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Dear readers,

The events that took place in the EU in January were distinct in two areas mainly: a visible and convincing start of the German Presidency of the EU Council and visible changes in the institutions and procedures of the European Union, incited by the accession of Romania and Bulgaria in January.

The strong and dynamic start of the German EU Presidency was not only demonstrated by the numerous serious discussions on well-known issues that are vitally important for the future existence of the EU, it also resulted in intensive political activities dealing with these topics, in which German politicians have got involved. And we do not only mean the generally noticeable effort of German Chancellor Angela Merkel to find support in order to finalize the process of adopting the European constitutional treaty. For its six-month EU Presidency, Germany has set challenging goals in terms of other priorities, which include the economic, energy and environmental sectors - if possible, all that in mutual symbiosis. To be more specific on these spheres, we can for example mention improving the coordination of the economic and financial policies, ensuring progress in taxation and the Single Internal Market or, more specifically, adopting a directive on payment services.

The accession of Romania and Bulgaria to the EU has led to numerous changes in the Union's institutional and procedural structure. For instance, two new Commissioners from these new Member States have been appointed to the European Commission, and the European Parliament welcomed its 35 Romanian and 18 Bulgarian new members. Analogously, both Member States have nominated their representatives to other EU institutions (Court of Auditors, Committee of the Regions, Economic and Social Committee, judicial institutions etc.). At the same time, both countries have been included in the scheduled sequence of the EU Council Presidency for the corresponding terms in the years 2018 (Bulgaria) and 2019 (Romania). The Romanian and the Bulgarian languages have become official languages of the EU, and the Irish language received the same status together with them; hence, the number of official languages in the EU has grown to 23. Following the accession of both countries, the voting weights have changed that will be applied for decisions that do not require a unanimous adoption by the EU Council but just a majority of votes. With 14 votes, the Romanian weight is considerable, while Bulgaria enjoys ten votes out of the total of 345 votes in the Council; a qualified majority accounts for 255 votes.

The European Parliament experienced major membership changes in mid January; in the latest elections the former EP President, Josep F. Borrell, Socialist MEP from Spain, was replaced by the long-term German MEP, Christian Democrat Hans-Gert Pöttering. This election was accompanied by the election of the new leadership of the European Parliament, including for example 14 vice-presidents.

I wish you many interesting thoughts about European topics in February

Petr Zahradník

The European Parliament has elected its new leadership. German Christian Democrat Hand-Gert Pöttering has replaced Spanish Socialist Josep Borrell. Czech MEP Miroslav Ouzký was not re-elected as one of the EP's Vice-Presidents. In 2006 the Czech Republic was a net recipient from the EU budget. We received nearly EUR 250 million more from Brussels than we contributed last year. In January Slovenia smoothly completed its changeover to the single European currency - the euro.

POLITICS

European Parliament's New Leadership

MEPs elected **Hans-Gert Pöttering** to be the new European Parliament President with 450 votes in favor (or 65.31 percent of the valid votes). He has so far held the office of Chairman of the parliamentary group of the European People's Party - European Democrats (EPP-ED).

He has replaced **Spanish Socialist Josep Borrell** in this office, who led the European Parliament from July 2004. Pöttering's election is consistent with the agreement on dividing offices between the two biggest political groups of Christian and European Democrats (EPP-ED) and Socialists (PES).

Other MEPs also ran for the EP Presidency. 145 MEPs voted in favor of **Monika Frassoni** from Italy, a candidate of the Greens/European Free Alliance (Greens/EFA). The French Communist **Francis Wurtz** of the Confederal Group of the European United Left / Nordic Green Left (GUE/NGL) received votes from 48 MEPs. **Jens-Peter Bonde** of Denmark, a candidate of the Independency / Democracy group (IND/DEM) received 46 votes.

Hans-Gert Pöttering will lead the **Parliament until mid 2009**, **when the next European elections will be held**. Same as his predecessors, he will oversee all activities of the EP, chair its plenary sessions and approve the budget. As part of his duties as EP President, he will also represent the European Parliament in relations with other bodies of the Communities and also outside the European Union.

There have been 12 EP Presidents since 1979 when MEPs were for the first time elected by direct vote. In 1952-1979, when the European Parliament consisted of delegated national MPs, there were 15 EP Presidents. **Pöttering has thus become the 27th EP President**.

Apart from the President, new Vice-Presidents were also elected, as nominated by each of the political groups in the EP.

New EP Vice-Presidents (sorted by the number of votes received):

1. Rodi Kratsa-Tsagaropoulous (EPP-ED, Greece),
2. Alejo Vidal-Quadras (EPP-ED, Spain),
3. Gérard Onesta (Greens-EFA, France),
4. Edward McMillan-Scott (EPP-ED, UK),
5. Mario Mauro (EPP-ED, Italy),
6. Miguel Angel Martinez (PES, Spain),
7. Luigi Cocilovo (ALDE, Italy),
8. Mechthild Rothe (PES, Germany),
9. Luisa Morgantini (GUE-NGL, Italy),
10. Pierre Moscovici (PES, France),
11. Manuel Antonio Dos Santos (PES, Portugal),
12. Diana Wallis (ALDE, UK),
13. Marek Siwiec (PES, Poland),
14. Adam Bielan (UEN, Poland),

Out of the current Vice-Presidents, 6 were not re-elected, among them also **Miroslav Ouzký** (EPP-ED).

The EP President, Vice-Presidents and six Quaestors form the new Bureau of the Parliament, which will until the summer of 2009 decide all administrative, organizational and staff matters connected with the Parliament's activities. Each of the 14 Vice-Presidents may moreover substitute the President in fulfilling his duties, including presiding over debates and voting.

The European Parliament has also elected its new **Quaestors**. These MEPs are responsible for administrative and financial matters that directly affect Members of the EP. Although they are members of the Bureau, they only play an advisory role in it.

The Parliament had formerly 5 Quaestors, yet in view of the recent EU enlargement, MEPs nominated and elected 6 Quaestors for the electoral term until July 2009:

1. James Nicholson (EPP-ED, UK),
2. Astrid Lulling (EPP-ED, Luxembourg),
3. Mia de Vits (PES, Belgium),
4. Ingo Friedrich (EPP-ED, Germany),
5. Szabolcs Fazakas (PES, Hungary),
6. Jan Mulder (ALDE, Netherlands).

http://www.europarl.europa.eu/news/expert/infopress_page/008-1954-015-01-03-901-20070115IPR01953-15-01-2007-2007-true/default_en.htm

http://www.europarl.europa.eu/news/expert/infopress_page/008-1932-015-01-03-901-20070112IPR01907-15-01-2007-2007-false/default_en.htm

http://www.europarl.europa.eu/news/expert/infopress_page/008-1933-015-01-03-901-20070112IPR01908-15-01-2007-2007-false/default_en.htm

ECONOMY AND EURO

Slovenia Successfully Adopted the Euro

On January 1, 2007, **Slovenia became the 13th EU Member State where you can pay with euro**. At the same time, it is the first one of the new Member States, which acceded to the EU in May 2004, that adopted the euro currency.

In contrast to the launch of the euro in 1999, Slovenia did not set an interim period of several years between

introducing the euro for bank transfers and for cash transactions (the euro was not circulated as legal tender for cash transactions until January 2002). They launched the new currency for both transaction types at once, **using the “big bang” scenario**. Nonetheless, they allowed the **parallel circulation of the euro and the original national currency unit, the tolar**, for two weeks so as to give the common people and the firms enough time to exchange their cash. During this two-week period, you could pay with tolars, but retailers and banks only gave the euro as change.

By introducing the euro, the Slovenians expect **to be tied even more closely to the euro area countries**, to intensify their trade and investment relationships and, as a result, to stimulate economic growth and employment. On the other hand, some people - in particular among the lay public - are concerned about potential price growth.

Slovenia has been the first country in Central and Easter Europe **to fulfill all the Maastricht convergence criteria**. In contrast to the Czech Republic, the Slovenians have progressed further also in terms of real convergence toward the euro area countries, and in some parameters they even performed better the poorest countries sharing the European currency, specifically Portugal and Greece (see the table). Therefore, introducing the single currency has been a logical step in the right direction from the economic point of view. It seems that there will not even be much nostalgia for the tolar among the population. It was only introduced in 1991 (after the former Yugoslavia fell apart) and, moreover, it was not too strong a currency before joining the ERM II monetary system.

