



# EU News

## Monthly Journal

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Dear readers,

Even though at a glance, the course of February 2005 may seem to have been boring and unexciting as far as European integration is concerned, the opposite is true. Under the veil of ostensible stillness, the atmosphere in individual EU institutions, national administrations and their advisory and lobbying bodies were boiling. This February, together with this March and April, is the time when all EU member states concentrate on "baking" the proverbial bread to be consumed in the course of the 2007 - 2013 programming period in the form of either tasty and palatable loaves represented by plentiful subsidies from key European funds or modest, stale and scarcely available slices. It is, therefore, hardly surprising that the present time can be regarded as the calm before the storm because no country is going to let the others see its cards and provide inspiration by showing off its unfinished strategies. At the end of this spring, individual member states will slowly start disclosing their strategic intentions, preparing and finalising their new National Development Plans and other strategic development documents already featuring their key and principally final parameters on which their strategy for the aforementioned period is based.

February was also very important for the ratification of one of the key EU documents – the European Constitution. Spain was the very first member state to use a referendum as a ratification instrument. It became the fourth EU country to endorse the European Constitution after a successful parliamentary ratification in three other member states at the end of last year and the beginning of this year respectively.

Our analysis of the European Constitution is also the main topic of this issue of EU News Monthly Journal. We shall try to identify all basic changes resulting from this document, concentrating above all on those with economic and financial effects. We shall, for instance, mention the fact that once the Constitution is ratified, the European Union will become an internationally recognised legal subject, describe the most important institutional changes concerning the Union's decision-making process or related to the newly established posts of European Council President and EU Foreign Minister, inform of the possibility of pulling out of the Union or being expelled, and focus on summarising the Union's competencies (especially economic and financial).

One of the key issues guaranteed to be a subject of Europe-wide discussions in the period to come is the fulfilment of the so-called new Lisbon strategy titled Development and Job Opportunities. Concentration on the said three key terms should ensure that the European Union remains a globally competitive region in the coming decades.

A whole range of other events and challenges, both political and economic, occurred in February, some of which are analysed in detail in the March issue of EU News Monthly Journal. We hope that you will enjoy reading it and perhaps even visit our web site [www.csas.cz/eu](http://www.csas.cz/eu).

Petr Zahradník



# Events

Spain was the first country to hold a referendum on the European Constitution. The Spaniards confirmed their reputation as Euro-optimists, with 77% of all participants voting for the Constitution. Further proof of the fact that social policy has not been degraded by the European Union to a second-rate issue is the new social agenda for the period 2005 - 2010. The programme has two key priorities: (i) employment and (ii) fight against poverty and promotion of equal opportunities.

## POLITICS

### Spain said “Sí” to the European Constitution

After Lithuania, Hungary and Slovenia, Spain became the fourth member state to endorse the Agreement on European Constitution. Unlike the three aforementioned countries, Spain opted for a popular vote rather than ratification through parliament.

The Spaniards clearly showed their support of European integration. While almost 77% of all voters said yes, only 17% voted against. The only disappointing factor was a relatively low interest in the poll, with just 42% of all eligible voters taking part. Even though the result of the referendum is not binding, the Spanish parliament is widely expected to formally confirm the will of the voters.

The process of ratification is different in individual member states. While some countries will organise referendums, some will rely on parliamentary proceedings. The Czech Republic is as yet to decide. Nevertheless, a referendum currently seems to be the more probable alternative. Other countries preferring a popular vote include, for instance, France. Constitution advocates fear above all the result of popular votes in Denmark and UK (probably at the beginning of 2006) and also the decision of the Czech Republic.

[http://europa.eu.int/constitution/futurum/ratification\\_en.htm](http://europa.eu.int/constitution/futurum/ratification_en.htm)

## SINGLE INTERNAL MARKET

### Cost Harmonisation in the Banking Sector

The European Central Bank published a report on its progress in implementing the TARGET2 system enabling all European banks to process transactions through a single common platform.

TARGET2 means Trans-Europe Automated Real-time Gross Settlement Express Transfer System. Its objective is to update and consolidate the existing processing systems of national and international payments in EUR.

Another objective in the area of cash transfers is to ensure unified harmonised services and a price structure for large transactions, both in national currencies and EUR.

The central banks of Italy, Germany and France have already harmonised their respective information systems, forming a single platform.

The report also deals with the problems that need to be resolved in order to enable all European central banks to adopt a unified common platform.

<http://www.ecb.int/pub/pdf/other/target2progressreport20052en.pdf>

## Ratification of the European Constitution

Member State	Procedure	Date scheduled
Austria	Parliamentary	May 2005
Belgium	Parliamentary	May 2005?
Cyprus	Parliamentary	May 2005?
CR	Referendum	Not fixed
Denmark	Referendum	27.9. 2005
Estonia	Parliamentary	Not fixed
Finland	Parliamentary	the end of 2005 or the beginning of 2006
France	Referendum	29.5. 2005
Germany	Parliamentary	June 2005
Greece	Parliamentary	before June 2005.
Hungary	Parliamentary	Approved: 20.12. 2004
Ireland	Parliamentary + Referendum	Not fixed
Italy	Parliamentary	April-May 2005
Latvia	Parliamentary	March 2005
Lithuania	Parliamentary	Approved: 11.11. 2004
Luxembourg	Parliamentary + consultative referendum	Referendum: 10.7. 2005
Malta	Parliamentary	July 2005
Netherlands	Parliamentary + consultative referendum	Referendum: 1.6. 2005
Poland	Referendum	Not fixed
Portugal	Referendum	Second quarter of 2005
Slovakia	Parliamentary	Not fixed
Slovenia	Parliamentary	Approved: 1.2. 2005
Spain	Parliamentary + consultative referendum	Approved by Referend.: 20.2. 2005 Parliamentary approval before June 2005
Sweden	Parliamentary	December 2005
UK	Parliamentary + consultative referendum	not before early 2006

Source: European Commission

## FOREIGN TRADE

### EU Speeds Up Preferential Business Measures for the Countries Affected by Tsunamis

In connection with the catastrophe caused by tsunamis, the European Union proposed that the implementation of a new European preferential business regime applied to the developing countries be accelerated. The new General Preferential System should come into effect on 1 April. It will



be orientated on the most affected states, such as the Maldives, Sri Lanka, Thailand and Indonesia.

The Union's General Preferential System shall focus above all on clothing and fishing industries. It shall include all tsunami-affected countries.

The Commission has also been trying to simplify (and where suitable, also ease) the existing goods origin regulations in order to enable the developing countries to take full advantage of the new system.

The Union's preferential business regime has been in operation for 30 years. Concerning business flows totalling € 52 bn, it is the most generous system of its kind in the world.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/160>

## EMPLOYMENT AND SOCIAL POLICY

### New Social Programme: Basic Pillar of the New Development and Employment Strategy

In February, the European Commission presented its social policy plan for the next five years, the Social Agenda for the Period 2005-2010.

In a short time after the presentation of the amended Lisbon Agenda that should focus above all on development and employment, the plan of the Commissioner for Social Affairs Vladimír Špidla represents further proof that the basic social pillar has not been degraded to playing an inferior role.

The new social programme has the following two key priorities:

- employment,
- fight against poverty and promotion of equal opportunities.

Both also represent the pillars of the Commission's two key strategic objectives for the next five years: prosperity and solidarity.

