EU News
Monthly Journal

Number 43,
April 2007

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Dear readers,

If we think back over the events that took place within the framework of European integration development this March, one looms above all the others and certainly makes us think about what the European Union has attained thus far and where it is heading in the future.

This is of course the 50th anniversary of the signing of the Treaties of Rome and is tied to the date of 25 March. Without these treaties, we would either not be speaking about the European integration process at all or we would possibly be speaking of integration entirely different from the integration path we are currently following.

The twenty-fifth of March is thus primarily a symbol – a symbol on the basis of which the thoughts of Monnet, Schumann and de Gasperi were implemented in practice: excessive barriers between individual member countries were torn down; the authority and competence of these countries started being shared at a supranational decision-making level; and common and coordinated policies started being actively developed.

Of course, today we can note the many quantitative and qualitative changes that have occurred since the European Economic Community and the European Community for Atomic Energy were created to supplement the European Coal and Steel Community, thus forming the triangular foundation block for the European Community. Over the course of this fifty-year period, the number of member states has grown from the original six founding nations to the current count of twenty-seven that belong to the European Union family today, and this process of quantitative expansion is not yet entirely finished.

However during these fifty years, the EU has also recorded significant qualitative progress. While at the beginning of the period in question, the member states had not yet completely managed to recover from the consequences of the war, at this time the entire European Union is one of the world's significantly above-average economically developed territories. Of course, there are deepening socio-economic differences between the individual EU members – the short-term and mid-term consequences of the unprecedented expansion that started in 2004.

Qualitative progress is however obvious even in the depth and functionality of the common and coordinated policies that are in place today. The intent behind them is to sensitively bring resolutions to individual problem areas across the entire European continent. These include the existence of a common European currency, which makes life easier for millions of individuals and entrepreneurs within the framework of their cross-border activities, and the common European legal system that – from a certain perspective, almost excessively – provides a common European legislative dimension to standard social phenomena.

It can also be claimed that, even in spite of certain cyclical tendencies, the European integration process definitely doesn't have anything to be ashamed of and represents a valuable contribution towards European security, peace, economic growth, and social development in the broadest possible sense.

Petr Zahradník

The main event was the celebration of the 15th anniversary of the signing of the Treaties of Rome and includes the Berlin Declaration that was just signed on this occasion. In it, EU members undertake to implement institutional reforms within the Union by 2009. The Czech government accepted the opinion on the anticipated priorities for the Czech presidency of the EU during the first half of 2009. The motto will promote and bear the name of the very appealing theme of “A Barrier-Free Europe”.

POLITICS

Berlin Declaration: Institutional Reform within the EU by 2009

On the occasion of the fiftieth anniversary of the signing of the Treaties of Rome, the document that originally established the European Economic Community, an informal summit of the European Union’s highest representatives took place in Berlin. In addition to various events celebrating this milestone anniversary, the main theme consisted of the signing of the Berlin Declaration, which is officially titled **“Declaration on the Occasion of the Fiftieth Anniversary of the Signature of the Treaties of Rome”**. This is a nonbinding document that is more or less symbolic in nature and praises the progress of European integration and indicates where future paths should lead it.

The reunification of Europe is shown in a positive light along with the long-term period of peace and prosperity. The importance of stressing common European values is also mentioned. According to the declaration, the European Union is a community in which the **interests of the member states are fairly balanced**, as are traditions, languages, and the original cultures of individual member states. The text also mentions the challenges that the Union should be capable of facing head-on: maintaining the European social model, the fight against terrorism and organized crime, the peaceful resolution of conflicts, and putting a stop to global warming.

The text does **not explicitly mention the European Constitution** or future expansion. Nevertheless, it clearly supports the notion that the European Union will have undergone **significant institutional changes prior to the next European parliamentary elections in 2009**. Most likely, the main instrument behind these reforms will not be the current version of the Euro Constitution, but rather a different treaty document that bears a less controversial title.

The preparation of the declaration itself deserves a bit of attention – **according to some of the member states it was not transparent** at all. The most vocal critics included representatives from the Czech Republic, who do not like the fact that the entire text of the declaration was submitted to the member states only a very short time before the summit was held. The German presidency, which prepared the contents of the declaration, defends itself by saying that it is true that the document did not go through the standard negotiation process, but that opinions were requested from the member states on a regular basis.

Originally, the declaration was to have been signed by the highest representative of each member state. At the end, it was signed on their behalf by German Chancellor **Angela Merkel**, European Parliament President **Hans-Gert Pöttering**, and European Commission President **José Barosso**.

After this signing of the Berlin Declaration, it is highly likely that the European Constitutional Treaty is a dead document. Nevertheless, valid primary European legislation, last updated after the Nice Agreement was approved in February 2001, does not correspond to either the current situation of twenty-seven member states or the need to increase the ability to implement actions in relation to current global demands. For this reason, the declaration indicates that a **new treaty will be prepared by 2009**. According to Angela Merkel, the Chancellor of the current presiding country – Germany – the timetable for its acceptance will define a “travel map” that will be presented at the EU Summit this June. A more definite outline should be available during the second half of the year, at which time a **special inter-government conference is planned**.

Winning acceptance for a new treaty will however be a hard nut to crack. The negotiations pertaining to the European Constitution went on for a number of years and there is no reason to believe that a new treaty, even if more succinct, simpler, and bearing a new name, will be accepted any more quickly. The main problem lies in the fact that the **member states all have a different concept of what it should be**. Combining and harmonizing these concepts into a compromise form within a period of only two years will be very difficult.

http://www.eu2007.de/de/News/download_docs/Maerz/0324-RAA/English.pdf

Under Czech Leadership the Motto will be “A Barrier-Free Europe”

The European Union Committee, which is the Czech government’s advisory body for establishing and coordinating stances in relation to the European Union, approved the materials for the Czech Republic’s presidency of the European Union that is currently being prepared for the first half of 2009. The materials do not yet specifically define individual priorities for the presidency, as formulating these two years in advance would be a bit premature, but the initial opinions are in place and they indicate quite a lot. They adhere to the overall motto of the presidency, which will continue to be “**A Barrier-Free Europe**”, and include the following:

1. developing the **revised Lisbon Strategy**, strengthening competitiveness, promoting the four freedoms (the freedom of movement of persons, goods, services, and capital), and implementing liberal business policies – the flagship of the Czech presidency, which should place emphasis on the completion of an internal market, improvements in the regulatory environment, deregulation of industrial policies, decreased administrative burden, economic and social convergence, and structural change programmes;
2. **safe and sustainable energy**;
3. **reviewing the common European budget** and reforming Common Agricultural Policy;
4. **transatlantic relations and completion of EU expansion** to the Balkans and Eastern Europe;
5. developing the **area of freedom, security, and rights**; and
6. **European institutions and their reform**, including the election of the president of the European Commission.

Presidency to Council:

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

During his presentation of the materials, Deputy Prime Minister Alexandr Vondra stated that the established opinions on specific priorities are not untouchable doctrines and that they can of course be modified in the future. It also depends on coordination with France and Sweden, who will be in the presidential position before and after the Czech Republic respectively and with whom the Czech Republic forms a presidential team – or trio-presidency as it is called.

The priorities that have been defined by the Czech presidency come across as appealing and, in our opinion, are a **direct reaction to the greatest problems** that the European Union is facing today. A lot of diplomatic skills will, however, be required in order to push them through. France's approach will be of key importance, as it is the leader of the trio-presidency, but unfortunately it is not one of the pro-reform members of the EU.

http://www.vlada.cz/scripts/detail.php?id=21351

ECONOMY AND EURO

The Czech Republic Has Prepared an Updated Convergence Programme

After more than a three-month delay, the Czech government has approved the Czech Republic's updated convergence programme, which **defines our country's fiscal strategies for the time prior to the acceptance of the Euro**. Although the document does not specify any fixed deadline for conversion to the common European currency, it implies that the most likely timeframe is 2012. "The programme is prepared in a manner that makes the 2012 timeframe realistic", said Miroslav Kalousek, the Minister of Finance, when presenting the programme.