The case of Slovenia should serve the competent Czech authorities as an **example to be followed when changing over to the euro** as the single European currency, in terms of both economic and technical aspects. However, inciting a rivalry with other new Member States for who will be the next country to join the EMU would be counter-productive.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1903

Key convergence indicators for 2005

in %	Slovenia	Portugal	Greece	CR
public budget	-1.4	-6.0	-5.2	-3.6
public debt	28.0	64.0	107.5	30.4
GDP per capita	80.6	71.3	82.0	73.8
price level	76.4	85.2	87.8	57.8

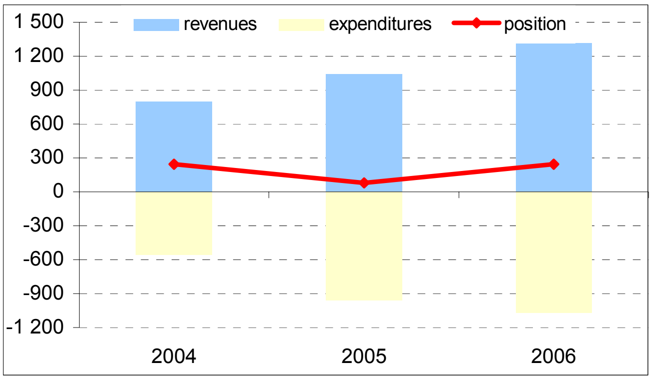
Source: Eurostat, 1) as of GDP, 2) to EU average

BUDGET

Czech Republic as Net Recipient from EU Budget in 2006 Again

Figures published by the Ministry of Finance show that last year we received EUR 1,316 million from the EU budget, which was again **more than we contributed** (EUR 1,070 million). **The net balance was positive at EUR 245.7 million** (CZK 6.9 billion). However, during the negotiations on our accession to the EU at the EU summit in Copenhagen in December 2002, the foreseen net balance was EUR +351.1 million. In the year before, the net position of the Czech Republic toward the EU budget was EUR 82.4 million only (CZK 2.0 billion).

The CR's net position to the EU budget in mil euro



Source: MF CR

The positive balance is in particular due to **direct payments made within the Common Agriculture Policy** (the Czech Republic received some CZK 7.2 billion from this source) and payments to **aid rural development** (nearly CZK 5 billion). The higher net position can also be attributed to the **use of Structural Funds** (at some CZK 7.2 billion). In this respect, it is important to note that we managed to use up the entire allocation for 2004, and the Czech Republic has not yet lost its entitlement to any funds. We also successfully **used funds from the Cohesion Fund** (approx. CZK 7.4 billion).

The European Commission has not yet published detailed figures on the use of funds from direct Community programmes; therefore, the overview published by the Ministry of Finance shows data for the previous year.

The net balance of nearly CZK 7 billion is a **pleasant aspect of our membership in the EU**; nonetheless, when looking at the overall benefits and advantages of the Czech Republic's members in the European Union, this aspect is less

A report of the European Commission suggests that the legislation adopted has led to lower fees for cross-border euro payments in the EU. According to the Commission's recent competition inquiry, there are obstacles to competition in retail banking in Europe. Two expert reports were published in January, compiled by representatives of the banking sector and of consumers, dealing with the potential integration of mortgage markets, currently fragmented along national lines.

significant. The primary benefits with effects exceeding a few billions of crowns include the fact that our firms can access the **barrier-free area of the Single Internal Market**, and the **greater prestige enjoyed by our country** since we have joined the exclusive club of rich "Western" countries; this has been reflected in the record-high inflow of investments. On the other hand, the net position indicator does not at all reflect the **higher costs incurred by our firms** when adapting to the more demanding European legislation.

Moreover, considering the size of the Czech economy (our GDP in 2005 reached CZK 2,970.3 billion) or government sector (the budget proposed for 2007 foresees expenditures at CZK 1,040.8 billion), the amount is rather marginal.

http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xsl/tiskove_zpravy_30104.html

CR's net position to the EU budget in 2006 in mil euro

revenues from the EU		payments to the EU	
pre-accession aid	90.4	trad. own resources	149.0
agriculture	503.5	VAT resource	173.7
structural actions	468.3	UK rebate	80.2
internal policies	52.1	GNI resource	667.5
compensation	201.9		
Total	**1316.2**	**Total**	**1070.5**
Net	**+245.7**		

Source: MF CR

INTERNAL MARKET

Cross-border Euro Payments in the EU Now Cheaper

A new European Commission report indicates that fees charged by banks for **cross-border euro payments have significantly dropped** since 2001. While transferring EUR 100 to another EU Member State cost on average EUR 24 six years ago, it now costs EUR 2.50 only.

The cheaper cross-border payments are the result of the adopted **Regulation (EC) 2560/2001** on cross-border euro payments. The regulation stipulates that fees charged for cross-border euro payments effected by bank clients within the EU Single Internal Market must cost the same as euro payments made within one Member State.

The report shows that the fears of the cheaper cross-border payments being compensated by higher fees for domestic transfers had not been justified. "The price of cross-border payments has reduced dramatically in many countries, but - contrary to what had been feared - **the price of domestic payments has not gone up**," said Internal Market and Services Commissioner Charlie McCreevy, who is among other things responsible for the financial sector.

Cross-border credit transfers: cost in euro of transferring EUR 100

	2001	2005
Netherlands	12.11	0.00
Belgium	12.84	0.15
Ireland	36.08	0.38
Austria	22.27	0.60
Luxembourg	9.79	0.75
Germany	14.73	1.00
Portugal	28.08	1.75
Finland	21.26	2.00
France	25.41	3.40
Italy	28.61	3.50
Spain	24.65	4.00
Greece	47.33	12.00
EU-12	**23.60**	**2.46**

Source: European Commission

The **SEPA (Single Euro Payments Area)** project is yet another step in establishing a true Single Internal Market in payment services in the European Union. It aims at ensuring that all euro payments made in the EU Member States are effected **under the same terms and conditions** (i.e. not only in terms of the fees charged), whether made on a domestic or cross-border basis. In order to implement the SEPA project, European banks have associated in the European Payments Council. According to this Council's statements, the first SEPA payments should be effected in 2008.

http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/32

European Commission: Low Competition in Retail Banking

The European Commission's competition inquiry into the retail banking sector has found a number of **concerns about a lack of competition in the markets** for payment cards, payment systems and retail banking products.

Conclusions of the inquiry in the market for payments payment cards and payment systems:

- **Highly concentrated markets** – incumbent banks may restrict new entry and charge high payment card fees.
- **Large variations in merchant fees** – firms in some Member States have to pay banks three or four times

more of their sales paid for by cards than firms in other Member States.

- **Large variations in interchange fees** – lower interchange fees in some banks or countries are not fully passed on in lower fees for cardholders.
- **High and sustained profitability** – low competition in some Member States leads to high revenue from payment cards and high profitability enjoyed by banks.
- **Rules and practices weakening competition** – for example, charging average flat prices for merchant fees, prohibition of surcharging etc.
- **Divergent technical standards across the EU** – these prevent many service providers from operating efficiently on a pan-EU scale.

Summary of findings in the retail banking market:

- **Sustained high profitability of banks**, high market concentration and evidence of entry barriers raise concerns about banks' ability to influence the level of prices for consumers and small firms.
- **Some aspects of cooperation among banks**, including savings and cooperative banks, can reduce competition and deter market entry.
- **Credit registers** used by banks to assess the client's ability to repay credit may be used to exclude new entrants to the retail banking market.
- **Product tying**, e.g. when a loan customer is forced to buy an extra insurance or current account, reduces the customer's choice and increases banks' power in the marketplace to influence prices.
- **Obstacles to customer mobility** – notably the inconvenience of changing a current account - are high. The inquiry's analysis suggests that banks' profit margins are lower where customers are more mobile.

Representatives of the Commission said that if the widespread competition barriers in retail banking were not eliminated, they would use fully use their powers under competition law to tackle these barriers. However, there are no plans to adopt any **binding legislation prohibiting payment card fees or regulating their levels**.

We feel that the said barriers have resulted from the insufficient efficiency of the EU Single Internal Market. The markets are more or less fragmented along national lines, divided by factors such as competition barriers and regulation, legal and cultural differences**. The sector's self-regulation in the form of the foreseen implementation of the Single Euro Payments Area (SEPA) should eliminate them** to a great extent. The SEPA will eventually create a more competitive environment, in which clients will be able to enjoy better conditions.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/114

Will Auditors' Liability Be Limited?

In response to an increasing trend of litigation against auditors following the accounting scandals such as the cases of Enron, WorldCom or Parmalat, the European Commission has began to examine options how to **protect big audit firms against unlimited liability for loss** caused to their clients. For this purpose, the Commission has published a document that reviews the potential alternatives how the "Big Four" (KPMG, Ernst&Young, Pricewaterhouse Coopers and Deloitte&Touche) could be protected. The Commission namely fears that unlimited liability for loss could threaten their existence, something that happened to Arthur Andersen that had audited the bankrupt Enron.

The Commission's report states that the "Big Four" audit firms presently face **16 claims for compensation of damage exceeding EUR 160 million** and five claims for damages exceeding EUR 750 million.

Given the differences between national markets regarding the compensation of loss due to the auditor's fault, European Commissioner Charlie McCreevy does not suggest a one-size-fits-all approach but proposes the following **four options for reforming auditors' liability**:

- **A fixed monetary cap** at the European level,
- A liability **cap based on the size** of the audited company,
- A liability **cap based on a multiple of the audit fees** charged to the auditor's client,
- The **principle of proportionate liability**, which means that every auditor would only be liable for a portion of the total loss corresponding to the degree of its responsibility.

It is assumed that **Member States will have differing views** on introducing auditors' liability caps. There are presently no such caps regulated in most of them, excluding Germany, Austria, Belgium, Greece and Slovenia. The Commission's report on the options for limiting auditors' liability is now available for a public debate.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/60

Expert Reports on Integration of EU Mortgage Markets

The European Commission has published the reports of two expert groups established in April 2006 in order to explore in

The European Commission has adopted an Action Programme to reduce forthwith unnecessary administrative burden on businesses in the EU. In January, the Commission presented a package of its proposals aimed at introducing a new European Energy Policy. It is based on three main pillars: a true internal energy market; faster transition to low-carbon energy; and energy efficiency.

detail the **issues of mortgage funding and consumer protection**. These issues had been particularly highlighted as deserving specific attention in the contributions received on the Commission's 2005 Green Paper on Mortgage Credit in the EU. The reports will assist the Commission in finalizing its **White Paper**, due in the upcoming spring, which will outline specific policy proposals of the European Commission. Following the publishing of the two reports, the Commission has initiated a public debate, in which stakeholders can give their comments until February 15.