In the area of unemployment the programme shall focus on:

- creation of a unified European labour market, by enabling employees to transfer their pension and social security rights from one country to another and establishing a voluntary system of collective negotiation valid in all member states; the Commission shall also reassess the transition periods specified for the workers from the new EU member states;
- provision of better jobs for more people, especially through the European Youth Initiative, and provision of assistance for women re-entering the labour market;

- update of labour laws whose objective is to deal with new needs resulting from new forms of labour (in particular, short employment contracts); formulation of a new work safety and health protection strategy;
- management of the restructuring process through social dialogue.

In the area of poverty and equal opportunities the programme shall focus on:

- analysing the effect of ageing of the population and future relations among various generations based on the Green Book of Demography;
- supporting the effort of individual member states to reform their pension and healthcare systems and to fight against poverty;
- elimination of discrimination and inequality; the Commission shall concentrate on minimum wages and the political aspects of anti-discrimination measures (concerning above all ethnic minorities, such as the Romanians, etc.);
- further development of equal opportunities for men and women (for instance, establishment of an institute of gender studies);
- clarification of the role and characteristic of public interest social services.

While the Federation of European Entrepreneurs UNICE warned that it might undermine the Lisbon objectives of acceleration of economic development and employment, the European Confederation of Labour Unions ETUC expressed its satisfaction with the new social programme.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/152>





At the EU summit in Gothenburg held in 2001 the leaders of EU member states approved the strategy of sustainable development. Now, four years after its ceremonial declaration, the Commission is about to publish a critical assessment of its fulfilment and prepare a revision. More detailed proposals should be presented this autumn. At the conference on co-operation between private and public sectors the Commissioner Viviane Reding outlined the shape of i2010, the new long-term programme for digital services.

## ENLARGEMENT

### Macedonia Presented its Reply to the Commission's Questions

By completing a questionnaire of the European Commission, Macedonia took another step towards the status of a EU candidate. It contained 1,921 questions and a whole range of sub-questions whose objective was to assess the country's preparedness to enter accession negotiations.

Macedonia asked for EU membership in March 2004. It would like to be officially declared a EU candidate before the end of this year.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/05/47>

## ENVIRONMENT

### Revision of the Strategy of Sustainable Development

As a part of its revision of the strategy of sustainable development, the European Commission published a critical assessment of this area this February, four years after announcing this ambitious project at the Gothenburg summit. Sustainable development is one of the principal objectives of the European Union.

The Commission's revision is based on the consultations with all involved parties that took place in autumn 2004. At the moment, it has just a general character, dealing with future development issues. More detailed information shall be revealed this autumn.

In its quite critical assessment, the Commission admits to having failed to reverse the following unsustainable trends:

- climatic changes and insufficient employment of clean energy,
- increase of public health threats,
- increasing poverty and social exclusion problems,
- ageing of the population and increase of pressure on social systems,
- increasing problems related to maintenance of biological diversity and management of natural resources,
- increasing volume of traffic and close relation between traffic and growth of GDP,
- negative effects of globalisation on the environment and the whole society.

As far as the future is concerned, the Commission specified six general areas of increased interest:

- confirmation of the principles of the European strategy of sustainable development and equality of all three dimensions (economic growth, social security, environmental protection),
- confirmation of the new approach to environmental policy, including balanced assessment of its effects and increased utilisation of market instruments,
- detection of links among individual unsustainable trends,
- clearer objectives, targets and implementation deadlines,
- more efficient monitoring and supervision,
- strategy adoption and improvement of collaboration between public and private sectors.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/156>



## JUSTICE AND HOME AFFAIRS

### Cross-border Enforcement of Fines in EU

The ministries of justice of all EU member states approved a directive enabling mutual recognition of financial penalties and fines for administration offences. The new directive specifies 39 offences whose material nature will be no longer assessed, with every EU member state proceeding to the enforcement of all related and/or resulting fines and financial penalties imposed by any other EU member state immediately.

This simplified system will be applied, for instance, to smuggling of live animals, counterfeit activities or traffic offences. Undisciplined drivers will be no longer able to exploit their existing relative immunity resulting from their opportunity to "escape" to their homeland. In accordance



with the new directive national police forces shall even be enforcing penalties imposed by another EU member state.

[http://ue.eu.int/cms3\\_fo/showPage.asp?lang=en&id=249&m ode=g&name](http://ue.eu.int/cms3_fo/showPage.asp?lang=en&id=249&m ode=g&name)

## INFORMATION SOCIETY

### New Support Programme for Digital Services Provided within the European Union – i2010

According to the European Commissioner for Information Society and Media, Viviane Reding, information and communication technologies (ICT), in the form of the new programme i2010 (European Information Society 2010), represent one of the focal points of the European Union as well as one of the most important instruments used to fulfil the objectives of the revised Lisbon Strategy.

The programme i2010 shall concentrate on the following three main objectives:

- Creation of European information space without boundaries, including common internal electronic communication and digital service market. Its objective is convergence of the Internet, telephone networks and television networks through increased competition in all key areas, such as, for instance, high-speed broadband connection. “The use of the Internet for the provision of voice services (VoIP) and TV broadcasting purposes shall revolutionise the way we communicate”, said Reding.
- Increase of innovations and investments in the ICT sector, using both public and private resources. Partnership between public and private sectors (PPP) will be given priority. Thanks to this system the European Union should lead the development of information services, such as, for instance, the e-government. According to Vivian Reding the overall amount of research and ICT-related expenditures should be doubled.
- Promotion of wider access to information society, for instance, for the disabled or senior citizens.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/05/61>

## HEALTH AND CONSUMER PROTECTION

### New Rights of Air Travellers

In compliance with a new directive of the European Union effective since 17 February in all EU member states the airlines shall compensate their clients for delayed flights (all delays exceeding five hours), cancelled flights (less than

two weeks before departure) or denied flight access due to overbooking.

The said directive applies also to all charter flights operated by any airline registered in the European Union and all charter flights routed through any EU airport. Nevertheless, no compensation will be paid for flights cancelled due to unavoidable circumstances and in similar cases.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/181>

## EDUCATION AND SPORT

### Three Million Europass by 2010

In February, the Union also introduced its new Europass whose objective is to help individual citizens demonstrate their qualification and skills within its entire territory. On the occasion, the European Commissioner Ján Figel' said that this instrument would help EU citizens look for a job or enrol at a training course in any member state. He also said that the Commission's objective was to issue approximately three million Europass by 2010, enabling their holders to increase their chances on the labour market and to take advantage of lifelong education.

Europass represent one of three additional mobility-supporting instruments (the other two being the PLOTEUS portal of training opportunities and the European Qualification Framework) of the European strategy “Education and Preparation 2010”.

Each Europass is in fact a complex of the following instruments:

- common European CV format,
- schedule to university diploma (developed in collaboration with the European Council and UNESCO),
- additional professional education and training certificate,
- European language portfolio (it verifies its holder's foreign language reading, writing, and speaking skills),
- Europass mobility (monitoring of its holder's education-related travels).

The Commission undertook to produce an assessment report on Europass implementation by January 2008 and then every four years.

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/05/120>

Yet another argument in favour of liberalisation of services on the Common Internal Market is an independent study ordered by the Commission. The time when the paper driving licenses of individual member states will be replaced by a uniform plastic document is again a little bit closer because the European Parliament's Transport Committee approved the relevant directive. Eurostat's statistics shows that in 2003 EU-25 invested as much as 2% of its GDP in research and development.