Oldřich Dědek, the newly-appointed coordinator for the implementation of the Euro in the Czech Republic, agrees with this timeframe.

Outlook for the public financial sector:

In relation to GNP (in %)	2006	2007	2008	2009
public budget deficit	-3.5	-4.0	-3.5	-3.2
public debt	30.6	30.5	31.3	32.2

Source: Convergence Programme for the Czech Republic – March 2006

In 2009, the public financial sector deficit should equal 3.2% of GNP and it is not expected to fall below the referential three-percent threshold until 2010 (when it will be an estimated -2.6 percent of GNP according to the methods the Czech Republic uses, which corresponds to -2.8% when EU regulations are applied). This year, the deficit will reach 4% of GNP as compared to 3.3% as projected by the previous

The European Commission has come up with a proposal to increase the excise duties for gas oil in order to prevent "fuel tourism". Implementation of the change will not go smoothly – every member state has veto rights when it comes to tax issues. The rules for mergers and acquisitions in the financial sector should become simpler in the future, as well as free from political influences. This proposal is a direct reaction to the protectionist efforts that recently took place in some member states.

version of the convergence programme submitted in November 2005. It is highly probable that the discussions pertaining to this programme, both with the European Commission as well as with the European Council, **will be the subject of criticism**. The Czech side wants to dispute having to submit a credible reform plan.

The convergence programme must be updated and sent to the European Commission by 1 December of every year. This year's delay was the result of the complex post-election situation. The next version of the convergence programme must be submitted to the Commission at the start of this December. Minister Kalousek emphasised the fact that the chapters on reform steps that the government plans to implement **will be gradually supplemented and elaborated**.

The public budget definitely needs to be reformed. It is a disgrace that, at a time when the economy is at its most dynamic, the deficits in public financial sectors cannot be reduced. The updated convergence programme is a step in the right direction, nevertheless **even preceding versions promised the consolidation of public finances – and the opposite came to pass**. With the current distribution of strengths within the Chamber of Deputies and the government depending on the uncertain votes of two defectors from the opposition ČSSD party, it is not entirely clear whether the reform agenda will be approved and the ambitious goals defined in the document met.

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

BUDGET

Europarliament Supports Changes to the Union Budget

By a clear majority of votes, parliament members approved a measure that reflects their opinion on planned EU budgetary reforms. According to earlier agreements, financing methods would be reformed during the 2008-2009 timeframe and these reforms would focus on revenue and expenditure components. In their report, MEPs expressed their opinion only on the **revenue side of the European budget** and requested that the same reforms be applied to each member's own-resource systems, thus emphasising the equality of the member states. At the same time, they criticised the current format of budgets as being overly complex, lacking in transparency, and incomprehensible to the public.

Changes to the revenue side of the budget should take place in two phases:

Phase One: equality, simplicity, and solidarity – Budget income should be based on GNI resources and any privileges currently held by some member states should be revoked, such as the "British Rebate" that will be terminated by 2013 according to the EP. In the area of the Union's Common Agricultural Policy, parliament members stressed that the links between revenue and expenditures will be one of the aspects that are taken into consideration at the time the system is modified.

Phase Two: a true "own-resource" for the EU – This system should be implemented by 2014 and would involve the Union's actual resources without implementing a "European tax". This new own-resource system should be based on the existing taxes in place within the member states (i.e., VAT, excise duties, corporate taxes), whereby a certain percentage would be allocated to the EU budget (as is already the case with regional and local self-administrative units in the member states). This would establish a direct relationship between the EU and European taxpayers while maintaining each state's tax sovereignty. The new system should not in any way increase public expenditures or the public tax burden.

The report as approved by the MEPs **is not legally binding**. It only reflects the European Parliament's opinion on future reforms to a common EU budget. It is almost certain that it will not be possible to implement any radical changes by 2013, at which time the current budget period will end. In any case, the member states will have the most say during the approval of any changes.

http://www.europarl.europa.eu/news/expert/infopress_page/034-4857-087-03-13-905-20070329IPR04856-28-03-2007-2007-false/default_en.htm

TAXATION AND CUSTOMS UNION

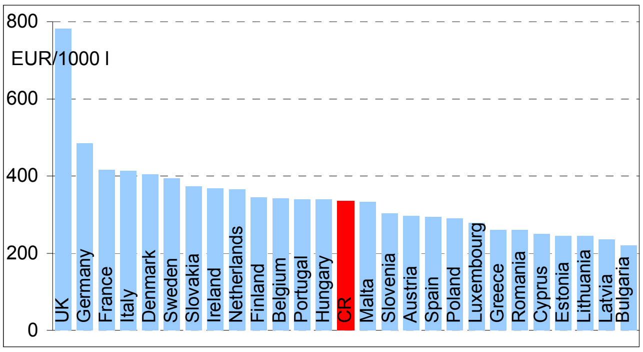
Commission Plans to Increase Excise Duties on Gas Oil

With the goal of preventing "fuel tourism" and limiting environmental impact, the European Commission has proposed an **increase to excise duties on gas oil**. The duty would gradually be increased from the current EUR 302 per 1000 litres to a final EUR 380 in 2014. An increase to EUR 330 per 1000 litres has already been approved for 2010 and the proposal includes another hike up to EUR 359 in 2012.

The existing differences in the amount of this excise duty lead to a **distortion of the competitive environment on**

the EU common internal market. Commercial truck drivers often alter their routes in order to travel through countries that have lower excise duties, thus increasing the negative environmental impact caused by the cargo transport industry. Currently, road transport is responsible for about one-fifth of total CO_2 emissions in the EU. The anticipated decrease in the emission of solid particles and nitrous oxide will also contribute towards a more environment-friendly relationship.

Excise duty rates on gas oil as of 1st July 2006



Source: European Commission

The fact that the proposal has been accepted is however by no means decisive. As far as tax matters are concerned, voting within the EU must be unanimous and **every member state has the right to veto**. It is more than likely that countries which profit from "fuel tourism" will vote against the measure. This includes Poland and, to a partial degree, the Czech Republic, which, due to lower excise duties and subsequently lower gas oil prices, lure many commercial truck drivers who would otherwise tank up in Germany.

The measure amends indirect taxation, which is already harmonised at the European Union level and, with regard to the principles of a unified internal market, is **well-founded**. In addition, it does not go against recommended taxation principles, which state that it is more efficient to tax consumption, especially that which has a negative impact on the environment, than to tax economic activities in the form of direct taxation. It is also important to note that the total tax burden in relation to the sale of gas oil is not guided solely by excise duties, but also by VAT rates that vary from state to state.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/316

INTERNAL MARKET

Mergers and Acquisitions in the Banking Sector will be Simpler

The regulations for approving mergers and acquisitions in the European financial sector **should become simpler, clearer, and free of political influence**. This ensues from the proposed directive on the prudential assessment of acquisitions and increase of shareholdings in the financial sector, which covers banking, the insurance industry, and investment companies. The proposal successfully passed the first reading in the European Parliament and also met with approval from the ministers of finance of the member states. In order for the directive to become valid, all that remains is for it to be approved by the EU Council for Economic and Financial Affairs.

The new regulations are a **reaction to protective practices** that have recently come to light in some of the member states. The most glaring example is the behaviour of Antonio Fazio, the Italian Central Bank governor, when he attempted to take advantage of his position in order to block the takeover of Banca Antonveneta by the Dutch giant ABN Amro.