The report of the Mortgage Funding Expert Group reviews all barriers to the emergence of an efficient and competitive pan-European mortgage funding market, and **proposes solutions – mostly market-driven** – to remove existing obstacles. It focuses on both primary and secondary markets and covers all funding techniques such as deposits, covered bonds and residential Mortgage Backed Securities. The Report concludes that although European mortgage funding markets are already relatively competitive and efficient, targeted measures, particularly at the national level, could further improve their operation.

The report of the Mortgage Industry and Consumer Dialogue explored in detail four key consumer protection issues, namely pre-contractual information, advice, early repayment and the annual percentage rate of charge. However, the involved representatives of banks and consumer organizations have not been able to reach a common position.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/54

Commission Inquiring EU Insurance Sector

Business insurance price levels differ significantly across EU Member States, and clients cannot enjoy the benefits of a fully competitive market. These are the findings of the European Commission's interim report on its **competition inquiry into the business insurance sector**.

In 2004, the total written premium for business insurance reached EUR 345 billion (3.3% of EU's GDP). Nonetheless, the Single Internal Market is not fully efficient here either. The insurance market is significantly **fragmented along national lines**, which leads to sustained differences in insurers' underwriting profitability in different Member States and in different client segments. For instance, insurers catering for Sees enjoy a higher profitability than those making insurance contracts with big corporations. The lack of a true single market results in a **lower level of competition**, which results in higher premiums paid by clients. The scope of competition may in some Member States also be reduced by long-term insurance contracts. There are also concerns about the non-transparent insurance distribution structure and the practices of major re-insurance companies.

The European Commission will present the main preliminary findings of the report at a public hearing scheduled for February. At the same time, there is a period for **public consultations**, during which the stakeholders may give their observations and comments on the report.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/74

ENTREPRISE

Action Programme to Cut Unnecessary Administrative Burdens

The European Commission has taken specific steps in the form of an **Action Programme to reduce forthwith unnecessary administrative burdens** on European businesses. The goal is to cut administrative costs incurred by this sector by EUR 150 billion by 2012.

The Action Programme is based on the **Better Regulation Package**, adopted by the Commission in November 2006, which aims at reducing the administrative burden by a quarter by 2012.

The Action Programme must be approved by Member States already at the Spring Council. In order to show a strong political will, the Commission has already identified **ten concrete reduction measures** that will make the life easier for businesses already now. The measures should in particular help farmers, transport companies, small food producers and IT businesses. They primarily aim at reducing reporting obligations toward European institutions, using electronic communication more extensively and simplifying various administrative procedures.

European Commission representatives have pointed out that the **Action Programme** is not meant to undermine the policy objectives or to lower safety, environmental or social standards set for the business sector. Rather, it represents a more straightforward, modern and cost-efficient way how European policies are implemented.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/77

TRANSPORT AND ENERGY

EU Proposed a New Energy Policy

In January, the European Commission proposed a comprehensive package of measures to **establish a new**

Common Energy Policy for Europe to combat climate change and boost the EU's energy security and competitiveness. One of the specific goals is to cut greenhouse gas emissions by at least 20% by 2020 in the EU Member States. The ambitious targets should be attained by creating a true internal market for energy and strengthening effective regulation.

The New Energy Policy proposed is a response to the **current unfavorable trends**. On current projects, energy and transport policies would mean that, rather than falling, EU emissions would increase by some 5% by 2030. With current trends and policies the EU's energy import dependence will jump from 50% of total energy consumption today to 65% in 2030.

The European Commission's package of measures is based on three central pillars:

1. A true Internal Energy Market

The aim is to give **real choice for EU energy users**, whether citizens or businesses, and to trigger the huge investments needed in energy. The competition sector inquiry and the internal market communication show that further action is required to deliver these aims through a clearer separation of energy production from energy distribution; it also calls for stronger independent regulatory control (see below).

2. Accelerating the shift to low carbon energy

The Commission proposes a binding target of **20% of the EU's overall energy mix being sourced from renewable energy sources**. This target will be supplemented by a minimum target for biofuels to account for 10% of car fuels. In addition, a 2007 renewables legislative package will include specific measures to facilitate the market penetration of both biofuels and heating and cooling.

The Commission also plans to **increase by at least 50% the EU's annual spending on energy research** for the next seven years. Its proposals underline that it is for each member state to decide whether or not to rely on nuclear energy. The Commission only recommends that where the level of nuclear energy reduces in the EU, this must be offset by the introduction of other low-carbon energy sources.

3. Energy efficiency

The Commission reiterates the objective of **saving 20% of total primary energy consumption by 2020**. If successful, this would mean that by 2020 the EU would use approximately 13% less energy than today, saving 100 billion euro and around 780 tons of CO_2 each year. The Commission proposes that the use of fuel efficient vehicles for transport is accelerated; tougher standards and better labeling on appliances; improved energy performance of the EU's existing buildings and improved efficiency of heat and electricity generation, transmission and distribution.

The proposals centered on these three pillars will need to be underpinned by a **coherent and credible external policy**. An international Energy Policy where the EU speaks with one voice.

The European Commission's proposals will now be discussed by the EU Council at its sessions. The main endorsement should come from the Spring European Council, which should by adopting an action programme introduce a common European Energy Policy.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/29

European Commission Concerned About Concentration in Energy Sector

The European Commission's final report on the energy sector competition inquiry, concluding that **consumers and businesses are losing out** because of inefficient and expensive gas and electricity markets. Although numerous liberalization directives have been adopted, markets in some Member States are still predominantly controlled by former monopolies.

The report identifies two main areas of concern:

- **A high market concentration** - vertical integration between supply and generation and infrastructure businesses creates unequal access to energy infrastructure (transmission and distribution networks, storage facilities) and to a lack of investment therein. This is particularly evident in cross-border trading with energy, which cannot presently fully be used due to insufficient transmission capacities.
- **Potential collusion between incumbents to share markets** – this is one of the most serious threats to competition as, instead of competing with one another, businesses agree on coordinated business strategies in the marketplace.

In order to tackle these issues, the Commission will pursue follow-up action to open up the energy markets more and, in individual cases, by strictly enforcing existing competition rules: anti-trust measures, merger and acquisition control and a stricter approach to state aid approach.

The report also concludes that the present separation of the billing and the operations functions in generation and distribution (**unbundling**) has not been sufficient to ensure a full liberalization of energy markets. Although the distribution network operator has been spun-off as a

The purpose of a newly drafted directive on airport charges is to put an end to disputes between airports and airlines concerning the quality and price of airport services. When discussing the third rail package, MEPs were in favor of opening up international passenger rail services to competition by 2010. The proposed opening up of domestic rail transportation did not receive the needed majority of votes. The Commission wants to reform the market with fruits and vegetables.

separate legal entity, the ownership control remained. **Ownership unbundling would represent another, more deep-cutting step**, leading to the split of major market players, such as the German E.ON or the French EdF, into generation and distribution firms. For this reason, it is expected that it will be difficult task to have this proposal endorsed by the Council, with opposition to be expected from Germany and France in particular.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/26

International Rail Services to Open Up for Competition, Domestic Railways Not

The European Parliament has vote **in favor of opening up the international passenger railway transportation for competition** by 2010. However, the proposal for opening up domestic passenger railway services for competition by 2017 did not receive the required majority of votes at the second reading on the “third rail package”. Votes of 8 more MEPs were needed for the EP to overvote the common position of the EU Member States, which does not include opening up domestic railway transportation for competition.

The adopted package also establishes **minimum rights for all railway passengers using domestic and international rail services**. The most significant of them is probably the introduction of compensation for delays: 25% of the fare should be reimbursed for a delay of 60 to 119 minutes and at least 50% of the fare for a delay of 120 minutes or more.

The MEPs also requested that that rail operators must ensure that stations, platforms and means of transport be **made accessible to persons with limited mobility and orientation**. All passenger trains should provide a specially designated area for baby carriages, bicycles and sports equipment.

Another change approved by the Parliament pertains to **liability in the event of death or injury**. The railway operator’s liability for compensation of damage incurred should not be capped in any manner.

The introduction of a **new European license** or a similar certificate for train drivers should facilitate greater cross-border job opportunities for train drivers as well as for other train service staff (e.g. conductors).

The legislative package is subject to a **co-decision procedure**, a conclusive plan for opening up passenger transportation to competition will thus have be agreed upon jointly by the Parliament and the Council.

http://www.europarl.europa.eu/news/expert/infopress_page/062-1937-015-01-03-910-20070112IPR01912-15-01-2007-2007-false/default_en.htm

Will Airport Charges in the EU Be Lower?

Airport charges in the European Union should be reduced. The European Commission has presented a proposal to settle long-term disputes between airlines and airports on the prices and quality of their services. The **“airport package”**, presented by Jacques Barrot, European Commissioner in charge of transportation, consists of three key initiatives:

1. **A directive on airport charges** – the proposed directive will govern fees charged by airports for their services and for the use of their airport infrastructure;
2. **A communication on airport capacity**, efficiency and safety in Europe;
3. **A report on the implementation of the groundhandling directive**, governing e.g. refueling or passenger and luggage transportation.