## 01 FEBRUARY

Record cold winter may increase ozone hole over North Europe:

[http://www.europa.eu.int/comm/research/press/2005/pr3101\\_en.cfm](http://www.europa.eu.int/comm/research/press/2005/pr3101_en.cfm)

Publication of a report on banking structures in the new EU Member States: <http://www.ecb.int/home/html/index.en.html>

## 02 FEBRUARY

Swapping criminal records: an aid to tackling international crime: <http://www2.europarl.eu.int/omk/sipade2?PUBREF=-//EP//TEXT+PRESS+NR-20050201-1+0+DOC+XML+V0//EN&L=EN&LEVEL=2&NAV=X&LSTD OC=N#SECTION1>

Updated stability programmes of Belgium, Finland, France, Germany, Ireland, Italy and convergence programmes of Denmark, Estonia, Malta, Poland and Slovakia: [http://www.europa.eu.int/comm/economy\\_finance/about/activities/sgp/ca\\_en.htm](http://www.europa.eu.int/comm/economy_finance/about/activities/sgp/ca_en.htm)

New website on social dialogue: [http://www.europa.eu.int/comm/employment\\_social/news/2005/feb/socdialsite\\_en.html](http://www.europa.eu.int/comm/employment_social/news/2005/feb/socdialsite_en.html)

Internal Market: Data Protection - Working Party 29 launches two public consultations: [http://www.europa.eu.int/comm/internal\\_market/privacy/workinggroup/consultations/consultation\\_en.htm](http://www.europa.eu.int/comm/internal_market/privacy/workinggroup/consultations/consultation_en.htm)

## 03 FEBRUARY

New and Renewable Energies - Public consultation on "Biomass Action Plan": [http://www.europa.eu.int/comm/energy/res/biomass\\_action\\_plan/index\\_en.htm](http://www.europa.eu.int/comm/energy/res/biomass_action_plan/index_en.htm)

Enterprise Europe Newsletter No. 18 (Jan-Mar 2005) - how Enterprise and Industry is meeting the 'Competitiveness Challenge': <http://www.europa.eu.int/comm/enterprise/library/enterprise-europe/index.htm>

The Stabilisation and Association Agreement with Croatia enters into force: [http://www.europa.eu.int/comm/external\\_relations/see/news/2005/ip05\\_122.htm](http://www.europa.eu.int/comm/external_relations/see/news/2005/ip05_122.htm)

## 04 FEBRUARY

The future of EU Cohesion Policy - sufficient funding the key: [http://www2.europarl.eu.int/omk/sipade2?SAME\\_LEVEL=1&LEVEL=3&NAV=X&DETAIL=&PUBREF=-//EP//TEXT+PRESS+NR-20050203-1+0+DOC+XML+V0//EN#SECTION5](http://www2.europarl.eu.int/omk/sipade2?SAME_LEVEL=1&LEVEL=3&NAV=X&DETAIL=&PUBREF=-//EP//TEXT+PRESS+NR-20050203-1+0+DOC+XML+V0//EN#SECTION5)

ECFIN Country Focus - Budgetary transfers between EU and new Member States: manna from Brussels or fiscal drag?:

[http://www.europa.eu.int/comm/economy\\_finance/publications/countryfocus\\_en.htm](http://www.europa.eu.int/comm/economy_finance/publications/countryfocus_en.htm)

Education: New study on the financing of higher education in Europe:

[http://www.europa.eu.int/comm/education/policies/2010/study\\_en.html#financing](http://www.europa.eu.int/comm/education/policies/2010/study_en.html#financing)

## 07 FEBRUARY

Public consultation: "Community guidelines on financing of airports and start-up aid to airlines departing from regional airports":

[http://www.europa.eu.int/comm/transport/air/rules/state\\_aid\\_consultation\\_en.htm](http://www.europa.eu.int/comm/transport/air/rules/state_aid_consultation_en.htm)

Eurostat: Around 80 mobile subscriptions per 100 inhabitants in the EU25 in 2003:

[http://epp.eurostat.cec.eu.int/pls/portal/docs/PAGE/PGP\\_PRD\\_CAT\\_PREREL/PGE\\_CAT\\_PREREL\\_YEAR\\_2005/PGE\\_CAT\\_PREREL\\_YEAR\\_2005\\_MONTH\\_02/4-07022005-EN-AP.PDF](http://epp.eurostat.cec.eu.int/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2005/PGE_CAT_PREREL_YEAR_2005_MONTH_02/4-07022005-EN-AP.PDF)

### Mobile phone subscriptions per 100 inhabitants in 2003

Luxembourg	120.2	Poland	45.5
Sweden	98.4	Latvia	52.3
Italy	96.4	Lithuania	62.2
<b>CR</b>	<b>95.2</b>	Slovakia	68.4
Slovenia	94.4	France	69.9
Finland	91.2	Malta	73.0
Portugal	89.9	Cyprus	77.2
Spain	89.6	Netherlands	77.2
Denmark	88.6	Estonia	77.4
Austria	87.9	Hungary	78.3
Ireland	85.8	Germany	78.5
Greece*	84.9	EU25	79.9
UK*	84.4	Belgium	84.1

\*) 2002, source: Eurostat

## 08 FEBRUARY

Utilisation of budget appropriations - 01/2005:

[http://www.europa.eu.int/comm/budget/execution/utilisation/index\\_en.htm](http://www.europa.eu.int/comm/budget/execution/utilisation/index_en.htm)

## 09 FEBRUARY

Commission publishes the results of an independent study on the economic impact of the proposal for a directive on services in the Internal Market:



[http://www.europa.eu.int/comm/internal\\_market/en/services/services/index.htm](http://www.europa.eu.int/comm/internal_market/en/services/services/index.htm)

Commission adopts recommendation for the Council in relation to the excessive deficit procedure for Greece:

[http://www.europa.eu.int/comm/economy\\_finance/about/activities/sgp/edp/edpel\\_en.htm](http://www.europa.eu.int/comm/economy_finance/about/activities/sgp/edp/edpel_en.htm)

Oil bulletin - weekly prices 2005 - duties and taxes 2004 updated:

[http://www.europa.eu.int/comm/energy/oil/bulletin/2004\\_en.htm](http://www.europa.eu.int/comm/energy/oil/bulletin/2004_en.htm)

#### 10 FEBRUARY 2005

Eurosystem and Mediterranean central banks meet for Euro-Mediterranean seminar:

<http://www.ecb.int/press/pr/date/2005/html/pr050209.en.html>

#### 11 FEBRUARY

Transportable pressure equipment - New guidelines:

[http://www.europa.eu.int/comm/transport/tpe/guide\\_num\\_en.html](http://www.europa.eu.int/comm/transport/tpe/guide_num_en.html)

New European Parliament study on Cohesion Policy reform:

[http://www.europarl.eu.int/meetdocs/2004\\_2009/organes/REGI/REGI\\_20050202\\_1500\\_audition.htm](http://www.europarl.eu.int/meetdocs/2004_2009/organes/REGI/REGI_20050202_1500_audition.htm)

#### 14 FEBRUARY

Vladimír Špidla puts forward proposal on working conditions for cross border railway staff:

[http://www.europa.eu.int/comm/employment\\_social/news/2005/feb/railways\\_en.html](http://www.europa.eu.int/comm/employment_social/news/2005/feb/railways_en.html)