The proposal's main points are:

- regulatory authorities have sixty business days to make a decision on a merger or acquisition; in addition, the decision-making process can be interrupted only once in order to request additional supporting materials; up until now, no such timeframe ever existed;
- when evaluating a merger or acquisition, regulatory authorities are allowed to consider only the following five criteria: (i) the acquirer's reputation; (ii) the acquirer's financial stability; (iii) management experience; (iv) willingness to adhere to the rules for discretionary behaviour in place for financial institutions; and, (v) suspicion of involvement in money laundering or financing terrorism;
- every member state will be required to publish a list of information that will have to be included with each request to permit a merger or acquisition; and
- the relevant competencies for cross-border mergers and acquisitions have to be clearly defined – supervisory authorities from both countries will have to cooperate closely together and the final decision has to be approved by the authority in the domicile country of the company being taken over.

Two years after the directive is implemented, the Commission will prepare a report in conjunction with the

A directive on payment services on the internal market has been approved by the Council. All that is missing for definite acceptance is for it to pass in the European Parliament. The transport ministers of the member states gave their blessing to an open sky agreement that has been negotiated between the EU and the USA. This should open up transatlantic air transport and make it more competitive.

member states in order to **evaluate the functionality of the new regulations in practice** and propose any amendments as required.

http://www.europarl.europa.eu/news/expert/infopress_page/042-4044-071-03-11-907-20070309IPR04002-12-03-2007-2007-false/default_en.htm

EU Wants to Improve Efficiency of Investment Fund Markets

In mid-March, the European Commission approved proposals for two measures in the area of investment funds for small consumers with the goal of **improving the functionality of a common internal market** in this area and increasing cross-border activity.

The first measure is in the form of a directive and specifies evaluation **criteria for determining whether various types of new financial instruments** can be included in investment fund assets. These rules should help remove uncertainty as to whether funds can invest in instruments such as asset-backed securities, listed closed-end funds, Euro Commercial Paper, index-based derivatives, and credit derivatives. The proposal is based on consultations with the Committee of European Securities Regulators (CESR).

The second measure pertains to **marketing activities performed during the sale of investment funds in other member states**. According to current rules, an investment fund with permission granted in one member state can be advertised and sold in other member states after the applicable supervisory authority in the other country is notified. This authority then has the right to specify the manner in which the fund is promoted and advertised. This new communication from the European Commission simplifies this process with the goal of preventing this notification process from being misused and discriminating against the sale of foreign investment funds.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/345

Payment Services in the EU Facing a Revolution

The finance ministries of the member states have voiced their **support for a directive on payment services on the internal market** with the goal of providing an adequate legal framework for the Single European Payments Area (SEPA) project. As a result, all cross-border payment services will be completed under identical conditions (fee amounts, timeframes for transfers, rights and obligations of customers and payment service providers, etc.) as those in the domicile member state.

The main points of the directive are:

- **the implementation of harmonised market access requirements for payment service providers** that are not banks – the implementation of a "European belt" principle whereby permission to operate in one member state will be sufficient in order to operate abroad;
- **the establishment of rules for the provisions of "credit" to go along with payment services provided** by non-bank institutions (i.e., instalment payment companies) – the maximum repayment timeframe for this credit is twelve months at this point; after three years, the Commission will undertake a study in order to determine whether it would be more efficient to decrease this timeframe;
- **the allowable timeframe for completing a payment** after the payment order is submitted is set at three business days (D+3) through the end of 2011; after that it will be reduced to one business day (D+1);
- **liability for unauthorized payments** resulting from the loss or theft of resources for verifying payments (i.e., PIN in the case of payment cards) – customers will be liable for losses up to a maximum of EUR 150 that occur prior to the time the bank is notified; after that, the bank or other payment service provider is liable in full;
- **the implementation of clear and simple information requirements** for the submitter of the payment order; and
- **standardisation of the rights and obligations** of both the customer as well as the payment service provider.

The version of the directive for payment services on the internal market (originally called New Legal Framework) that was approved by the Council adheres to the requirements set forth by the European Parliament in the report submitted by its Committee on Economic and Monetary Affairs. Therefore, the final vote by the MEPs at April's summit meeting should be purely a formality and the directive will definitely be approved. It will then have to be **incorporated within national legislation by November 2009**.

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/misc/93332.pdf

ENTERPRISE

Measures for Decreasing Administrative Burdens Submitted

The European Commission has submitted the **first set of proposals for decreasing excessive administrative**

burdens for the business sector, especially for small and medium-sized enterprises, without decreasing the level of protection provided to consumers. The first three proposals relate to the following areas:

- **Transport companies** – the current special transport documents that are required, specifying transport routes, border crossing points, etc., will be replaced by simpler documentation that will continue to meet the provisions of international agreements;
- **Small enterprises in the foodstuff industry** (i.e., butchers, bakers, grocery shops) – current rules for maintaining records on hygiene measures and processes in the same manner as large supermarkets will no longer have to be followed; they will have to continue abiding by all hygiene standards, but the demanding and time-consuming administrative reporting requirements will be abolished; and
- **Mergers or division** – during mergers or divisions, companies will no longer be required to submit demanding expert reports of the proposed conditions for the merger or division of companies under the condition that such reports are not required by the shareholder;

These three proposals are a part of a package of ten measures presented by the European Commission and should **save companies EUR 1.3 billion** in administrative expenses annually. They are also a part of the integrated policies for decreasing administrative burdens for companies with the goal of cutting bureaucracy in the EU by one-fourth by 2012. Unfortunately, at the EU Summit in March, representatives from the member states turned down a proposal for the binding decrease of bureaucratic burdens clearly on the basis of national legislation. This occurred in spite of the fact that the ratio of burdens placed by European legislation and national legislation towards entrepreneurs is about the same.

Proposals are approved by means of a **co-decision-making procedure**. The EU Council and the European Parliament must agree on the contents.

http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/294

TRANSPORT AND ENERGY

Transatlantic Air Transport to Become More Open for Competition

At their meeting, the transport ministers from the member states unanimously approved an **open sky agreement** that will bring increased competitiveness to transatlantic air transport.

The ministers' decision is the result of **more than four years of negotiations** between representatives from the EU and the USA, who, at the start of March, agreed on these two main points:

- European airlines will be able to fly to the United States from any European airport without regard to their country of their origin; and
- the existing limitations for American flights between individual destinations in Europe will be abolished.

Pressure to conclude an agreement of this type increased after the **decision passed by the European Court of Justice in 2002** determined that the differing bilateral treaties that individual member states had with the USA were not compatible with European-wide law.

The last country to block the agreement was Great Britain, which currently holds a forty percent share of the transatlantic transport market and for whom the agreement means that additional lucrative routes from London's Heathrow Airport to the USA will be opened up for other airlines in addition to the four that are currently allowed (British Airways, Virgin Atlantic, American Airlines and United Airlines). In the end, a compromise was finally reached after the British condition stipulating that the agreement will become valid five months later, i.e., **as of 1 April 2008**, was accepted. By then, London's airport will have had time to build a new terminal that will increase transport capacity and allow new airlines to operate.

The treaty also contains a clause whereby the United States is obligated to **open its domestic market more** for European operators and to relax the rules that allow European companies to invest in American airline companies by mid-2010. At this point, European companies cannot hold more than twenty-five percent of voting rights. Negotiations on these matters should start by the end of next year. The agreement should be signed at the s**ummit between the EU and the USA** that will take place in April. The American side must first however agree with the five-month delay in the validity of the contract. It is expected that this will happen.

It is to be anticipated that the liberalisation of transatlantic air transport will **lead to stronger competition**, an expanded offer of flights, and a decrease in air ticket prices.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/trans/93264.pdf

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/277

The European Council's Spring Summit resulted in some ambitious goals in the areas of energy and the environment. The most significant measure is the obligation to decrease greenhouse gas emissions to a level that is twenty percent lower than the 1990 levels by 2020. The Czech Republic was not successful in Brussels with its proposed plan for emission permits for the 2008-2012 timeframe.

Amount of Renewable Resources in the EU Will Increase

The European Council's Spring Summit brought yet another breakthrough in European Union policies in the area of energy and the environment, when the member states clearly opted in favour of transforming Europe into a **highly energy-efficient economy with low emission of greenhouse gases**.