Commissioner Barrot’s former plan foresaw direct limits being set as caps on airport charges. However, the directive proposed only includes a requirement for a more transparent calculation of fees and a ban on discriminating against specific airlines. This should put an end to the current practice when low-budget airlines enjoy lower airport charges due to the high number of passengers they transport. Thus, in the future the **charges might only vary if the services delivered differ**.

Member States should establish **independent regulatory authorities** that would arbitrate and settle disputes between airlines and airports concerning the level of charges levied.

Commissioner Barrot also presented an **action plan to tackle the ever growing congestion at European airports**, based on more efficient flight schedules and airport slot allocation.

Plans for **opening up the groundhandling markets to competition have been postponed**, in particular due to the protests that accompanied the last year's adoption of a similar plan to open up harbor services to competition.

Adopting the airport legislative packages requires the approval of both the European Parliament and the EU Council.

Airports in a sense represent natural monopolies; therefore, a **certain form of sensitive regulation is justifiable**. Nonetheless, we consider it sad that officials in Brussels lack the courage to open up the groundhandling markets, which would result in a better quality of the services rendered.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/78

AGRICULTURE

EU to Reform Fruit and Vegetable Markets

In late January, the European Commission proposed wide-ranging **reforms to the Common Market Organisation** (CMO) for fruit and vegetables to bring this sector into closer line with the rest of the reformed Common Agricultural Policy.

The current CMO is also based partly on providing support to producers on the basis of the quantity of produce delivered to the processing industry, and this should be changed. This part of the agriculture market **should newly be included in the Single Payment Scheme**. Fruit and vegetable producers would be granted **subsidies depending on the area of their land**, not on the basis of the produce grown as the case is in other agriculture sectors. The total amount that will be transferred to the Single Payment Scheme is around EUR 800 million.

According to Commissioner Mariann Fischer Boel, another key to a successful reform is to **encourage a higher consumption of fruits and vegetables**. The Commission plans to distribute fruits and vegetables free of charge to schools, children's summer camps, hospitals, charitable organizations, senior citizens' homes and penal institutions. Subsidies for fruits and vegetables will not be included in a single payment but will be 100 percent paid by the European Union (up to a limit of 5% of the quantity of marketed production). The Commission also aims at stimulating a greater cooperation among fruit and vegetable producers within producer organizations.

Reforming the Common Agriculture Policy is vital for the European Union's future. Separating subsidies from the quantities produced and including them in the Single Payment Scheme based on land area is **a step in the right direction**. However, we do not think that top officials of the EU should spend time by drawing up programmes for delivering free fruits and vegetables to schools etc. According to the subsidiarity principle, which divides competencies and responsibilities among supranational, national, regional and local levels, similar matters should at the most be dealt with by local self-administration authorities as entities that establish primary schools.

The Commission plans that the Council and the Parliament **will have passed the reform by mid 2007** so that it can take effect in 2008.

http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/75

Commission Proposing Temporary Sugar Quota Reduction by 12%

As part of its sugar production aid reform, the European Commission proposed that the **sugar production quotas for the marketing year of 2007/2008 be reduced by 12% overall**, i.e. by some 2 million tons. The overall goal of the reform that took effect last summer is to reduce sugar surplus by six million tons over four years. Sugar producers may volunteer to waive their quotas for a financial compensation of up to EUR 730 / ton. However, reducing the overall sugar quotas in this manner **has not yet yielded the expected results**. Therefore, the Commission intends to adopt this additional mandatory quota sugar withdrawal from the market.

In February, a special committee of experts and Member States' representatives will discuss the Commissions proposal. A definitive figure will be set this year in autumn. "We will be against it," said Petr Gandalovič, Minister of Agriculture, to CTK, confirming the **expected negative position of the Czech Republic**. He in particular dislikes the fact that the additional sugar quota reduction should affect the entire market; he wants it to focus on countries that have not yet waived any of their quotas. "We have already suffered from this reform by losing the quota of the Eastern Sugar group following its withdrawal from our market," Gandalovič said. He pointed out that only 12 countries have so far waived portions of their quotas as part of the current sugar market reform, CTK comments.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/103

HEALTH AND CONSUMER PROTECTION

Green Paper: Toward a Europe Free From Tobacco Smoke

The recently adopted Green Paper, entitled **"Towards a Europe free from tobacco smoke: policy options at EU**

The Green Paper called "Toward Europe Free from Tobacco Smoke" aims at initiating a public debate on smoking regulation in the EU. The European Court of Justice has upheld the position of the European Commission, which brought an action against the Czech Republic for its failure to allow doctors and dentists from other Member States to provide freely their services.

level", has launched a broad public consultation on the best way to promote smoke-free environments in the European Union. The Green Paper examines the health and economic burdens associated with passive smoking, public support for smoking bans, and the measures taken so far at national and EU levels.

By means of the document the Commission seeks views on which policy option would be **most appropriate to achieve smoke-free environments**: no change from the status quo, voluntary measures, coordination and exchange of best practices between Member States, a Commission or Council Recommendation or binding EU legislation. The other EU institutions, Member States and civil society are invited to submit their comments on the Green Paper by May 1, 2007.

The Green Paper presents five policy options for discussion:

- **No change from the status quo** - while the current trend towards smoke-free environments in the Member States would probably continue, progress would be patchy and this could be expected to be the least effective policy option.
- **Voluntary measures** – while self-regulation at European level might be quicker and more flexible, the evidence from Member States suggests that voluntary agreements in this area have not been effective.
- **Open method of coordination** – seeking convergence in national smoke-free legislation through guidelines, targets and exchanges of best practice is another possibility
- **Commission or Council Recommendation** – such a recommendation would not have binding force but would place the issue on the political agenda. Its effectiveness would depend on monitoring requirements.
- **Binding legislation** – this could be achieved in different ways and would impose a comparable, transparent and enforceable level of protection against environmental tobacco smoke across the EU. However, this route is likely to be relatively lengthy with an end result which is difficult to predict.

Although we have a non-smoking environment at the EU Office, we are not sure whether the issue of smoking should be addressed at the European level. According to the key princip of subsidiarity solving the problem at the lower levels would be more appropriate.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/109

ECJ Ruled Against the Czech Republic on Doctors' Diplomas

The European Court of Justice has upheld the position of the European Commission, which brought an action against the Czech Republic for its **failure to allow doctors and dentists from other Member States to provide freely their services**. The Czech Republic namely failed to timely transpose into its national law:

- **Directive 93/16/EEC** on facilitating the free movement of doctors and the mutual recognition of their diplomas, certificates and other evidence of their formal qualifications,
- **Directive 78/686/EEC** on the mutual recognition of diplomas, certificates and other evidence of the formal qualifications of practitioners of dentistry.

The country failed to do so even after the Commission issued a **justified opinion** in July 2005 inviting the Czech Republic to remedy the situation.

Agents of the Czech Republic concede that the directives have not been implemented and admit that the **reason can be seen in the general elections for the Czech Parliament** held last year in June. At the same time, they pointed out that the expected legislative change is going to be adopted in the near future.

Presently, doctors and dentists from other Member States, who wish to work in our country only temporarily, have to become members of the Czech Association of Doctors. According to the above directives, they should be allowed to practice their qualification **only on the basis of diplomas received in their home countries**.

The verdict also includes an order that the Czech Republic is obligated to pay the costs of the judicial proceeding. These have not yet been determined. The European Commission now has to **set a timeline for the Czech Republic to implement both directives**. The Czech Republic will face a penalty if it fails to follow the plan.

http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en&Submit=Rechercher&alldocs=alldocs&docj=docj&docop=docop&docor=docor&docjo=docjo&numaff=C-203/06&datefs=&datefe=&nomusuel=&domaine=&mots=&resmax=100

http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en&Submit=Rechercher&alldocs=alldocs&docj=docj&docop=docop&docor=docor&docjo=docjo&numaff=C-204/06&datefs=&datefe=&nomusuel=&domaine=&mots=&resmax=100

Following the accession of two new countries to the EU, the number of MEPs has increased by 35 Members from Romania and 19 Members from Bulgaria, reaching a total of 785 MEPs. At the same time, the Bulgarian, Romanian and, additionally, Irish languages have become new official languages of the EU, bringing their total number to 23. According to the age dependency ratio Spain and Italy are likely to face the biggest problems with financing pension systems in the future.

