.0	-1.5	-1.9	22.9	22.4	21.4
Latvia	-2.1	-2.7	-1.5	14.9	14.1	14.4
Hungary	-4.4	-9.2	-6.2	53.5	57.2	59.1
Malta	-6.4	-5.8	-9.6	62.0	62.3	70.4
Poland	-3.8	-3.6	-3.9	36.7	41.1	45.4
Slovakia	-6.0	-5.7	-3.7	48.7	43.3	42.6
Slovenia	-2.8	-2.4	-2.0	28.1	29.5	29.4

Note: according to the ESA 95 methodology. Source: Eurostat

Volatility of FX rates of new EU member states

	Last 24 months			Last 12 months		
	average rate	deviation maximum in %	deviation minimum in %	average rate	deviation maximum in %	deviation minimum in %
Czech koruna	31.87	+4.9	-4.4	31.90	+4.9	-4.3
Estonia kroon	15.65	+0.0	+0.0	15.65	+0.0	+0.0
Cyprus pound	0.583	+1.7	-1.0	0.582	+1.1	-0.8
Lithuanian litas	3.453	+0.0	-0.0	3.453	+0.0	-0.0
Latvian lats	0.653	+6.8	-6.5	0.665	+2.8	-4.7
Hungarian forint	252.6	+7.6	-7.8	251.7	+3.2	-6.9
Maltese lira	0.427	+3.1	-1.7	0.428	+1.0	-1.5
Polish zloty	4.464	+12.0	-9.5	4.528	+11.7	-8.2
Slovenian tolar	236.5	+2.7	-1.5	239.1	+0.9	-0.4
Slovakian koruna	40.75	+5.7	-4.1	40.03	+3.8	-2.7

Note: volatility of foreign exchange rates of new EU member states to euro is expressed in the form of arithmetical average and in the form of maximum and minimum deviation from the average in the reference periods. The reference periods end at 31 December 2004. Source: Eurostat

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