The most significant measure that was accepted is the European Union's obligation to **decrease emission of greenhouse gases by twenty percent in 2020 as compared to 1990** levels. Anticipating that other developed countries (especially the USA) will agree to make comparable decreases, the member states of the Union agreed to reduce emissions by up to thirty percent. Just for information, the current goal within the framework of the Kyoto Protocol envisions an eight percent reduction by 2012.

Of no lesser importance is the acceptance of an agreement whereby the EU will **increase renewable energy's share of total energy consumption to at least twenty percent by 2020**. This binding goal pertains to the European Union as a whole and not to individual member states. In spite of the efforts of other member states, with France at the forefront, it was not possible to promote nuclear energy as a renewable energy source. Angela Merkel, who leads the presiding Germany, stated that, "We discussed this point for a long time. It is important that renewable energy remains renewable and not anything else."

Due to variable industrial stores and different geographical conditions, it was decided that national goals for decreasing greenhouse gas emissions and increasing renewable energy sources **could vary amongst the individual member states**. The important thing is that the twenty and thirty percent goals be met by the EU as a whole. Precise specifications for national goals in both areas will be the subject of future, presumably very demanding, negotiations.

Another significant conclusion lies in the acceptance of a binding goal to attain at least a **ten percent share for biofuels used for transport** in individual member states. This goal is also to be achieved by 2020. Meeting this goal will apparently not be as hot an issue, because the accompanying decision makes it conditional on the sustainability of existing production and access to second generation biofuels on the market. The highest representatives from the EU states also have given the European Commission the go-ahead to implement legislative instruments (directive, regulations) in order to increase energy efficiency, higher energy savings, etc.

From this standpoint, the Summit was a revolutionary meeting at which the EU confirmed its **global position as a leader in the fight against global warming** and set ambitious savings goals for the future. An important question that remains however, is how the individual member states will share in achieving the overall EU goals or whether these goals might be toned down a bit prior to the target year of 2020.

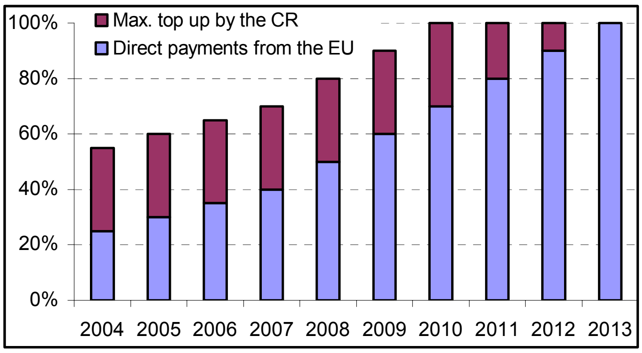
http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/93135.pdf

AGRICULTURE

Direct Payment System to Remain Unchanged in the CR for the Time Being

One of the main points of the reforms to Common Agricultural Policy (CAP) as defined in June 2003 included **changing the direct payments made to agriculturalists to be in the form of subsidies based on area rather than subsidies for specific commodities**. The purpose behind this is to give agriculturists the choice to decide in which area to do business.

Direct payments to farmers in the CR



Source: Accession Treaty

The Czech Republic is the last of the new European Union Countries that still pays a portion of direct payments – those that are made from state budget resources to balance out subsidies received – **based on commodity**. The European Commission is now pushing very hard in order to ensure that all direct payments in the Czech Republic be based only on area.

When he was in Brussels, the Minister of Agriculture Petr Gandalovič finally decided to keep the system used to make agricultural direct payments for existing selected commodities (cattle, sheep, and goat breeding; growing hops; growing starch potatoes, fibre flax, and other selected

commodities on arable land), albeit with a certain change as compared to the way it is now. According to ČTK, this change rests in the manner that the direct payment will be paid for commodities **on the basis of results from a designated historical reference period** and not based on the actual volume of production in a given year. This will negatively impact farmers who want to expand their production or start up.

“We will devote the maximum level of attention possible to the definition of the modified system within a government directive and will of course regularly consult on it with the European Commission in order for it to be clear,” Gandalovič told ČTK.

In our opinion, this is fundamentally a logical measure that conforms to the last CAP reforms – to separate subsidies from specific production. Nevertheless, we understand the protests made by farmers – **radical changes must be made sufficiently ahead of time** in order to ensure that the affected parties have time to prepare.

http://www.mze.cz/Index.aspx?ch=270&typ=1&val=38600&ids=0

ENVIRONMENT

Commission Reduces Volume of Permits for CO2 Emissions in the Czech Republic

The Czech Republic was not successful in Brussels with its proposed national allocation plan for the 2008-2012 timeframe with respect to permits for CO2 emissions to be issued within the framework of the EU emissions trading system. The Czech Republic requested permits for 102 million tons of carbon dioxide emissions, which is five percent more than the number of permits it was allocated for the 2005-2007 timeframe and even twenty-five percent more than actual usage (in 2005, Czech companies released 82 million tons of CO2).

The European Commission will approve the national allocation plan only under the condition that **the volume of permits is reduced to 86.8 million tons**, which is fifteen percent less than the amount the Czech Republic originally requested.

Other conditions that must be met in order for the European Commission to accept the Czech Republic’s national allocation plan for the 2008-2012 timeframe include:

- the allocations distributed to installations that qualify for bonuses for early action and the combined production of electricity and heat cannot exceed estimated requirements;
- if the guarantees for allocations beyond 2012 as provided by current Czech legislation are maintained, the Commission will need to review them in relation to EU regulations for state support;
- more information on the manner in which new participants are treated must be provided; and
- the list of installations must be supplemented.

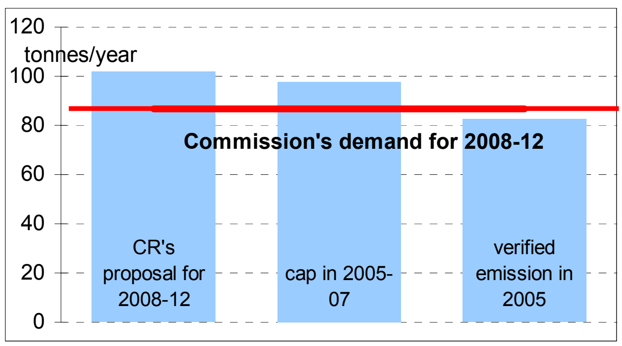
The Ministry of Industry and Trade spoke out sharply against the decrease in allocations. Minister Říman even **threatened to file a lawsuit against the European Commission with the European Court of Justice**. According to media information, the government decided not to even follow this path.

If the European Commission’s efforts to decrease greenhouse gas emissions that cause global warming are to be successful, industrial companies must be forced to release less carbon dioxide into the atmosphere. Within this context, the European Commission’s requirements are **logical and in no way prohibitive**. The future Czech allocation of 86.8 million tons of CO2 annually is still higher than the newest information on actual emission volumes.

Nevertheless, we understand the arguments that Czech industry has with regard to a **worsened position in the future** (up till now, Czech companies have profited from the sale of extra permits) as compared to competitors from third countries where similar mechanisms for decreasing emissions are not in place. The European Commission should thus exert the **maximum level of effort required in order to include additional countries**. The first in line is Norway, which will join the permit trading system in 2008. The Norwegian system will be even stricter than the European version, as more industrial sectors will be involved and fewer permits will be issued.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/412

CO2 emission allowances in the CR



Source: European Commission

Negotiators from the European Parliament and the European Council have agreed on LIFE+ - a multi-year programme for environmental protection. In order for it to be come valid, all that remains is for it to be formally approved by both bodies. It appears that the European Commission initiative for decreasing roaming fees will be successful. According to preliminary information, price regulation should come into effect for mobile telephone calls to and from abroad.

Council and Parliament Have Agreed on the LIFE+ Programme

Representatives from the European Parliament and member states have agreed on a **multi-year programme for environmental protection** under the name of LIFE+. It will be allocated a budget of EUR 1.9 billion (in 2004 prices) for the 2007 through 2013 timeframe.