3 JANUARY

New MEPs from Romania and Bulgaria join the European Parliament: http://www.europarl.europa.eu/news/expert/infopress_page/008-1725-001-01-01-901-20070103IPR01724-01-01-2007-2007-false/default_en.htm

Innovative strategies and actions - Results from 15 Years of Regional Experimentation: http://ec.europa.eu/regional_policy/innovation/library_en.htm

4 JANUARY

European Community Health Indicators (ECHI) - Demographic and socio-economic factors updated: http://ec.europa.eu/health/ph_information/dissemination/echi/echi_1_en.htm

Age dependency ratio

	2005	2050		2005	2050
Spain	24.5	67.5	Belgium	26.3	48.1
Italy	29.4	66.0	France	25.3	47.9
Bulgaria	24.9	60.9	Finland	23.7	46.7
Greece	26.8	58.8	Ireland	16.5	45.3
Portugal	25.2	58.1	UK	24.4	45.3
Germany	27.8	55.8	Lithuania	22.5	44.9
Slovenia	21.7	55.6	Latvia	24.1	44.1
CR	**19.8**	**54.8**	Cyprus	17.7	43.2
Austria	23.6	53.2	Estonia	24.1	43.1
EU-25	**24.9**	**52.8**	Sweden	26.4	40.9
Romania	21.1	51.1	Malta	19.2	40.6
Poland	18.7	51.0	Denmark	22.6	40.0
Slovakia	16.3	50.6	Netherlands	20.7	38.6
Hungary	22.8	48.3	Luxembourg	21.2	36.1

Source: Eurostat, Population aged 0-14 and 65 and more to pop. aged 15-64

5 JANUARY

New Culture Programme established (2007-2013): http://ec.europa.eu/culture/eac/culture2007/cult_en.html

Implementing regulation for Cohesion Policy 2007-2013 published: http://eur-lex.europa.eu/JOHtml.do?uri=OJ:L:2006:371:SOM:CS:HTML

8 JANUARY

Business and Consumer Surveys - Results for December 06: http://ec.europa.eu/economy_finance/indicators/businessandconsumersurveys_en.htm

European research combating resistant Salmonella strains: http://ec.europa.eu/research/infocentre/article_en.cfm?id=/research/headlines/news/article_07_01_05_en.html&item=Infocentre&artid=3034

9 JANUARY

Inland Waterway Transport - EU Legislation: Entry into force of two new directives on Safety and technical requirements: http://ec.europa.eu/transport/iw/legislation/index_en.htm#safety

Health system information sheets - describing national health systems: http://ec.europa.eu/health/ph_information/dissemination/hsis/hsis_13_nhs_en.htm

10 JANUARY

Changes within the EU as from 1 January 2007: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/misc/92363.pdf

101 Proposals to reform the Stability and Growth Pact: http://ec.europa.eu/economy_finance/publications/economic_papers/2007/economicpapers267_en.htm

Transatlantic cooperation creating world's largest genome bank: http://ec.europa.eu/research/headlines/news/article_07_01_10_en.html

11 JANUARY

Bulgarian, Romanian and Irish join the EU family: http://www.europarl.europa.eu/news/public/story_page/037-1818-008-01-02-906-20070110STO01817-2007-08-01-2007/default_cs.htm

Euro-area GDP growth projection: http://ec.europa.eu/economy_finance/indicators/euroareagdp_en.htm

European Investment Bank: Risk Sharing Finance Facility: http://www.eib.europa.eu/news/news.asp?news=202

12 JANUARY

Commission proposes to open aviation negotiations with Canada: http://ec.europa.eu/transport/air_portal/international/reference/press_releases_en.htm

European Central Bank: Biannual information on euro banknote counterfeiting: http://www.ecb.eu/press/pr/date/2007/html/pr070112.en.html

EU27 R&D expenditure stable at 1.84% GDP in 2005: http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2007/PGE_CAT_PREREL_YEAR_2007_MONTH_01/9-12012007-EN-AP.PDF

15 JANUARY

New Judges from Bulgaria and Romania at the Court of Justice and the Court of First Instance of the European Communities: http://www.curia.europa.eu/en/actu/communiques/cp07/info/cp070001en.pdf

Diary

16 JANUARY

General Budget of the European Union for the financial year 2007: http://ec.europa.eu/budget/publications/budget_in_fig_en.htm#budget_figures_2007

Latest issue of REGIO Newsletter now online: http://ec.europa.eu/regional_policy/newsroom/archiv_en.htm

17 JANUARY

MEPs debate German Presidency with Chancellor Merkel: http://www.europarl.europa.eu/news/expert/infopress_page/008-1934-015-01-03-901-20070112IPR01909-15-01-2007-2007-false/default_en.htm

Public pension expenditure in the EPC and Commission projections - analysis of projection results: http://ec.europa.eu/economy_finance/publications/economic_papers/2007/economicpapers268_en.htm

18 JANUARY

Western Balkans in Transition (Enlargement Papers 30/07): http://ec.europa.eu/economy_finance/publications/enlargement_papers/elp30_en.htm

Finalisation of the euro cash changeover in Slovenia: http://www.ecb.eu/press/pr/date/2007/html/pr070116.en.html

19 JANUARY

Road safety: Europarliament says more action needed: http://www.europarl.europa.eu/news/expert/infopress_page/062-1938-015-01-03-910-20070112IPR01913-15-01-2007-2007-false/default_en.htm

Air passenger transport up by 8.5% in 2005: http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2007/PGE_CAT_PREREL_YEAR_2007_MONTH_01/7-19012007-EN-AP.PDF

22 JANUARY

Study on the feasibility of a tool to measure the macroeconomic impact of structural reforms: http://ec.europa.eu/economy_finance/publications/economic_papers/2007/economicpapers272_en.htm

European teams participate in studying space particles collected by the spacecraft Stardust: http://ec.europa.eu/research/infocentre/article_en.cfm?id=/research/headlines/news/article_07_01_19_en.html&item=Infocentre&artid=3114

23 JANUARY

External Relations Council meeting: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/92493.pdf

General Affairs Council meeting: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/92492.pdf

Obesity report suggests ways to tackle the problem in the EU: http://www.europarl.europa.eu/news/public/story_page/066-2303-022-01-04-911-20070122STO02302-2007-22-01-2007/default_cs.htm

24 JANUARY

Arms exports: MEPs want curbs on deadly trade: http://www.europarl.europa.eu/news/public/story_page/026-2333-015-01-03-903-20070123STO02332-2007-15-01-2007/default_cs.htm

25 JANUARY

Avian Influenza - pathogenic H5 virus confirmed in Hungary: http://ec.europa.eu/food/animal/diseases/controlmeasures/avian/ai_hungary_0107_en.pdf

26 JANUARY

Luxembourg and Sibiu: 2007 European Capitals of Culture: http://www.europarl.europa.eu/news/public/story_page/037-2409-022-01-04-906-20070125STO02408-2007-22-01-2007/default_cs.htm

Scenar 2020 – Scenario study on agriculture and the rural world: http://ec.europa.eu/agriculture/publi/reports/scenar2020/index_en.htm

29 JANUARY

First European Road Safety Day - ambitious project to save 25.000 lives on our roads: http://ec.europa.eu/transport/roadsafety/road_safety_day/index_en.htm

30 JANUARY

MEPs to consider two reports on legal regulations and security aspects of European football: http://www.europarl.europa.eu/news/public/story_page/041-2480-029-01-05-906-20070129STO02479-2007-29-01-2007/default_cs.htm

Agriculture and Fisheries Council meeting: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/agricult/92577.pdf

Commission warns reductions in deep-sea fisheries are inevitable: http://ec.europa.eu/fisheries/press_corner/press_releases/com07_05_en.htm

31 JANUARY

Economic and Financial Affairs Council meeting: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/92591.pdf

In February we are going to see numerous meetings of Member States' representatives in the EU Council. Most of them will be dedicated to preparing for the Spring European Council in March, where the common EU Energy Policy will be one of the hot topics. Discussions are also likely to deal with the revival of the European Constitution. The financial sector should not overlook one of the initiated public consultations that deals with potential options for mortgage market integration in the EU.

Meeting of the key EU institutions

12.-13.2.2007	**Brussels, Belgium**
- General Affairs and External Relations Council	
13.-14.2.2007	**Strasbourg, France**
- EP Plenary with Federal	
15.2.2007	**Brussels, Belgium**
- Transport, Telecommunications and Energy Council	
15.-16.2.2007	**Brussels, Belgium**
- Justice and Home Affairs Council	
16.2.2007	**Brussels, Belgium**
- Education, Youth and Culture Council	
19.2.2007	**Brussels, Belgium**
- Competitiveness Council	
20.2.2007	**Brussels, Belgium**
- Environment Council	
22.2.2007	**Brussels, Belgium**
- Employment, Social Policy, Health and Consumer Affairs Council	
26.-27.02.2007	**Brussels, Belgium**
- Agriculture and Fisheries Council	
27.2.2007	**Brussels, Belgium**
- ECOFIN	

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
Integration of EU mortgage markets	DG MARKT	15.2.2007
Update for units of measurement directive	DG ENTR	1.3.2007
Implementation of the Directive on Statutory Audit	DG MARKT	5.3.2007
Possible reform of liability rules in the EU	DG MARKT	15.3.2007
Simplification Cosmetics Directive 76/768/EEC	DG ENTR	16.3.2007

A new programming period began in early January for carrying out structural operations within the EU Regional Policy. It goes without saying that this period will not only be significant for the implementation of major projects in the Czech Republic, the remaining 26 Member States will during the same period also make use of the options offered by the structural operations.

ALLOCATION OF EU STRUCTURAL FUNDS IN MEMBER STATES - PART I

A new programming period has been in effect since early January for implementing structural operations within the EU Regional Policy. It goes without saying that this period will not only be significant for the implementation of major projects in the Czech Republic, the remaining 26 Member States will during the same period also make use of the options offered by the structural operations.

Since the levels of social and economic development in the Member States of the recently enlarged EU-27 vary greatly, there are also differences in their specific priorities, the tools used to implement the structural operations and, last but not least, the total financial allocations on which each of the Member States will be able to rely.