Results of survey on representation of consumers in standardisation:

[http://www.europa.eu.int/comm/consumers/cons\\_org/index\\_en.htm](http://www.europa.eu.int/comm/consumers/cons_org/index_en.htm)

#### 15 FEBRUARY

ECFIN Country Focus - Convergence and reunification in Cyprus: Scope for a virtuous circle:

[http://www.europa.eu.int/comm/economy\\_finance/publications/country\\_focus/2005/countryfocus3\\_en.htm](http://www.europa.eu.int/comm/economy_finance/publications/country_focus/2005/countryfocus3_en.htm)

Gender equality report 2005 shows advances, but inequality remains:

[http://www.europa.eu.int/comm/employment\\_social/news/2005/feb/gender\\_equ\\_rep\\_2005\\_en.html](http://www.europa.eu.int/comm/employment_social/news/2005/feb/gender_equ_rep_2005_en.html)

Enterprise: E-Government - Enhancing electronic delivery of European government services:

<http://www.europa.eu.int/comm/enterprise/library/enterprise-europe/news-updates/2005/2005-02-14.htm>

#### 16 FEBRUARY

Commission makes new recommendations under excessive deficit procedure for Hungary:

[http://www.europa.eu.int/comm/economy\\_finance/about/activities/sgp/edp/edphu\\_en.htm](http://www.europa.eu.int/comm/economy_finance/about/activities/sgp/edp/edphu_en.htm)

Commission consults stakeholders on the future of EU development policy:

[http://www.europa.eu.int/comm/development/body/theme/consultation/index\\_en.htm](http://www.europa.eu.int/comm/development/body/theme/consultation/index_en.htm)

EU study on attitudes to teleworking:

[http://www.europa.eu.int/comm/research/headlines/news/article\\_05\\_02\\_15\\_en.html](http://www.europa.eu.int/comm/research/headlines/news/article_05_02_15_en.html)

#### 17 FEBRUARY

Paper driving licences heading for the bin:

[http://www2.europarl.eu.int/omk/sipade2?SAME\\_LEVEL=1&LEVEL=3&NAV=X&DETAIL=&PUBREF=-//EP//TEXT+PRESS+BR-20050221-S+0+DOC+XML+V0//EN#SECTION12](http://www2.europarl.eu.int/omk/sipade2?SAME_LEVEL=1&LEVEL=3&NAV=X&DETAIL=&PUBREF=-//EP//TEXT+PRESS+BR-20050221-S+0+DOC+XML+V0//EN#SECTION12)

Economic and Financial Affairs: Economic Policy Committee - 2005 Annual report on structural reforms:

[http://www.europa.eu.int/comm/economy\\_finance/epc/epc\\_structuralreforms\\_en.htm](http://www.europa.eu.int/comm/economy_finance/epc/epc_structuralreforms_en.htm)

Enterprise: Small enterprises charter - Progress through exchanging good practice:

<http://www.europa.eu.int/comm/enterprise/library/enterprise-europe/news-updates/2005/2005-02-16.htm>

#### 18 FEBRUARY

Committee of the Regions: 58 th Plenary Session (23-24 February) :

[http://www.cor.eu.int/en/press/press\\_05\\_02011.html](http://www.cor.eu.int/en/press/press_05_02011.html)

#### 21 FEBRUARY

External Relations: President Barroso welcomes US President Bush at European Commission headquarters:

[http://www.europa.eu.int/comm/external\\_relations/us/bush/p05\\_202.htm](http://www.europa.eu.int/comm/external_relations/us/bush/p05_202.htm)

Information Society: EU research in Information Society Technologies - success stories:

[http://europa.eu.int/information\\_society/research/success/index\\_en.htm](http://europa.eu.int/information_society/research/success/index_en.htm)

#### 22 FEBRUARY

Conclusions of General Affairs and External Relations Council Meeting on Middle East, Iraq, Western Balkans, Ukraine and Sudan - Brussels, 21.02.2005:





# Diary

[http://ue.eu.int/ueDocs/cms\\_Data/docs/pressData/en/gena/83803.pdf](http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/gena/83803.pdf)

Seventh meeting EU-Moldova Cooperation Council - Brussels, 22.02.2005:

[http://ue.eu.int/ueDocs/cms\\_Data/docs/pressData/en/er/83814.pdf](http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/er/83814.pdf)

Eighth Meeting of EU-Ukraine Cooperation Council - Brussels, 21.02.2005:

[http://ue.eu.int/ueDocs/cms\\_Data/docs/pressData/en/er/83804.pdf](http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/er/83804.pdf)

European Central Bank: New version of "The implementation of monetary policy in the euro area: General documentation on Eurosystem monetary policy instruments and procedures":

<http://www.ecb.int/press/pr/date/2005/html/pr050221.en.html>

## 23 FEBRUARY

Research: ERTRAC delivers Strategic Research Agenda for road transport:

[http://www.europa.eu.int/comm/research/transport/news/article\\_2178\\_en.html](http://www.europa.eu.int/comm/research/transport/news/article_2178_en.html)



## 24 FEBRUARY

State aid decisions taken by the Commission in the areas of transportation and coal:

[http://www.europa.eu.int/comm/dgs/energy\\_transport/state\\_aid/decisions/decisions\\_dg\\_tren\\_en.htm](http://www.europa.eu.int/comm/dgs/energy_transport/state_aid/decisions/decisions_dg_tren_en.htm)

Eurostat Press Release: EU25 spent nearly 2% of GDP on Research and Development in 2002:

[http://epp.eurostat.cec.eu.int/pls/portal/docs/PAGE/PGP\\_PRD\\_CAT\\_PREREL/PGE\\_CAT\\_PREREL\\_YEAR\\_2005/PGE\\_CAT\\_PREREL\\_YEAR\\_2005\\_MONTH\\_02/9-24022005-EN-AP.PDF](http://epp.eurostat.cec.eu.int/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2005/PGE_CAT_PREREL_YEAR_2005_MONTH_02/9-24022005-EN-AP.PDF)

## 25 FEBRUARY

Getting people into work: Commission to reveal results from 5.5bn innovation programme:

[http://www.europa.eu.int/comm/employment\\_social/news/2005/feb/esf\\_en.html](http://www.europa.eu.int/comm/employment_social/news/2005/feb/esf_en.html)

Enterprise: Fostering skills and competence with e-learning:

<http://www.europa.eu.int/comm/enterprise/library/enterpris-e-europe/news-updates/2005/2005-02-24.htm>

Health and Consumer Protection: Launch of new EU anti-smoking campaign:

[http://www.europa.eu.int/comm/health/ph\\_determinants/life\\_style/Tobacco/help\\_en.htm](http://www.europa.eu.int/comm/health/ph_determinants/life_style/Tobacco/help_en.htm)

## 28 FEBRUARY

Enterprise: Future of furniture industry in enlarged Europe:

<http://www.europa.eu.int/comm/enterprise/library/enterprise-europe/news-updates/2005/2005-02-25.htm>

The most important March event will be the spring European Council in Brussels. The leaders of all member states will try to come to an agreement on a whole range of controversial issues. One of them will be a reform of the fiscal principles specified by the Stability and Development Pact. No less heated will be the discussion concerning the future form of EU financial perspectives for the period 2007 - 2013.