A little over **three-fourths (seventy-eight percent) will be designated for funding grants in the member states**, with at least one-half of this amount targeted at projects for nature conservation and maintaining biological diversity. The European Commission will divide the remaining twenty-two percent for cross-cutting measures, such as impact assessments, improving communications, and other administrative expenses.

The **LIFE+ Programme for the 2007-2013 timeframe will bring simplification** by regrouping the wide range of existing assistance instruments offered by the original LIFE+ Programme, Forest Focus Programme, and Support Programme for Sustainable Urban Development into a single framework.

LIFE + consist of the following three sections:

1. **LIFE+ Nature and Biodiversity** – primary focus will be placed on the implementation of European directives for protecting natural habitats and wild birds, as well as further strengthening of the knowledge and skills required for developing, assessing, monitoring, and evaluating European policies and legislation in this area;

2. **LIFE+ Environmental Policies and Governance** – the remaining priorities of the Sixth Environmental Action Programme other than nature and biodiversity will be covered, including strategic approaches to the development, implementation, and enforcement of environmental protection policies; and

3. **LIFE+ Information and Communication** – this section is concerned with communications and the provision of information pertaining to ecological topics.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/431

INFORMATION SOCIETY

Will EU Roaming Fees Go Down?

An informal meeting of the telecommunications ministers from the member states at the CEBIT trade fair in Hanover resulted in a **preliminary agreement on decreasing the fees** for making mobile telephone calls to and from abroad. This agreement should form the basis for the regulation of retail and wholesale prices, which, in the most likely scenario, should start this autumn. It's impossible for it to be implemented prior to the summer holidays.

According to the relevant press release, the ministers view the implementation of a European regulation as being a necessity, as roaming prices significantly exceed the related expenses.

Presiding Germany wants to set a **fixed threshold for wholesale prices for calling home from abroad** at the amount of 30 euro cents per minute – the MEPs are promoting a price of only 25 euro cents. **Retail prices paid by the end user would end up being 20 euro cents per minute more**. Accepted calls would cost no more than 25 euro cents per minute. These are however only fragments of information. Additional details of the agreement were not published.

The regulation will be approved though a co-decision-making process. The EU council and European Parliament must agree on its contents.

We don't want to comment too much on an incomplete proposal. However, establishing absolute ceiling limits, especially at the retail level, **is completely in conflict with market mechanisms**. The mobile telephone industry in the EU is not a monopoly for which direct price regulation would be warranted. We believe that it would be more effective to implement measures focused on expanding the range of offers by opening the market to new competitive operators, making the price-setting process more transparent, etc. Regulators could look for a more appropriate approach within the energy sector (the production and distribution branches) or in the area of payment relationships (consistent transfer fees within the framework of an overall EU common internal market).

http://www.eu2007.de/en/News/Press_Releases/March/0314BMWiRoaming.html

An inspirational debate took place in the European Parliament in relation to the subject of whether the economies of individual Eurozone members are converging or diverging. According to statistics published by Eurostat, the life expectancy of Czech women is 79.1 and that of Czech men is 72.9. These are below average in comparison to the European Union. The European Commission has published an interesting study on the credibility of statistics for evaluating fulfilment of the Stability and Growth Pact.

1 MARCH

EU constitution - strong support for the "Treaty +" solution: http://www.europarl.europa.eu/comparl/econ/hearings/20070228/default_en.htm

EU launches Agency for Fundamental Rights: http://www.eumc.europa.eu/eumc/index.php?fuseaction=content.dsp_cat_content&catid=9&contentid=4458a87a48a0e

2 MARCH

National representatives meet for the first time to discuss new European Globalisation adjustment Fund (EGF): http://ec.europa.eu/employment_social/emplweb/news/news_en.cfm?id=211

The market for EU wind power capacity broke new records: http://ec.europa.eu/energy/res/sectors/wind_energy_presentations_en.htm

5 MARCH

Research: European researchers test gold's limits: http://ec.europa.eu/research/infocentre/article_en.cfm?id=/research/headlines/news/article_07_03_02_en.html&item=Infocentre&artid=3474

Statistical illustration of the situation of women and men in: 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_03/3-05032007-EN-AP.PDF

Life expectancy at birth, 2005

	women	men		women	men
Spain	83.9	77.4	Portugal	81.4	74.9
France	83.8	76.8	Malta	81.4	77.7
Italy	83.2	77.6	Slovenia	81.3	74.1
Sweden	82.8	78.4	UK	81.1	76.9
Belgium	82.4	76.7	Denmark	80.2	75.6
Luxembourg	82.3	76.2	Poland	79.4	70.8
Finland	82.3	75.5	**CR**	**79.1**	**72.9**
Austria	82.2	76.7	Estonia	78.1	67.3
Germany	81.8	76.2	Slovakia	77.9	70.1
Ireland	81.8	77.1	Latvia	77.4	65.6
Cyprus	81.7	77.0	Lithuania	77.4	65.4
Netherlands	81.6	77.2	Hungary	76.9	68.6
Greece	81.5	76.6	Bulgaria	76.3	69.0
EU-27	**81.5**	**75.4**	Romania	75.4	68.2

Source: Eurostat

6 MARCH

Energy and Transport: Air Safety - Update of the list of airlines banned within the EU: : http://ec.europa.eu/transport/air-ban/list_cs.htm

External Relations Council meeting: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/gena/&fileName=93080.pdf

General Affairs Council meeting: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/gena/&fileName=93079.pdf

Euro a "credible" currency for Europe: http://www.europarl.europa.eu/news/public/story_page/043-3546-059-02-09-907-20070222STO03537-2007-28-02-2007/default_en.htm

7 MARCH

MEPs back European organic logo: http://www.europarl.europa.eu/news/public/story_page/032-3811-064-03-10-904-20070306STO03810-2007-05-03-2007/default_cs.htm

EU energy: the search for a safe and green future continues: http://www.europarl.europa.eu/news/public/story_page/051-3544-059-02-09-909-20070222STO03535-2007-28-02-2007/default_en.htm

8 MARCH

Parliament's transport committee has just adopted 7 reports on improving maritime safety: http://www.europarl.europa.eu/news/public/story_page/062-3827-057-02-09-910-20070307STO03826-2007-26-02-2007/default_en.htm

CIFAS - Good farming leads to a better environment: http://www.eea.europa.eu/highlights/cifas-good-farming-leads-to-a-better-environment

9 MARCH

New "Audiovisual without Frontiers" Directive: http://ec.europa.eu/information_society/newsroom/cf/itemlongdetail.cfm?item_id=2343

Regions and cities are backbone of Lisbon Strategy: http://www.cor.europa.eu/en/press/press_07_03038.html

EU25 current account deficit 79.4 bn euro: 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_03/2-09032007-EN-AP.PDF

12 MARCH

Presidency Conclusions from the Brussels European Council: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/ec/&filename=93135.pdf

Environment: New website for Green Public Procurement: http://ec.europa.eu/environment/gpp/index_en.htm

13 MARCH

Opening of March Strasbourg plenary - minute of silence for victims of terrorism: http://www.europarl.europa.eu/news/expert/infopress_page/008-4039-071-03-11-901-20070309IPR03997-12-03-2007-2007-false/default_en.htm

14 MARCH

European Investment Bank: Preliminary offering prospectus of EIB's planned debut Romanian Leu bond: http://www.eib.europa.eu/news/news.asp?news=212

15 MARCH

The electronic version of the EU budget is now available: http://ec.europa.eu/budget/publications/budget_en.htm

How reliable are the statistics for the Stability and Growth Pact?: http://ec.europa.eu/economy_finance/publications/economic_papers/2007/economicpapers273_en.htm

OPEN DAYS smashes record for fifth successive year as 212 regions and cities sign up as official partners: http://www.cor.europa.eu/en/press/press_07_03040.html