The purpose of the following discourse is to conduct a detailed analysis and comparison of the total volume of funds allocated to each of the Member States and their basic structure. The structure of the funds reflects the core criterion of the EU Regional Policy, i.e. GDP per capita, a basic indicator used to measure the social and economic prosperity and development of every Member State.

GENERAL CRITERIA FOR STRUCTURAL MEASURES IN 2007 - 2013

Although the general criteria for structural measures in 2007 - 2013 have formally been changed, the core criterion that matters - the NUTS II economic development at 75% of the average GDP per capita in the EU - has basically not been changed. The only change that is a bit more than cosmetic is the inclusion of the “statistical effect”, arising from the fact that the enlargement wave in 2004 and 2007 has added rather semi-developed countries to the EU, whose statistical indicators and the average included in the entire EU “artificially improve” the relative economic prosperity of some regions in the EU, without in fact representing actual and real improvements of the local social and economic situation.

The primary criterion in the new programming period is thus called “Convergence”, which in a basically continuous manner replaces the existing “Objective 1”. The current “Objective 2” and “Objective 3” have been merged into the objective of “Regional Competitiveness and Employment”, and it is primarily meant for regions enjoying economic prosperity at a level above the 75% of the average GDP per capita in the EU.

The to-date Community initiatives have been concentrated in the last basis objective - “European Territorial Cooperation”.

The fundamental rules for the Cohesion Fund also remain in effect, in particular the GDP per capita indicator for the Member State as a whole, which intends to use these funds: in must not exceed 90% of the EU average.

However, the new programming period introduces two threshold objectives, referred to as statistical phasing-out and phasing-in. These concepts are defined below:

1. Statistical phasing-out:

Meaning gradual exclusion, or better said: regions that will gradually receive less and less funds) = this applies to regions where the per capita GDP would have been under 75% of the EU-15 average if the EU had not been enlarged (this is referred to as a regional statistical effect of enlargement).

2. Phasing-in:

Gradual inclusion, this applies to regions currently eligible for Objective 1 but not meeting the Convergence criteria (i.e. those where the per capita GDP is above 7%5 of the EU average), even without taking into consideration the statistical effect of enlargement. These regions are thus those that have made a positive progress in social and economic development and prosperity compared to the previous programming period.

ALLOCATIONS OF FUNDS TO MEMBER STATES AND THEIR DISTRIBUTION ACCORDING TO CORE CRITERION

A brief look at the funds allocated to each of the Member States shows that new Member States that acceded to the EU in 2004 and 2007 receive a considerable portion of the overall redistributed funds dedicated to structural operations and the Cohesion Policy. The twelve new and recent new Member States receive 51.3% of the total budget of EUR 347 billion, with by far the biggest chunk taken by Poland as the biggest one of them. The funds allocated to Poland for the entire programming period of 2007 - 2013 reached nearly EUR 67.3 billion. The Czech Republic ranks second among the new Member States, receiving a much lower portion (EUR 26.7 billion), closely followed by Hungary (EUR 25.3 billion).

Allocation of structural actions to the EU member state (EUR, bn, current prices)

	Convergence			Regional Competitiveness and Employment		European Territorial Cooperation	Total
	Cohesion Fund	Convergence	Statistical phasing-out	Phasing-in	Competitiveness		
Belgium			0.638		1.425	0.194	2.258
Bulgaria	2.283	4.391				0.179	6.853
Czech republic	8.819	17.064			0.419	0.389	26.692
Denmark					0.510	0.103	0.613
Estonia	1.152	2.252				0.052	3.456
Finland				0.545	1.051	0.120	1.716
France		3.191			10.257	0.872	14.319
Ireland				0.458	0.293	0.151	0.901
Italy		21.211	0.430	0.972	5.353	0.846	28.812
Cyprus	0.213			0.399		0.028	0.640
Lithuania	2.305	4.470				0.109	6.885
Latvia	1.540	2.991				0.090	4.620
Luxembourg					0.050	0.015	0.065
Hungary	8.642	14.248		2.031		0.386	25.307
Malta	0.284	0.556				0.015	0.855
Netherlands					1.660	0.247	1.907
Germany		11.864	4.215		9.409	0.851	26.340
Poland	22.176	44.377				0.731	67.284
Portugal	3.060	17.133	0.280	0.448	0.490	0.099	21.511
Austria			0.177		1.027	0.257	1.461
Romania	6.552	12.661				0.455	19.668
Greece	3.697	9.420	6.458	0.635		0.210	20.420
Slovakia	3.899	7.013			0.449	0.227	11.588
Slovenia	1.412	2.689				0.104	4.205
Spain	3.543	21.054	1.583	4.955	3.522	0.559	35.217
Sweden					1.626	0.265	1.891
UK		2.738	0.174	0.965	6.014	0.722	10.613
EU-27	**69.578**	**199.322**	**13.955**	**11.409**	**43.556**	**8.723**	**347.410**

Source: European Commission

In terms of the EU-15 group, the greatest potential user of the EU funds is Spain with EUR 35.2 billion, followed by Italy (EUR 28.8 billion), Portugal (21.5 billion) and Greece (EUR 20.4 billion).

The Czech Republic's allocation is the fourth highest in the EU, quite visibly exceeding those of all other comparable countries in terms of quality and quantity parameters. It is higher than that of the equally large and less developed Hungary, and the same applies even more in comparison with Portugal. Greece is still a bit ahead of us in terms of economic prosperity, yet its allocation is more than a quarter lower than ours.

Member States from Western or Northern Europe that are comparable in size (Belgium, Austria, Sweden and even the significantly bigger Netherlands) are on average allocated some 7% of the funds we receive.

To summarize, in comparison with all other EU Member States, the allocation granted to the Czech Republic for the programming period of 2007 - 2013 is very favorable from all relevant viewpoints.

COMPARISON OF ALLOCATIONS TO EU MEMBER STATES IN PROGRAMMING PERIODS 2007 - 2013 AND 2000 - 2006

Only a thorough comparison of allocations granted to each of the Member States in the two consequent programming period can give us a clear answer whether funds dedicated to structural operations and the Cohesion Policy have shifted to the east of the EU in time. The answer is a clear YES !!! Out of the 10 new Member States that were only able to use a smaller portion of the funds available in the previous programming period due to the timing of their accession, all of them have been granted considerably better, several times higher allocations in the period that has just begun.

At the same time, all the EU-15 Member States will in the programming period of 2007 - 2013 receive significantly lower allocations than in the previous period. In absolute terms, this is apparent the most with Spain - their allocation planned for the programming period of 2007 - 2013 is more than EUR 20 billion lower (in comparable prices) than in the prior period. In relative terms, the biggest cut can be observed in the case of Ireland, which has by making use of structural operations in the previous period transformed from an average-performing economy within the EU-15 into the second richest EU Member State; the new allocation to Ireland nowadays represents less than 20% of their former allocation in 2000 - 2006 on a comparable basis.

Belgium

Allocations 2000-2006 Million EUR, 2004 prices		**Allocations 2007-2013** Million EUR, 2004 prices	
Cohesion Fund		Cohesion Fund	
Objective 1		Convergence	
		Statistical Phasing-out	577
Phasing-out	644	Phasing-in	
Objective 2	478	Regional Competitiveness and Employment	1.265
Objective 3	814		
Community Initiatives	222	European Territorial Cooperation	172
Total	**2.158**	**Total**	**2.014**

The relative "loss" incurred by Belgium compared to the previous programming period is rather low since the Hainaut region (located in the industrial Wallonian part of the country) has been included in the phasing-out regions. In view of the high economic prosperity of Belgium, the allocation meant to ensure regional competitiveness and employment is relatively high.

Bulgaria

Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund	2.010
Convergence	3.864
European Territorial Cooperation	159
Total	**6.032**

For obvious reasons, we cannot make a credible comparison for Bulgaria. The total allocation granted to this new Member State for 2007 - 2013 is however fairly low considering the size and development potential of the Bulgarian economy.

Czech Republic

Allocations 2004-2006 Million EUR, 2004 prices		**Allocations 2007-2013** Million EUR, 2004 prices	
Cohesion Fund	926	Cohesion Fund	7.810
Objective 1	1.251	Convergence	15.111
		Statistical Phasing-out	
Phasing-out		Phasing-in	
Objective 2	70	Regional Competitiveness and Employment	372
Objective 3	58		
Community Initiatives	99	European Territorial Cooperation	345
Total	**2.404**	**Total**	**23.638**

It is justified to include the Czech Republic among winners when viewing the overall allocation framework. Our position is clearly favorable in terms of time comparison and when measuring against countries comparable in size.

Denmark

Allocations 2004-2006 Million EUR, 2004 prices		**Allocations 2007-2013** Million EUR, 2004 prices	
Cohesion Fund		Cohesion Fund	
Objective 1		Convergence	
		Statistical Phasing-out	
Phasing-out		Phasing-in	
Objective 2	202	Regional Competitiveness and Employment	452
Objective 3	403		
Community Initiatives	83	European Territorial Cooperation	92
Total	**688**	**Total**	**544**

Denmark is one of the countries where the funds for structural operations are used very little, which at the same time indicates that "problem-free" regional development in the country, where any potential deviations can be handled using their own resources.