**3.3.2005 Brussels, Belgium**

- Employment, Social Policy, Health and Consumer Affairs Council

**7.-8.3. 2005 Brussels, Belgium**

- Competitiveness Council

**14.3.2005 Brussels, Belgium**

- Committee on the Environment, Public Health and Food Safety

**14.3.2005 Brussels, Belgium**

- Agriculture and Fisheries Council

**14.-16.3.2005 Brussels, Belgium**

- Transport Committee meeting

**15.-17.3.2005 Brussels, Belgium**

- Committee on the Internal Market and Consumer Protection

**22.-23.3.2005 Brussels, Belgium**

- Spring European Council



Last year, the leaders of all EU member states approved the Union's new revolutionary document, the Agreement on the European Constitution. Its conclusion in October 2004 started a two-year ratification process taking place throughout the entire Union. The discussions taking place in the Czech Republic are unfortunately very often negatively affected by inaccurate information, incompetence and even lies. Our main topic focusing above all on the Constitution's economic aspects may help refute them.

## EUROPEAN CONSTITUTION – PURPOSE AND ECONOMIC ASPECTS

The genesis of the European Constitution had started a long time before the European Convent at its meetings in 2002 and 2003 formulated the relevant agreement.

As early as in the second half of the 1990s most EU member states and many European institutions came to the conclusion that the Union's key decision-making and institutional procedures had to be reformed and adapted to the intended qualitative and quantitative expansion.

The deepening of integration and increase of the number of member states require a much higher level of transparency. One of the most serious problems rightfully referred to by the critics of the existing functioning of the Union is the increasing disharmony between the activities and competencies of the European bureaucracy and the issues it deals with on one hand, and the issues, interests and priorities of ordinary EU citizens on the other. As a result, EU citizens are becoming less and less able to understand the purport of individual EU institutions.

The European Constitution represents a unique opportunity to bring the attention of EU citizens to both current and future key issues again. However, this cannot be achieved without significant simplification of the existing key EU integration documents and their concentration in one set of material known to be superior to all other documents. At the same time, any such document must concentrate only on real fundamentals and priorities of European integration on which all other regulations and documents are based or from which they are derived. The said effort should have, however, resulted not in a document having some 500 pages in its Czech version (and possibly understandable to experts and bureaucrats), but in a strategic booklet, on a few pages and in professional, yet understandable language defining the European Union, explaining its purpose and specifying its competencies.

The discussion that in the second half of the 1990s not only failed to bring the desirable results, but caused factual breakdown of the Intergovernmental Conference on Institutional Reform shifted to a provisional arrangement created by the Nice Agreement, with its subject essentially remaining unresolved. That is why in 2002 and 2003 the European Convent dealt again with the issue, preparing the Agreement on European Constitution that is currently subject to a ratification process. The Convent was established in December 2001 at the summit of the European Council in Laeken, Holland.

### WHAT IS THE PROPOSAL LIKE AND WHAT IS ITS MATERIAL SUBJECT?

Starting with the first part of the aforementioned question, we have to say that the proposal is anything but the aforementioned ideal brief, apt and dignified material superior to all other documents. On the contrary. Thanks to its diction, language and extent, it is as lifeless and undistinguished as all other EU legislative products. There is no reason why an ordinary EU citizen should want to read, absorb or follow it.

Even though one of the Convent's objectives was to make the existing agreements simpler and more transparent, this is one area where its efforts failed almost completely.

At a glance, the most apparent simplification is the abolishment of the Union's existing pillar-based structure. The current three pillars (European Communities, Common Foreign and Security Policy, Collaboration in Interior and Justice Departments – Criminal Affairs) are to be replaced with a homogenous structure (although traces of the original pillar-based structure will remain noticeable even in the new system).

The problems dragged from the past in the form of the Declaration on the Future of the EU included in the Nice Treaty, whose final resolution is in the interest of all parties involved, can be defined as follows:

- more explicit division of competencies between individual member states and the Union,
- position and determination of the Charter of Basic EU Rights,
- simplification of agreements, their clearer and easier formulation,
- the role of parliaments of individual member states in the process of European integration,
- enhancement of political legitimacy and transparency of the EU, EU institutions and their closeness to EU citizens.



## PREAMBLE

### PART I

- I. Definition and objectives of the Union
- II. Fundamental rights and citizenship of the Union
- III. Union competences
- IV. The Union's institutions and bodies
- V. Exercise of Union competence
- VI. The democratic life of the Union
- VII. The Union's finances
- VIII. The Union and its neighbours
- IX. Union membership

### PART II — THE CHARTER OF FUNDAMENTAL RIGHTS

Preamble

- I. Dignity
- II. Freedoms
- III. Equality
- IV. Solidarity
- V. Citizens' rights
- VI. Justice
- VII. General provisions governing the interpretation and application of the charter

### PART III — THE POLICIES AND FUNCTIONING OF THE UNION

- I. Provisions of general application
- II. Non-discrimination and citizenship
- III. Internal policies and action
- IV. Association of the overseas countries and territories
- V. External Actions
- VI. The functioning of the Union
- VII. Common provisions

### PART IV — GENERAL AND FINAL PROVISIONS PROTOCOLS AND ANNEXES

#### Key protocols

- Protocol on the role of national Parliaments in the EU
- Protocol on the application of the principles of subsidiarity and proportionality
- Protocol on the Statute of the Court of Justice of the EU
- Protocol on the Statute of the European System of Central Banks and of the European Central Bank
- Protocol on the Treaties and Acts of Accession
- Protocol on the excessive deficit procedure
- Protocol on the convergence criteria
- Protocol on the Schengen *acquis* integrated into the framework of the European Union
- Protocol on economic, social and territorial cohesion

#### Declarations

- Declarations concerning provisions of the Constitution
- Declarations concerning Protocols annexed to the Constitution

## Material Aspects of the Proposal

In spite of the abolishment of its original pillar-based structure, the proposed Constitution Agreement is anything but simple and well-arranged. It consists of a preamble, four parts and numerous protocols and declarations.

The relatively brief Part One contains all key constitutional particulars. Part Two is essentially formed by the Charter of Basic Rights of the European Union. Part Three (EU Policies and Functions), featuring relatively important economic and financial implications, is the largest part. Its analysis represents the subject of the following text. The last, fourth part, containing general and concluding provisions, is again relatively brief.

Among the interesting protocols significantly affecting key economic and financial matters that should be mentioned are, for instance, the Eurogroup Protocol, Protocol on the Statute of the European System of Central Banks and the European Central Bank, Protocol on the Statute of the European Investment Bank, Protocol on Resolution of Excessive Deficit, Protocol on Convergence Criteria, Protocol on Economic, Social and Territorial Cohesion, etc. Other protocols having implicit economic effects include the Protocol on Application of Subsidiarity and Proportionality Principles or the Protocol on Schengen Acquis.

## COMPETENCIES OF THE EUROPEAN UNION

Clear definition of competencies and their division between the Union and individual member states represent one of the key objectives of the Constitution Agreement. The boundaries of the EU and its integration process are in many respects still rather obscure.

The Constitutional Agreement newly determines three groups (levels) of EU competencies: exclusive competencies of the EU, shared competencies of the EU and areas in which the Union's activities have only a supporting, co-ordination and complementary character.

The Constitutional Agreement specifies explicitly all EU competencies in all individual areas, the only exception being the so-called flexibility clause (the European Council is entitled to broaden the Union's competencies, if such a measure is deemed necessary in order to achieve any of the Union's objectives and at the same time, the competencies defined by the Constitution Agreement are not sufficient; such an act must be, however, approved **unanimously** by the entire Council).