16 MARCH

Commission urges industry and Member States to develop a proactive European strategy: http://ec.europa.eu/information_society/newsroom/cf/itemlongdetail.cfm?item_id=3249

19 MARCH

Policy priorities of the Commission for 2008 - Prosperity, solidarity, security and freedom, and stronger role in the world: http://ec.europa.eu/atwork/programmes/index_en.htm

Euro central rates and compulsory intervention rates in ERM II: http://www.ecb.eu/press/pr/date/2007/html/pr070319.en.html

20 MARCH

Agriculture and Fisheries Council meeting: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/agricult/&filename=93224.pdf

21 MARCH

International Day for the Elimination of Racial Discrimination: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/cfsp/&filename=93244.pdf

Utilisation of budget appropriations - new format: http://ec.europa.eu/budget/execution/rapports_exec_en.htm

22 MARCH

Biodiversity: will our grandchildren still eat fish?: http://www.europarl.europa.eu/news/expert/infopress_page/064-4417-080-03-12-911-20070321IPR04416-21-03-2007-2007-false/default_en.htm

23 MARCH

Transport, Telecommunications and Energy Council meeting: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/trans/&filename=93264.pdf

Key Indicators for the Euro Area: http://ec.europa.eu/economy_finance/indicators/key_euro_area/keyeuroarea_en.htm

Young Europeans through statistics: 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_03/3-23032007-EN-AP.PDF

26 MARCH

Commission is preparing a legislative proposal on carbon capture and storage (CCS): http://ec.europa.eu/environment/climat/ccs/consult_en.htm

27 MARCH

Economic and Financial Affairs: Preparing for the euro - survey among enterprises in the Republic of Cypru: http://ec.europa.eu/public_opinion/flash/fl200_en.pdf

28 MARCH

Economic and Financial Affairs Council meeting: http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/ecofin/&filename=93340.pdf

Commission proposes to end waste of fisheries resources: http://ec.europa.eu/fisheries/press_corner/press_releases/com07_18_en.htm

29 MARCH

Bulletin of the European Union - December 2006: http://europa.eu/bulletin/en/200612/sommai00.htm

30 MARCH

Quarterly report on the euro area - Volume 1/2007: http://ec.europa.eu/economy_finance/publications/quarterly_report_on_the_euro_area_en.htm

EU signs new UN treaty on disability rights: http://ec.europa.eu/employment_social/emplweb/news/news_en.cfm?id=222

During the course of April, a number of meetings will be held by the ministers from the member states, including both official EU Council meetings as well as informal get-togethers. The summit that will be held between the EU and the USA is definitely worth mentioning. One of the highlights will be the expected signing of the long-negotiated free sky agreement. We are also bringing an updated overview of public consultation on newly prepared and revised European legislation in various areas.

Meeting of the key EU institutions

16.-17.4.2007	**Luxembourg, Luxembourg**
- Agriculture and Fisheries Council	
19.-20.4.2007	**Luxembourg, Luxembourg**
- Justice and Home Affairs Council	
19.-20.4.2007	**Aachen, Germany**
- Informal Meeting of Health Ministers	
20.-21.4.2007	**Berlin, Germany**
- Informal Meeting of Ministers for Economics and Finances	
23.-24.4.2007	**Luxembourg, Luxembourg**
- General Affairs and External Relations Council	
24.-26.4.2007	**Strasbourg, France**
- EP Plenary	
26.-28.4.2007	**Würzburg, Germany**
- Informal Meeting of Ministers for Competitiveness	
30.4.2007	**Washington, D.C., USA**
- EU & USA Summit	

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
Review of Commodity and Exotic Derivates and Related Business	DG MARKT	30.4.2007
The Green Paper on Urban Transport	DG TREN	30.4.2007
Towards a Europe free from tobacco smoke	DG SANCO	1.5.2007
Guidelines on the assessment of non-horizontal mergers	DG COMP	12.5.2007
European Strategic Energy Technology Plan	DG TREN	13.5.2007
Services of social value using single European freephone numbers	DG ITC	20.5.2007

EU assistance tools for small and medium-sized enterprises do not consist solely of structural funds. The new Competitiveness and Innovation Framework Programme for 2007-2013 also deserves attention. Most of the programme measures are not however intended directly for businesses but rather for intermediary organisations (banks, other financial institutions, professional chambers and associations, authors of expert studies, information centre operators, etc.) that offer them services.

COMPETITIVENESS AND INNOVATION FRAMEWORK PROGRAMME FOR 2007-2013

INTRODUCTION AND PROGRAMME BUDGET

The Competitiveness and Innovation Framework Programme (CIP) for 2007-2013 is one of a series of flagship assistance programmes that has been implemented by the European Union in order to **achieve the ambitious goals set forth by the Lisbon Strategy** during the new programme period.

These goals are the foundation for the programme's primary mission as defined in the following decision:

"The framework programme **shall contribute to the competitiveness and innovative capacity of the Community** as an advanced knowledge society, with sustainable development based on robust economic growth and a highly competitive social market economy with a high level of protection and improvement of the quality of the environment."

The programme focuses on the **needs of small and medium-sized enterprises (**SMEs), for whom, after structural funds, it is the European Union's most significant support instrument. The intervention provided by this programme also supplements other primary EU policies, such as support for research and technical development (Seventh Framework Programme) and lifelong learning programmes (i.e., Comenius, Erasmus, Leonardo da Vinci, Grundtvig, and others).4

The framework programme has the following objectives:

a) **increase the competitiveness** of enterprises, especially those that are small and medium-sized;
b) **support innovations** of all types, including eco-innovations;
c) **speed-up the development** of a sustainable, competitive, innovative **information society** accessible to all; and
d) **support energy efficiency** and new **renewable energy sources** within all sectors, including transportation;

The programme is subdivided into three main sub-programmes on the basis of these goals, specifically:

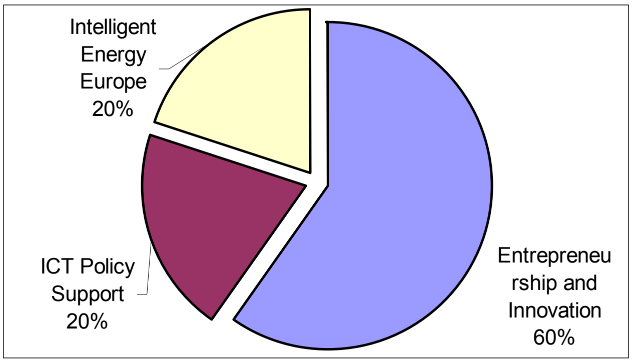
1. the **Entrepreneurship and Innovation Programme** (EIP)
2. the **Information Communications Technologies support programme** (ICT)
3. the **Intelligent Energy Europe programme** (IEE)

The financial coverage that will be provided for the implementation of the entire framework programme has been set at **EUR 3,621,300,000**. The amounts that will be made available each year will be established by the budget authorities within the limits established for the overall financial framework.

Indicative Budget Overview for 2007 - 2013

Programme	**EUR mil.**
Entrepreneurship and Innovation Programme	2 166
of which eco-innovation	*430*
ICT Policy Support Programme	728
Intelligent Energy Europe Programme	727
TOTAL	**3 621**

Indicative Budget of the Framework Programme



Source: European Commission

Participants from the following can participate in the framework programme:

a) members of the European Free Trade Association (EFTA), who are members of the European Economic Community (EEC) **– aside from the EU-27, Norway, Liechtenstein, and Iceland;**
b) **acceding and candidate countries** to whom pre-accession strategies apply;
c) **Western Balkan countries**; and
d) **Third Countries**, as provided by applicable agreements and procedures.

Complete coordination of the programme and participation within it, including strategic management and overall integrated implementation, is overseen by the **European Commission**, which has established the following committees to assist with individual programmes:

- Management Committee for the Entrepreneurship and Innovation Programme (EIPC);
- Management Committee for the Information Communications Technologies Support Programme (ICTC); and
- Management Committee for the Intelligent Energy Europe programme (IEEC).