Estonia

Allocations 2004-2006 Million EUR, 2004 prices		**Allocations 2007-2013** Million EUR, 2004 prices	
Cohesion Fund	306	Cohesion Fund	1.017
Objective 1	295	Convergence	1.987
		Statistical Phasing-out	
Phasing-out		Phasing-in	
Objective 2		Regional Competitiveness and Employment	
Objective 3			
Community Initiatives	14	European Territorial Cooperation	46
Total	**615**	**Total**	**3.050**

The structure of the Estonian allocation is obvious, due to key parameters of their economy it allowed for no major changes yet. The higher amount allocated can be definitely considered a very significant growth, and in relative terms Estonia is also one of the "winners".

Finland

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund		Cohesion Fund	
Objective 1	781	Convergence	
		Statistical Phasing-out	
Phasing-out		Phasing-in	489
Objective 2	540	Regional Competitiveness and Employment	932
Objective 3	445		
Community Initiatives	252	European Territorial Cooperation	107
Total	**2.018**	**Total**	**1.528**

Over the previous programming period, the regions of Finland made a considerable progress, and they completely disappeared from Objective 1, or from the current Convergence objective. Only very few of them are included among the phasing-in regions, which are gradually joining the other regions in terms of competitiveness and employment. In view of this clear structural change, the “loss” of Finland is relatively very low compared to the previous period.

France

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund		Cohesion Fund	
Objective 1	2.939	Convergence	2.831
		Statistical Phasing-out	
Phasing-out	498	Phasing-in	
Objective 2	6.679	Regional Competitiveness and Employment	9.101
Objective 3	5.013		
Community Initiatives	1.016	European Territorial Cooperation	773
Total	**16.145**	**Total**	**12.704**

From our viewpoint, the regional structure of France has become far more homogenous. The French overseas territories still qualify for the Convergence objective, while all the continental regions plus Corsica already rank among regions qualifying for the Competition and Employment objective. So neither the French position - regardless of the actual regional progress - has deteriorated that much.

Ireland

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund	797	Cohesion Fund	
Objective 1	1.345	Convergence	
		Statistical Phasing-out	
Phasing-out	1.813	Phasing-in	419
Objective 2		Regional Competitiveness and Employment	260
Objective 3			
Community Initiatives	158	European Territorial Cooperation	134
Total	**4.113**	**Total**	**813**

Here we are looking at the real champion that has achieved a nearly miraculous result in its ability to use the various instruments for structural operations (not only in 2000 - 2006 but also in the prior period of 1994 - 1999). Yet in the previous period, they reached the top level, which logically resulted in a considerable cut in the overall allocation.

Italy

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund		Cohesion Fund	
Objective 1	20.561	Convergence	18.820
		Statistical Phasing-out	387
Phasing-out	175	Phasing-in	877
Objective 2	2.784	Regional Competitiveness and Employment	4.749
Objective 3	4.134		
Community Initiatives	1.147	European Territorial Cooperation	750
Total	**28.801**	**Total**	**25.583**

The Italian allocation still remains high since a number of Italian regions will still qualify for the Convergence objective. From this viewpoint, Italy is quite diverse and uses basically all available criteria (including both threshold objectives), which bears evidence of major regional disparities among Italian territories.

Cyprus

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund		Cohesion Fund	193
Objective 1	53	Convergence	
		Statistical Phasing-out	
Phasing-out		Phasing-in	362
Objective 2	27	Regional Competitiveness and Employment	
Objective 3	22		
Community Initiatives	6	European Territorial Cooperation	24
Total	**108**	**Total**	**579**

Cyprus is in its sense a unique country from the viewpoint of the forms of Structural and Cohesion Policy instruments used: the country may use the Cohesion Fund to finance projects under the Convergence objective, yet the country as a whole (forming a single NUTS II region) qualifies for the phasing-in threshold objective. Otherwise the allocation granted to Cyprus has significantly increased, yet not so dramatically in comparison with some other new Member States.

Lithuania

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund	602	Cohesion Fund	2.029
Objective 1	743	Convergence	3.955
		Statistical Phasing-out	
Phasing-out		Phasing-in	
Objective 2		Regional Competitiveness and Employment	
Objective 3			
Community Initiatives	34	European Territorial Cooperation	97
Total	**1.379**	**Total**	**6.081**

Even the structure of the Lithuanian allocation is stable and simple; the country definitely appreciates the considerable raise of the allocated funds.

Latvia

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund	511	Cohesion Fund	1.360
Objective 1	497	Convergence	2.641
		Statistical Phasing-out	
Phasing-out		Phasing-in	
Objective 2		Regional Competitiveness and Employment	
Objective 3			
Community Initiatives	23	European Territorial Cooperation	80
Total	**1.031**	**Total**	**4.080**

Virtually the same as for Lithuania applies in the case of Latvia too.

Luxembourg

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund		Cohesion Fund	
Objective 1		Convergence	
		Statistical Phasing-out	
Phasing-out		Phasing-in	
Objective 2	44	Regional Competitiveness and Employment	45
Objective 3	42		
Community Initiatives	13	European Territorial Cooperation	13
Total	**99**	**Total**	**58**

After all, the allocation structure of Luxembourg is simple as well, which is not surprising for by far the richest EU Member State. This considerably limits the options of Luxembourg as NUTS II region, and the low amount allocated to the country in 2000 - 2006 has now been cut nearly to a half. Simply put, the development of Luxembourg presently uses different sources of funds.

Hungary

Allocations 2004-2006 Million EUR, 2004 prices		Allocations 2007-2013 Million EUR, 2004 prices	
Cohesion Fund	1.101	Cohesion Fund	7.570
Objective 1	1.639	Convergence	12.622
		Statistical Phasing-out	
Phasing-out		Phasing-in	1.860
Objective 2		Regional Competitiveness and Employment	
Objective 3			
Community Initiatives	97	European Territorial Cooperation	343
Total	**2.837**	**Total**	**22.395**

Hungary can undoubtedly be included among the “winners” when comparing the overall amounts of allocations. In comparison with the period of 2004 - 2006, one Hungarian region has qualified for the phasing-in objective, while the remaining parts of the country still remain under the Convergence objective.

to be continued in the next issue

In our regular profiles of EU Member States, we have not yet been able to present all the EU-25 countries, and today we are already going to focus on Romania, a Member State that has only been part of the EU for a few weeks. Nonetheless, the latest EU enlargement has led us to the idea of giving space to the fresh new Member States in this and the next issue. This time, it is Romania's turn.

ROMANIA

Government type/chief of state	republic / president Traian Basescu
Area (share of EU)	237 500 km2 (5.97%)
Population (share of EU)	21 658 528 (4.4%)
Age structure	0-14 years: 15.9%, 15-64 years: 69.4%, over 65 years: 14.7%
Total GDP (share of EU)	79.3 EUR bn (0.73%)
GDP per capita in PPS	34.1% of EU-25 average
GDP - composition by sector	agriculture: 10.1%, industry and constr.: 35.0%, services: 54.9%
Average inflation	9.1%
Average unemployment	7.2%
GDP growth	4.1%
General govern. balance	-0.4% of GDP
General government debt	15.2% of GDP
Number of NUTS2	n/a

Note: the figures are for 2005, source: EU, CIA

Both new Member States - Bulgaria and Romania - have many characteristics in common. Both countries have to work hard to close the big gap between their and the average European prosperity, as expressed by GDP per capita. This indicates that they are presently by far the two poorest EU Member States, yet countries with the greatest growth and development potential. This is evident already now when we look at the above-average economic growth rates. The economic growth is to a great extent pulled by investments, so if we take the liberty of simplification, both countries, in particular their development centers, nowadays look like vast construction sites. Another common denominator is also the fact the countries have faced more difficulties when implementing a radical economic and, in broader terms even social, transformation compared to other countries in Central and Eastern Europe.

If we focus solely on Romania, we must acknowledge that their purely economic starting point when entering the period of transformation in the early 1990s were rather less favorable than in other countries in the CEE region. Their obsolete industrial and economic base accompanied with a policy of economic isolation, oddly combined with a drastic export expansion aimed at repaying foreign debt as soon as possible, affected the Romanian economy from the very beginning.

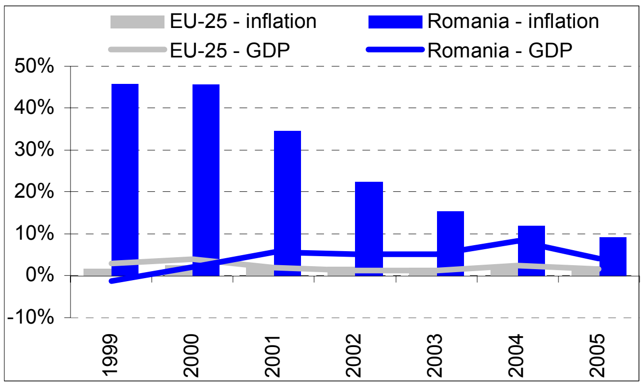
Nonetheless, the Romanian economy nowadays endeavors to remedy the heritage from the era of a centrally planned economy and to catch up the delay shown in the 1990s during their fairly lax and undetermined approach to transformation. Today, the Romanian economy is one of the fastest growing ones in Europe, having recorded an average GDP growth rate of 7% over the past three years, accompanied with the ever-present modernization and restructuring of the economic structure.