## Main Topic

That is why the constitutional specification of the Union's competencies is as important as the definition of its objectives (Article I-3).

1. The Union's objective is to promote peace, EU values and prosperity of all its citizens.
2. The Union provides for its citizens freedom, security and rights without internal borders and an internal market with free and undisturbed competition.
3. The Union pursues sustainable development of Europe based on balanced economic growth, price stability and a highly competitive free market economy aiming at full employment, social progress, a high level of protection and environmental improvement. It promotes scientific and technical progress.

It fights against social exclusion and discrimination and promotes social justice and security, equality of men and women, intergenerational solidarity and protection of children's rights.

It promotes economic, social and territorial cohesion and solidarity among all member states. It respects its rich cultural and language diversity and is particular about preserving and developing the European cultural heritage.

4. In the course of its relations with the world, the Union promotes and protects its values and interest. It contributes to peace, security, sustainable development of this planet, solidarity and mutual respect among all nations, free and fair trade, elimination of poverty and protection of human rights, especially children's right, and strict observance and development of international law, especially the UN Charter.
5. The Union pursues its objectives, using all suitable instruments and respecting its competencies defined by the European Constitution.

The flexibility clause essentially enables the Union to change the Constitution, without having to have the changes ratified by all members. Although already a part of EU legislation, it is guaranteed much wider use by the Constitution Agreement. While in the past, it was possible to use the flexibility clause only in connection with the Union's Internal Market; in the future, it will apply to any of the determined EU objectives. At the same time, the Constitution Agreement widens the executive powers of the European Parliament, requiring that when the flexibility clause is applied, the aforementioned unanimous decision of the Council be approved by the European Parliament.

The relationship between the Union and individual member states addressed by the Constitution has two aspects. On one hand, the EU respects national identities of all members, their political and constitutional structures, regional structure and systems of local government. "The Union respects that

all member states are equal before the Constitution and esteems their national identity determined by their political and constitutional systems, including local and regional self-government. It respects all basic functions of the state, especially those related to territorial integrity, public order and national security. Pursuant to the principle of loyal co-operation the Union and all member states fully respect each other and collaborate on the fulfilment of individual constitutional objectives. EU member states shall adopt all suitable general and specific measures ensuring their meeting of all obligations resulting from the Constitution or determined by the Union's bodies. EU member states help the Union meet its objectives and refrain from any activity jeopardising the Union's mission" - Article I-5. No EU initiatives that are to harmonise the respective constitutional systems of individual member states or interfering in their internal regional structures are permitted.

On the other hand, EU members undertake to take an active part in the fulfilment of the Union's objectives and refrain from any measure that could in any way undermine or jeopardise them (this approach is known as the loyalty principle).

### Exclusive Competencies of the EU

In accordance with the proposed Constitution Agreement the European Union should have the following four **exclusive competencies**:

- monetary union (applies to all member states using euro),
- common trade policy,
- customs union,
- protection of all natural oceanic resources covered by the Union's common fishing industry policy.

It is apparent that three out of the four aforementioned exclusive areas have clearly an economic character. How is the Union's exclusivity demonstrated in practice? First of all, in all areas where it has exclusive competencies the European Union will be the only subject entitled to adopt binding legal standards (in material respect these areas are already dealt with exclusively on a community level, except for protection of oceanic natural resources currently forming a part of the fishing agenda; here, the Union and individual member states co-operate closely). There is little room for individual member states in this area, save for expressive legal authorisation. The EU also has an exclusive right to conclude international agreements with third parties (for instance, with international organisations or non-member states) in this area. Its exclusivity may be, however, interpreted alternatively: **the principle of subsidiarity is not applied in the areas falling within the Union's exclusive competence.**

## Shared Competencies of the EU

The range of **shared competencies** is much wider. Principal shared competencies:

- common internal market,
- freedom, security and justice,
- agriculture and fishing (except for those areas included in the Union's exclusive competencies),
- transport and Trans-European Transport Network,
- power industry,
- social policy (in all areas explicitly specified in Part III of the Constitutional Agreement),
- economic, social and territorial cohesion (i.e. regional policy and the Structural Funds as a part thereof),
- environment;
- consumer protection;
- public health, including general safety aspects.

In this area the European Union may (in compliance with Part III of the Constitution Agreement) adopt binding legal standards, including harmonisation of the respective legal regulations of individual member states. All such activities are, however, **limited by the principle of subsidiarity**.

There is some room for individual member states to take over the Union's competencies in areas it is no longer interested in or where it is inactive. There are also some areas where both the Union and its individual members may carry out activities at the same time, such as research, technological development, space exploration, development collaboration and humanitarian aid.

The Union can also embark on promotion and co-ordination of economic policies of EU member states and promotion and co-ordination of employment policies.

In this connection it is also appropriate to mention the principle of an emergency brake. The Union's executive powers might be reduced, if the European regulation regime jeopardised basic elements of any system in any member state. A good example is harmonisation of criminal laws or social security laws that could significantly affect the elements of criminal legislation or social policy of individual EU members.

Specific aspects of shared competencies may also be applied to Common Foreign and Security Policy.

## Supporting, Co-ordination and Complementary Competencies

The third, lowest level of EU competencies applies to all areas where the Union carries out its supporting, co-ordination and complementary activities. In other words, all

areas falling within the exclusive competence of individual member states. It is entirely up to them whether to allow the Union to take part in the process of improvement of their national policies, help with international communication or provide advisory services concerning various issues. Any harmonisation of legal regulations of individual member states is completely ruled out. The areas where the Union carries out the aforementioned activities are addressed by article I-17. Examples:

- industrial policy,
- health protection,
- education, professional training, youth and sport,
- culture,
- civil defence,
- administrative co-operation.

## OBSCURING ASPECTS OF THE UNION'S STRUCTURE AND THEIR ELIMINATION

The Constitution Agreement also tries to eliminate the obscuring aspects of some sensitive issues not dealt with or resolved in the past.

### Pulling out of the European Union

The existing legal regulations do not explicitly specify any procedure to be followed by a member state wishing to pull out of the Union. The Union's past experience in this area is so remote, rare and atypical that it cannot be applied generally. Only the cases of (then French) Northern Algeria and Greenland may be regarded as truly completed. Britain's "exclusion" of the Isle of Man or the Channel Islands from the EU is not a generally applicable model either.

The European Constitution tries to offer an explicit solution, giving every state the right to terminate its membership. This process must comply with the national constitutional regulations of each given member state. Any member state intending to leave the Union must first inform the European Council. The relationship between the withdrawing state and the European Union will be determined by an agreement concluded by and between this state and the remaining members. In order to become valid and effective, the agreement must be approved by a qualified majority both in the Council and the European Parliament as well as by the state leaving the Union. No model agreement or statutory particulars have been specified. If the exact membership termination date is not specified in the agreement, the membership should expire after two years after an application is presented by the state leaving the Union (this term can, however, be extended, if necessary). If any state that had left the Union "reconsidered" or "re-assessed" its



## Main Topic

decision, wishing to rejoin, it would be obliged to meet the same accession conditions as any other candidate. The European Constitution makes no allowances for preferential acceptance procedures.

### International Legal Subjectivity of the EU

The Union's legal subjectivity has not been expressively defined as yet. At the moment, only the European Community has legal subjectivity. The Constitution's response to this area offering several alternatives is clear and prompt recognition of the Union's legal subjectivity.