The full definition of the CIP is provided by **European Parliament and Council Decision No. 1639/2006/EC**, of 24 October 2006, which introduces the Competitiveness and Innovation Framework Programme for the 2007-2013 timeframe. The entire text of the framework programme is available here:

http://eur-lex.europa.eu/LexUriServ/site/cs/oj/2006/l_310/l_31020061109cs00150040.pdf

INDIVIDUAL SECTIONS OF THE FRAMEWORK PROGRAMME

Entrepreneurship and Innovation Programme

The Entrepreneurship and Innovation Programme is the largest section within the CIP framework and has been allocated 60% (EUR 2,166,000,000) of the total budget. It concentrates on intervention activities that were originally included partially within the **Multi-Annual Programme for Enterprise and Entrepreneurship** on the one side and the **LIFE environmental programme** on the other. The programme also ties onto the innovative activities that were a part of the Sixth Framework Programme for Research and Technical Development.

As the programme name implies, its primary purpose is to **support enterprises** (namely those that are small and medium-sized), **entrepreneurship, innovation** (including eco-innovations), and **industrial competitiveness**.

Through the use of the European Investment Fund, the programme assists small and medium-sized enterprises in becoming more innovative by simplifying access to resources by: (i) **sharing risk**, (ii) **investing in the Risk Capital Fund** for SMEs, (iii) **providing guarantees**, and other similar tasks. Non-financial tools provided by the programme allow enterprises to take advantage of entrepreneurship-supporting information through the Euro Info Centre (EIC) and Innovation Relay Centre (IRC), or via the organisation of an entrepreneurial network that shares the most successful examples from actual practice, etc.

Programme Activities

The programme consists of six primary areas:

i) Financial resources for starting up a business and supporting SME growth and innovative investments:

Intervention activities in this area include:

- increasing the volume invested in risk capital funds and investment tools supported by business angels;
- increasing the potential of debt instruments used for financing small and medium-sized enterprises; and
- improving the financial environment for small and medium-sized enterprises and their preparation for investments;

ii) A favourable environment for SME cooperation, especially across borders:

Intervention activities in this area include:

- strengthening the services offered to support SMEs;
- contributing to measures that assist and motivate SMEs towards cross-border participation with other enterprises and participants in the area of innovation, including involving SMEs in the area of European and international normalisation processes; and
- supporting and facilitating international business cooperation, including at regional levels and also via an

BOX:

Definition of micro, small and medium enterprises

Category	Employees	Turnover or Balance sheet	
Micro-enterprise	< 10	≤ 2 millions €	≤ 2 millions €
Small-enterprise	< 50	≤ 10 millions €	≤ 10 millions €
Medium-enterprise	< 250	≤ 50 millions €	≤ 43 millions €

Source: Recommendation 2003/361/ES

SME network that supports the coordination and development of their economic and industrial activities;

iii) All forms of innovation within enterprises:

Intervention activities in this area include:

- supporting innovations that are specific to certain branches, clusters, innovation networks, and partnerships for innovation established between the public and private sectors (PPP); promoting cooperation with relevant international organizations; and managing the innovation process;
- supporting nationwide and regional programmes for innovations in the economic area;
- supporting the introduction of new innovative technologies and concepts as well as the innovative use of existing technologies and concepts;
- supporting services for the supranational transfer of knowledge and technologies and services that provide protection for intellectual and industrial ownership rights;
- performing research into and development of new types of innovative services; and
- supporting technology and knowledge through data archival and transfer;

iv) Eco-innovations:

Intervention activities in this area include:

- supporting the introduction of environmental technologies and ecological innovations;
- providing joint investments in risk capital funds, which provide equity to, amongst others, companies that invest in eco-innovations;
- supporting networks and clusters of eco-innovations and partnerships between the public and private sectors in the areas of ecological innovations, the development of innovative business services, and the simplification or support of eco-innovations; and
- supporting new and integrated accesses pertaining to eco-innovations in areas such as environmental management and the design of eco-friendly products, processes, and services, taking into account their entire lifecycle;

v) Entrepreneurial and innovative culture:

Intervention activities in this area include:

- encouraging entrepreneurship, capabilities, and culture in the area of doing business, utilizing risk and the benefits related to doing business, especially in the case of women and young people;
- encouraging an entrepreneurial environment that is open to innovations as well as company growth and development;
- supporting the development of policies and cooperation between participants, including international cooperation at the managerial level of nationwide and regional programmes, specifically with the goal of supporting the accessibility and flexibility of programmes and measures for small and medium-sized enterprises; and
- encouraging the establishment and conversion of enterprises;

vi) Economic and administrative reform in relation to entrepreneurship and innovations:

Intervention activities in this area include:

- collecting data, performing evaluations, and monitoring performance and the development and coordination of appropriate policies;
- contributing to the definition and support of competitive strategies connected with specific branches of industry and services; and
- supporting mutual learning for the purpose of attaining excellence within nationwide, regional, and local administrative authorities.

Financial Instruments

The financial instruments offered by the programme should simplify access to financial resources for small and medium-sized enterprises during certain phases of their lifecycle:

- preparatory stages;
- start-up stages;
- development stages; and
- at the time an enterprise is converted or transferred.

SME investments into technological development, innovations (including eco-innovations), technology transfer, cross-border expansion of business activities, etc. all fall within the framework of the applicable financial instruments.

a) GIF – High Growth and Innovative SME Facility:

GIF administration is overseen by the European Investment Fund (EIF) on behalf of the Commission and includes the following tasks:

- contributing to the establishment and financing of SMEs and towards decreasing the lack of equity and risk capital currently available on the market – a situation that prevents SMEs from taking advantage of growth potential, with the ultimate goal of developing the overall European risk capital market; and

- supporting innovative SMEs that have high growth potential, especially enterprises that are involved in research, development, and other innovative activities.

The GIF mechanism consists of two instruments:

- **GIF1** focuses on investments during the earliest phases (preparatory and start-up stages). It makes investments into specialised risk capital funds, such as early stage funds; regional funds; funds for a specific sector, technology, or research and technical development; as well as incubator funds that subsequently provide capital to small and medium-sized enterprises. It can also co-invest in funds and investment instruments supported by business angels;
- **GIF2** is to be used for financing investments during the development stage and will invest in specialised risk capital funds, which will subsequently be provided to innovative SMEs that have high growth potential during the development of their own equity or quasi-equity. Investments provided through GIF2 are protected against the purchase or financial transfer of capital that is made with the intention of completing a speculative sale of a portion of an enterprise's assets.

Within the framework of the GIF mechanism, it is possible to **invest in intermediary** entities, even within the framework of eventual cooperation with nationwide or regional programmes that support retail investment companies.
In addition to financial resources received from the GIF mechanism, the majority of capital invested in the fund is provided by investors, who perform their activities under conditions that correspond to the principles of **investing under market conditions**.

b) SMEG - SME Guarantee Facility:

SMEG administration is also overseen by the European Investment Fund (EIF) on behalf of the Commission and includes the following tasks:

- providing counter guarantees and joint guarantees for ensuring the measures that are implemented within the programmes in individual countries; and
- providing direct guarantees to other appropriate financing intermediaries.