The high economic growth can also be attributed to the considerable interest shown by foreign investors wishing to enter the Romanian economy. The rapid economic growth is at the same time accompanied with a quite moderate unemployment rate (at about 7.6%), which is comparable with that in the Czech Republic, slightly below the EU average. A risk usually connected with transformation efforts is a fairly high deficit on the current account of the payment balance (around 10% GDP), which should nonetheless be gradually reduced within the EU area.

Another positive aspect of the Romanian economy is the fairly strict fiscal discipline. The ratio of the public sector debt to GDP is at reasonable 1.5%, which puts the Romanian public finance policy in the better half of the EU Member States. Another fiscal discipline indicator is even better: with its government debt to GDP ratio (13.7%), Romania is among the best in the EU, allowing comparison only with Luxembourg or the Baltic states.

Romania is definitely a country of the future in the EU, a country with not only a huge economic potential but also with great natural riches, which can be used for tourism as well as heavy industry. In the European context, it is a fairly large country with a great chance of making the Romanian voice be heard in the EU.

Inflation and GDP



Source: Eurostat

The statistical window in a tabular form shows important macroeconomic indicators from all member states and the EU as a whole. It includes economic performance indicators (per capita GDP as compared to the EU average, GDP growth, unemployment rate), external economic stability indicators (current account to GDP), fiscal stability indicators (public budget to GDP, public debt to GDP), and pricing indicators (annual inflation based on HICP, base price level).

Key macroeconomic indicators

	GDP growth y-on-y			Current account to GDP*			Unemployment rate			Inflation y-on-y average		
in %	2003	2004	2005	2003	2004	2005	X-06	XI-06	XII-06	X-06	XI-06	XII-06
Belgium	1.0	3.0	1.1	4.5	3.6	2.5	7.9	7.8	7.7	1.7	2.0	2.1
Bulgaria	4.5	5.7	5.5	-5.5	-5.8	-11.3	8.0	8.1	8.1	5.7	6.1	6.5
CR	3.6	4.2	6.1	-6.5	-6.3	-2.7	6.9	6.8	6.7	0.8	1.0	1.5
Denmark	0.7	1.9	3.0	3.2	2.3	2.9	3.3	3.3	3.2	1.4	1.8	1.7
Germany	-0.2	1.2	0.9	2.0	3.9	4.2	8.1	8.0	7.9	1.1	1.5	1.4
Estonia	7.1	8.1	10.5	-11.5	-12.5	-11.1	4.8	4.5	4.3	3.8	4.7	5.1
Ireland	4.3	4.3	5.5	0.0	-1.0	-3.1	4.2	4.2	4.4	2.2	2.4	n/a
Greece	4.8	4.7	3.7	-10.0	-9.5	-9.2	n/a	n/a	n/a	3.1	3.2	3.2
Spain	3.0	3.2	3.5	-4.0	-5.9	-7.5	8.6	8.5	8.5	2.6	2.7	2.7
France	1.1	2.3	1.2	0.2	-0.6	-2.1	8.7	8.6	8.5	1.2	1.6	1.7
Italy	0.0	1.1	0.0	-0.9	-0.5	-1.1	n/a	n/a	n/a	1.9	2.0	2.1
Cyprus	1.9	3.9	3.8	-0.9	-5.3	-5.7	4.8	4.7	4.7	1.7	1.3	1.5
Latvia	7.2	8.6	10.2	-8.0	-12.9	-12.5	6.3	6.2	6.1	5.6	6.3	6.8
Lithuania	10.3	7.3	7.6	-6.8	-7.9	-6.9	5.8	5.6	5.7	3.7	4.4	4.5
Luxembourg	1.3	3.6	4.0	6.4	10.6	9.7	4.8	4.8	4.8	0.6	1.8	2.3
Hungary	4.1	4.9	4.2	-7.9	-8.4	-6.8	7.6	7.7	7.7	6.3	6.4	6.6
Malta	-2.4	0.0	2.2	-5.0	-7.5	-11.0	7.1	7.1	7.0	1.7	0.9	0.8
Netherlands	0.3	2.0	1.5	6.1	8.6	7.1	3.7	3.7	3.6	1.3	1.6	1.7
Austria	1.1	2.4	2.0	1.7	2.1	2.9	4.7	4.6	4.6	1.3	1.6	1.6
Poland	3.8	5.3	3.2	-2.1	-4.2	-2.2	13.3	13.1	12.8	1.1	1.3	1.4
Portugal	-1.1	1.2	0.4	-6.5	-7.8	-9.5	7.1	7.1	7.1	2.6	2.4	2.5
Romania	5.2	8.4	4.1	-4.8	-12.7	-8.7	7.9	7.9	n/a	4.8	4.7	4.9
Slovenia	2.7	4.4	4.0	-0.8	-2.6	-2.0	5.6	5.5	5.4	1.5	2.4	3.0
Slovakia	4.2	5.4	6.0	-2.1	-2.5	-7.9	12.7	12.4	12.0	3.1	3.7	3.7
Finland	1.8	3.5	2.9	5.9	7.6	4.6	7.6	7.5	7.3	0.9	1.3	1.2
Sweden	1.7	3.7	2.7	6.6	6.6	5.9	n/a	n/a	n/a	1.2	1.5	1.4
UK	2.7	3.3	1.9	-1.3	-1.6	-2.2	5.4	n/a	n/a	2.4	2.7	3.0
EU-25	1.3	2.4	1.7	0.2	0.3	-0.4	7.7	7.6	7.6	1.8	2.1	2.1

	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
in %	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
Belgium	0.0	0.0	-2.3	98.6	94.3	93.2	117.9	118.7	117.7	105.6	104.8	104.7
Bulgaria	0.3	1.9	3.1	46.1	38.6	29.9	31.0	31.8	32.9	40.5	41.2	42.7
CR	-6.6	-2.9	-3.6	30.1	30.7	30.4	68.3	70.5	73.8	54.0	54.5	57.8
Denmark	1.1	2.7	4.9	44.4	42.6	35.9	120.8	121.5	124.2	140.2	138.6	138.3
Germany	-4.0	-3.7	-3.2	63.9	65.7	67.9	108.1	108.0	109.3	104.8	103.9	103.1
Estonia	2.0	2.3	2.3	5.7	5.2	4.5	50.3	53.0	60.1	61.7	62.3	63.6
Ireland	0.3	1.5	1.1	31.1	29.7	27.4	133.7	135.8	137.5	125.7	124.7	123.0
Greece	-6.1	-7.8	-5.2	107.8	108.5	107.5	80.9	81.8	82.0	85.4	86.7	87.0
Spain	0.0	-0.2	1.1	48.7	46.2	43.1	97.4	97.7	98.6	88.2	90.2	91.9
France	-4.2	-3.7	-2.9	62.4	64.4	66.6	111.6	109.5	108.8	109.3	109.7	109.0
Italy	-3.5	-3.4	-4.1	104.3	103.9	106.6	107.6	105.5	102.6	103.4	104.5	104.8
Cyprus	-6.3	-4.1	-2.3	69.1	70.3	69.2	79.8	82.6	83.3	90.4	89.8	90.2
Latvia	-1.2	-0.9	0.1	14.4	14.5	12.1	40.8	42.8	47.2	54.9	55.1	55.5
Lithuania	-1.3	-1.5	-0.5	21.2	19.4	18.7	45.2	47.8	52.1	51.9	52.7	53.6
Luxembourg	0.3	-1.1	-1.0	6.3	6.6	6.0	232.7	237.5	247.5	102.9	104.3	104.5
Hungary	-7.2	-6.5	-7.8	58.0	59.4	61.7	60.1	60.9	61.4	58.0	61.1	62.4
Malta	-10.0	-5.0	-3.2	70.2	74.9	74.2	73.7	70.2	69.5	71.2	71.8	72.5
Netherlands	-3.1	-1.8	-0.3	52.0	52.6	52.7	124.7	124.4	124.2	107.1	105.2	104.5
Austria	-1.6	-1.2	-1.5	64.6	63.8	63.4	120.3	121.7	122.5	102.6	102.2	102.1
Poland	-4.7	-3.9	-2.5	43.9	41.8	42.0	46.9	48.7	49.8	54.2	52.8	59.7
Portugal	-2.9	-3.2	-6.0	57.0	58.6	64.0	72.7	72.3	71.3	85.7	86.1	86.0
Romania	-1.7	-1.3	-0.4	20.7	18.0	15.2	29.9	32.6	34.1	43.6	44.0	52.8
Slovenia	-2.8	-2.3	-1.4	28.5	28.7	28.0	75.9	79.2	80.6	75.9	74.9	74.5
Slovakia	-3.7	-3.0	-3.1	42.7	41.6	34.5	51.9	52.9	55.0	50.4	54.5	56.1
Finland	2.5	2.3	2.7	44.3	44.3	41.3	112.6	113.7	113.3	125.6	122.9	121.8
Sweden	0.1	1.8	3.0	51.8	50.5	50.4	115.6	117.1	114.5	122.5	121.0	117.3
UK	-3.3	-3.2	-3.3	38.9	40.4	42.4	116.4	117.1	116.5	104.1	104.4	103.7
EU-25	-3.0	-2.7	-2.3	62.0	62.4	63.3	100.0	100.0	100.0	100.0	100.0	100.0

*Source: Eurostat, *) net balance, GDP per capita according to PPP*