### The Charter of Fundamental Rights

The Charter of Fundamental Rights is the product of one of the Nice Summit of 2000. Although it was not formulated as a legally cogent document there, the Union undertook to determine its legal form and find out how it could be integrated into the system of key EU materials in the following period. Its "legitimisation" was greatly accelerated by the decision of the European Court of Justice to justify its verdicts by arguments resulting from its diction. If the Constitution Agreement is signed, the Charter will become legally binding (Part II even specifies and defines individual application principles).

### Exercise of the Right of Veto

The right of every member state to veto any change of primary EU laws is and remains possibly the most basic decision-making principle on which the entire process of European integration is based. The problems with ratification of the Nice Treaty (repeated referendum in Ireland) caused the Union to consider possible modification of this right and introduction of ratification time limits. The Constitution offers the following solution: if an agreement is ratified by more than 80% of all member states within two years after its conclusion, yet rejected by one or more member state(s), the European Council will play the role of an "arbiter".

### Expulsion of a Member State

The Union has so far explicitly specified neither the procedure to be followed when a member state wants to pull out nor the procedure to be followed when the Union wants to expel a member state. As a result, the existing system reducing the rights of any member state breaching in a long-term and in a serious manner the basic principles on which the process of European integration is based shall remain in force.

### Subsidiarity

The Constitution Agreement does not contain any clear definition of subsidiarity. Although quite easy to understand, this term is perceived mostly intuitively, not exactly. As a

result, some cases of clear assignment of competencies and making of decisions may prove to be rather problematic. The European Constitution tries at least to determine the principles of subsidiarity. In particular, the Constitution says that the Commission is obliged to send all proposed secondary laws to the national parliaments of individual member states. Each proposal must include a report on its compliance with the principle of subsidiarity. Although it is easy to be critical, it seems that the said procedure is a little too bureaucratic, even technocratic.

## EU INSTITUTIONS

Even though in a situation when the entire EU is subject to so many changes it may seem impossible to identify the most dominating one, we shall nevertheless try it. Taking into account the increasing number of member states and the overall deepening of integration as such, it is possible to say that because of the flexibility and legitimacy of the decision-making process, the most important change concerns **the way the European Council votes** (qualified majority). The Constitution Agreement abolishes the existing system of weighted voting, introducing instead **double majority – the majority of member states representing the majority of EU citizens**. This proposal is very radical because it presumes complete rejection of the existing criterion giving each member state a certain number of votes. After some very heated discussions the Union managed to come up with the following compromise: In order to be ratified, any decision of the Council must be voted for by at least 55% of all member states in which live at least 65% of all EU citizens (demographic criterion).

The EU Council is also subject to some considerable changes, especially in the area of structural and presidency principles. The Constitutional Agreement speaks about the establishment of a Council for General Affairs and a Council for Foreign Affairs (no practical changes here). Other formations of the EU Council will be determined at the meetings of the European Council by a qualified majority. The EU Council shall retain its position as a key legislative and executive body in the future.

The structure and presidency of the EU Council will be based on the same principle of rotation as in the past. However, the Constitutional Agreement prefers team presidency, with three presiding states working closely together for 18 months (three six-month periods) and taking turns at leading posts.

A whole range of minor changes will also affect other EU institutions. **The European Council** is to be **fully institutionalised**, becoming the second most important EU

body after the European Parliament. It embodies the opinion of individual member states. The Council will also have its **permanent president**, with the existing principle of rotation on the highest political level abolished. By contrast to the current system, the President of the European Council will not be entitled to hold any mandate in any EU member state. Another new post to be established is that of the **European Foreign Minister**. However, it seems that precise division of competencies among the aforementioned bodies as well as their harmonisation with the competencies of the European Commission will be rather problematic.

The leading position of the **European Parliament** among all EU institutions established by the Constitution is more a vision or a long-term wish than reality. Although this representative of the civic element in the Union's structure is not subject to such drastic changes as the two aforementioned institutions, its importance will be nevertheless enhanced, especially in terms of its contribution to legislative decision-making (together with the Council), execution of budgetary powers, strengthening of its controlling function and above all much stronger participation in the selection process of the President of the Commission.

All key changes concerning the **European Commission** are closely connected with its relationship with the European Parliament. The fact that its president will be elected by the European Parliament should neutralise all those pointing out that the Commission's executive powers are illegitimate and its exceptional political competencies closed in a political vacuum. An interesting solution is to be applied after the year 2014 when the number of Commissioners is to equal two thirds of the overall number of the Union's members. This means that from 2014 onwards one third of EU member states will have no representative in the European Commission for a certain period of time.

## GENERAL SUMMARY AND ECONOMICALLY RELEVANT CONCLUSIONS

1. As a rule, under democratic conditions, constitutional changes (including adoption of a new constitution) should not directly affect the economic development of the given country, group or territory.
2. The European Constitution (regardless of its title) is undoubtedly a necessary instrument of concentration of all key European integration issues in one single document.
3. However, the proposed version, even though forming a common framework of all existing agreements, is not sufficiently transparent and comprehensive. It is unnecessarily long, overcomplicated and too inarticulate

for ordinary readers. It is impossible to believe that every single issue included in it should really be one of the top priorities of the process of European integration.

4. **Direct** economic effects resulting from the European Constitution: in its key parts, the Constitution guarantees the following four liberties: free movement of persons, services, goods and capital, as an integral part of the Union's basic liberties.
5. Individual economic spheres and segments are divided into three or five key competency-based categories: exclusive competence of the Union, shared competencies, right to carry out activities, co-ordination of economic and employment policies and supporting, co-ordination and comprehensive competencies.
6. Exclusive competencies (providing no or minimal room for national activities) will be applied in the following economic areas: customs union, principles of economic competition concerning the Common Internal Market, monetary policy, common currency and common trade policy.
7. Shared competencies shall be applied by the Union in the following economic areas: Common Internal Market, economic, social and territorial cohesion (all EU funds, including Structural Funds), agriculture and fishing, consumer protection, transport and Trans-European transport networks, and power industry.
8. The right to carry out activities is given to the Union in the area of research and technological development.
9. The European Constitution gives the Union an opportunity to co-ordinate its economic and employment policies.
10. Supporting and comprehensive activities may be carried out by the Union in the area of industry and tourism.
11. **Indirect** economic effects resulting from the European Constitution are multiple and difficult to specify.
12. It is necessary to emphasise the fact that the Constitution and the laws adopted by EU bodies have priority over national legislation of individual member states in all areas specified by the Constitution.
13. The Constitution introduces new voting and decision-making procedures that could result in creation of purpose-created alliances and subsequent economic effects in relevant decision-making areas.
14. The Union's legal subjectivity may further increase the growth potential of its economy.
15. On the other hand, the relative intricate determination of the principle of subsidiarity may complicate the process of decision-making as well as the character of related directives and regulations.





# Information Service

After a period of “winter” stagnation, the roller coaster of conferences, seminars, symposiums and workshops dealing with a whole range of problems concerning the European Union will start moving again in March and April. Everyone interested in technologies, public finances, education, public relations, power industry or prosecution of cross-border criminality by courts of justice should be able to find a suitable event.

Date	Place	Name and Characteristic
14.-16.3.2005	Moscow, Russia	INTAS - EU-Russia (&NIS) Symposium and Partnering Event on Science and Technology Co-operation in Biotechnology: <a href="http://www.intas.be/mainfs.htm">http://www.intas.be/mainfs.htm</a>
15.3.2005	Brussels, Belgium	UCTE - Conference on European Security of Electricity Supply: <a href="http://www.ucte.org/news/e_default.asp#15032005">http://www.ucte.org/news/e_default.asp#15032005</a>
15.-16.3.2005	Brussels, Belgium	European Centre for Public Affairs - Inside Brussels: Public Affairs in the New Europe: <a href="http://www.publicaffairs.ac/publicprogrammes/IB/">http://www.publicaffairs.ac/publicprogrammes/IB/</a>
16.3.2005	Brussels, Belgium	British Chamber of Commerce in Belgium - Business Luncheon with Jonathan Faull, Director General of Justice Freedom and Security, EU Commission on International Mobility- From Green Paper to 'Green Card'?: <a href="http://www.britcham.be/content/events/registration.asp?EventID=307">http://www.britcham.be/content/events/registration.asp?EventID=307</a>
17.3.2005	Brussels, Belgium	British Chamber of Commerce in Belgium - Business Luncheon with Markos Kyprianou, Commissioner for the European Union for Health and Consumers Protection: <a href="http://www.britcham.be/content/events/registration.asp?EventID=309">http://www.britcham.be/content/events/registration.asp?EventID=309</a>
17.-18.3.2005	Budapest, Hungary	University of Economics and Public Administration & Austrian Computer Society (OCG) - 3rd Eastern Europe e-Gov Days 2005: <a href="http://www.ocg.at/egov/eeegovdays05.html">http://www.ocg.at/egov/eeegovdays05.html</a>
17.-18.3.2005	Maastricht, Netherlands	EIPA - European Institute of Public Administration - Europe on the Internet: <a href="http://www.eipa.nl/activities/05/11001_17Mar/en/invitation.htm">http://www.eipa.nl/activities/05/11001_17Mar/en/invitation.htm</a>
17.-18.3.2005	Luxembourg, Luxembourg	EIPA - European Institute of Public Administration - The Role of National Magistrates in the Fight against Cross-Border Crime in a European Area of Freedom, Security and Justice: <a href="http://www.eipa.nl/activities/05/52401_17Mar/en/invitation.htm">http://www.eipa.nl/activities/05/52401_17Mar/en/invitation.htm</a>
21.-22.3.2005	Maastricht, Netherlands	EIPA - European Institute of Public Administration - The Stability & Growth Pact (SGP): Theory & Practice: <a href="http://www.eipa.nl/activities/05/31101_21Mar/en/invitation.htm">http://www.eipa.nl/activities/05/31101_21Mar/en/invitation.htm</a>
30.-31.3.2005	Brussels, Belgium	Advisory Council for Aeronautics Research in Europe (ACARE) - ACARE Aerodays Event on Aeronautics Research: <a href="http://www.acare4europe.com/html/eventsaa.shtml">http://www.acare4europe.com/html/eventsaa.shtml</a>
31.3.-2.4.2005	Glasgow, Scotland	European University Association - 3rd EUA Convention - Strong Universities for Europe: <a href="http://www.eua.be/eua/en/Conventions.jsp">http://www.eua.be/eua/en/Conventions.jsp</a>
4.4.2005	Brussels, Belgium	Friends of Europe - Better transport regulations: The road to greater EU competitiveness: <a href="http://www.friendsofeurope.org/conf_ataglance.asp?Confid=372">http://www.friendsofeurope.org/conf_ataglance.asp?Confid=372</a>
14.-15.4.2005.	Paris, France	Welcomeurope - "How to get European funds?": <a href="http://www.welcomeurope.com/format.asp?id=39">http://www.welcomeurope.com/format.asp?id=39</a>



# Statistical window

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 %		
	XI-04	XII-04	I-05	XI-04	XII-04	I-05	XI-04	XII-04	I-05
<b>EU</b>	0.0	0.4	-0.5	2.2	2.4	2.0	2.1	2.1	2.1
<b>EU - minimum</b>	-	-	-	-	-	-	0.7	0.7	0.7
<b>ČR</b>	-0.1	0.0	0.6	2.6	2.5	1.5	2.4	2.6	2.6
<b>Estonia</b>	0.4	0.2	-0.2	4.4	4.8	4.2	2.7	3.0	3.0
<b>Cyprus</b>	0.4	0.2	-2.3	2.6	3.9	2.8	1.8	1.9	1.9
<b>Lithuania</b>	0.3	-0.1	0.0	2.9	2.8	2.8	0.8	1.2	1.2
<b>Latvia</b>	0.5	0.3	0.7	7.2	7.4	6.7	5.9	6.2	6.2
<b>Hungary</b>	0.0	0.0	0.8	5.7	5.5	3.9	6.8	6.8	6.8
<b>Malta</b>	-4.0	1.0	-0.6	1.9	1.9	1.9	2.8	2.7	2.7
<b>Poland</b>	0.3	0.0	0.0	4.5	4.4	3.8	3.4	3.6	3.6
<b>Slovakia</b>	-0.2	-0.1	1.7	6.0	5.8	3.1	7.7	7.4	7.4
<b>Slovenia</b>	0.6	-0.5	-0.5	3.8	3.3	2.3	3.8	3.7	3.7

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
<b>EU-25</b>	-1.2	-2.3	-2.8	62.1	61.6	63.2
<b>CR</b>	-5.9	-6.8	-12.6	25.3	28.8	37.8
<b>Estonia</b>	0.3	1.4	3.1	4.4	5.3	5.3
<b>Cyprus</b>	-2.4	-4.6	-6.4	64.3	67.4	70.9
<b>Lithuania</b>	-2.0	-1.5	-1.9	22.9	22.4	21.4
<b>Latvia</b>	-2.1	-2.7	-1.5	14.9	14.1	14.4
<b>Hungary</b>	-4.4	-9.2	-6.2	53.5	57.2	59.1
<b>Malta</b>	-6.4	-5.8	-9.6	62.0	62.3	70.4
<b>Poland</b>	-3.8	-3.6	-3.9	36.7	41.1	45.4
<b>Slovakia</b>	-6.0	-5.7	-3.7	48.7	43.3	42.6
<b>Slovenia</b>	-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 %
<b>Czech koruna</b>	31.76	+6.8	-4.7	31.47	+5.9	-5.2
<b>Estonia kroon</b>	15.65	+0.0	+0.0	15.65	+0.0	+0.0
<b>Cyprus pound</b>	0.583	+1.4	-0.9	0.581	+1.0	-0.9
<b>Lithuanian litas</b>	3.453	+0.0	-0.0	3.453	+0.0	-0.0
<b>Latvian lats</b>	0.659	+6.7	-5.6	0.669	+3.5	-4.1
<b>Hungarian forint</b>	252.8	+4.6	-7.7	248.7	+2.8	-3.0
<b>Maltese lira</b>	0.428	+2.0	-1.5	0.428	+1.1	-1.4
<b>Polish zloty</b>	4.458	+14.1	-9.7	4.408	+12.8	-9.9
<b>Slovenian tolar</b>	237.2	+2.5	-1.2	239.5	+0.6	-0.2
<b>Slovakian koruna</b>	40.47	+6.9	-4.5	39.65	+4.8	-2.5

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 28 February 2005. Source: Eurostat

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