SMEG consists of four separate tools:

- **financing through loans or credit –** this will decrease the difficulties faced especially by small and medium-sized enterprises in their attempts to access financial resources, either as a result of the fact that investments in certain knowledge-based activities, such as technical development, innovation, and technology transfer, are considered to be of a higher risk or due to insufficient security;
- **financing micro-loans –** this will support financial institutions and encourage them to play a larger role in providing smaller scope loans – something that generally results in fairly higher expenses for debtors with insufficient security. In addition to guarantees and counter guarantees, the financing intermediaries can also receive subsidies for partially covering the higher expenses associated with financing micro-loans;
- **providing guarantees for investments into own equity or quasi-equity for SMEs –** this includes investments that provide capital either during the preparatory phases or the start-up phases of an enterprise, i.e., mezzanine financing, in order to decrease the difficulties small and medium-sized enterprises face due to their small financial strength and difficulties related to the conversion or transfer of an enterprise; and
- **providing security for SME portfolio receivables –** this will activate additional debt financing for SMEs on the basis of appropriate provisions on risk sharing with the applicable institutions. Support for these transactions is dependent on where the issuing institution will consider providing a significant portion of the liquidity resulting from the activated capital towards providing additional credit to the SME sector.

c) CBS - Capacity Building Scheme

CBS will operate in cooperation with international financial institutions, including the European Bank for Reconstruction and Development, the European Investment Bank, the EIF, and the European Council Development Bank.

CBS incorporates the following tasks:

- increasing the investment and technical professionalism of the fund and other financing intermediaries who invest in innovative SMEs or those that show growth potential; and
- motivating the provision of loans to small and medium-sized enterprises by strengthening the procedures used for approving loans to SMEs.

CBS consist of activities that provide seed capital and promote partnerships:

Seed capital activities – grants will be provided for the purpose of providing risk capital to innovative SMEs and other SMEs with growth potential through providing resources from the fund during the preparatory and start-up phases of an enterprise or similar organisation. Support can

also be provided for supporting the long-term recruitment of additional employees with specific expertise in the areas of investment and technology;

Partnership activities – grants will be provided to financing intermediaries in order to cover the expenses related to technical assistance provided for improving loan approval procedures for the debt financing of small and medium-sized enterprises, with the goal of promoting the provision of financial resources to this sector in countries where a low level of bank intermediation exists. The credit lines and risk sharing provided by international financing institutions to partner banks and financial institutions will be supplemented. A significant portion of resources will be applied towards improving their abilities to evaluate the business viability of projects that are oriented towards eco-innovations.

Other Support Tools

a) Support services for the benefit of entrepreneurship and innovation:

With regard to the experiences and skills acquired within the framework of existing European support networks for enterprises, it is possible to provide financial support to partners participating in these networks, namely with the goal of providing:

- information, feedback, and services leading towards business cooperation and internalisation;
- services for innovation, technology transfer, and skill transfer;
- services that support the participation of small and medium-sized enterprises within the Seventh Framework Programme for Research and Development.

b) Pilot projects and market replication projects pertaining to innovations and eco-innovations:

Within the overall framework, support will also be provided for projects implemented in relation to the first use or market replication of technologies, products, or practices connected with innovations or eco-innovations that are of significance for the EU and which have been successfully demonstrated but that, due to remaining risk factors, have not yet successfully penetrated the market, These projects are also intended for supporting the wider use of such technologies, products, or practices within the framework of participating countries and facilitating their introduction on the market.

c) Analysis, development, policy coordination, and twinning:

In order to support analyses, development, and policy coordination with the participating countries, the following measure can be used:

- studies, data collection, research, and publications, which are founded on official statistics to the highest degree possible;
- twinning and professional consultations, including consultations provided by experts from public institutions and professionals sent by small and medium-seized enterprises and other participating parties. conferences. and other similar events;
- increasing awareness, building networks, and other related activities; and
- referential comparisons of nationwide and regional productivity and performance of proven procedures, including their dissemination and implementation.

d) Other supporting measures for the programme:

These include:

- analysing and monitoring competitiveness and branch-related issues, including the Commission's annual reports on the competitiveness of European industry;
- evaluating the impact of measures implemented by the Community, especially measures that are of high significance for the competitiveness of enterprises, and publishing the results in order to determine the areas wherein it is necessary to simplify existing regulations or prepare new legislative measures in order to make innovation activities more attractive;
- assessing specific perspectives and specific implementation measures in relation to the Entrepreneurship and Innovation Programme; and
- disseminating information that is relevant in relation to the Entrepreneurship and Innovation Programme.

Information Communications Technologies (ICT) Policy Support Programme

The second segment of the CIP framework programme – the programme that provides policy support for information and communications technologies (known as ICT) – loosely ties onto the preceding programmes of **e-TEN**, **Modinis**, and **e-Content** and focuses on fulfilling the new, integrated strategy for the European information society up through 2010.

The programme's main purpose is to stimulate new markets of electronic networks, digital content, and technology, as well as to discover solutions to obstacles that prevent the **faster use of electronic services within the EU**. The programme also supports the modernisation of services offered to the public sector with the ultimate goal of increasing work productivity and the quality of services

offered. A budget of EUR 728,000,000 has been designated for this programme for the entire seven year period.

Programme Activities

This programme has three primary activity areas:

i) Common European information space and strengthening the internal market for products and services from the ICT sector

Intervention activities within this area are focused on:

- removing obstacles that limit access to services founded on information and communications technologies and establishing appropriate framework conditions for the quick, appropriate, and effective convergence of digital communication technologies and services (including interoperability) and the use of open standards and perspectives for security and confidence;
- improving the conditions for the development of digitally distributed contents, taking multilingualism and cultural diversity into consideration; and
- monitoring the European information society through data collection and analyses of the development, accessibility and use of digital communications services, including expansion of the Internet, access to broadband connections and their implementation, as well as the development of contents and services;

ii) Innovations through the wider acceptance of information and communications technologies and investments in them

Intervention activities in this area are focused on:

- supporting innovations in procedures, services and products, which are made possible through the use of information and communications technologies, especially in the SME and public service sectors, while taking essential requirements for the requisite capabilities into consideration;
- facilitating cooperation between the public and private sectors, as well as supporting partnerships in order to speed-up innovations of information and communications technologies and investments in them; and
- supporting and increasing awareness of the possibilities and benefits that information and communication technologies, as well as new applications that use them, can bring to citizens and enterprises, including strengthening the confidence in new ICT developments and openness towards them; and facilitating discussions at the European level with regard to new trends and developments in information and communications technologies;

iii) An information society accessible to all, more economical and efficient services in the public interest, and an improved quality of life

Intervention activities in this area are focused on:

- expanding the accessibility of information and communications technologies, including digitally disseminated content and digital literacy;
- strengthening confidence in the use of information and communication technologies and providing support for them, whereby special attention will be focused on privacy issues; and
- improving the quality, efficiency, and accessibility of electronic services in areas of public interest; promoting the participation that information and communications technologies allow, including interoperable European-wide and cross-border services, creating individual basic areas of common interest, and sharing proven procedures.

Programme Implementation

The programme for supporting information and communications technologies can be implemented on the basis of the following:

- projects,
- activities pertaining to proven procedures; and
- thematic networks.

Projects, activities pertaining to proven procedures, and thematic networks will focus on **stimulating the administration and best possible use of solutions based on innovative information and communications technologies**, especially in the areas of services and general public interest and services for SMEs. Community support will also facilitate the coordination and implementation of activities that will aid the development of an information society across all of the EU member states:

a) Projects, including auxiliary projects, pilot projects, and market replication projects:

The projects will focus on supporting innovation, technology transfer, and the dissemination of new technologies that are developed to the point whereby they can be introduced on the market. The Community can provide grants that supplement the budgets for these projects;

b) Activities pertaining to proven procedures for disseminating knowledge and sharing experiences throughout the entire Community:

Activities pertaining to proven procedures will be implemented in clusters related to specific topics and interconnected by thematic networks. The amount the Community contributes to these activities can be up to the cost of the direct expenses that are considered as being required or appropriate for achieving specific goals;

c) Thematic networks that unite the participating parties within the framework of a specific goal in order to facilitate the coordination and transfer of knowledge

Thematic networks can be linked to activities pertaining to **proven procedures**. Support for thematic activities will provide compensation for any eligible expenses outlaid for the coordination and implementation of the networks. Community contributions can also be used to pay for additional eligible expenses that arise as a result of implementing these measures.

A financial plan must be included with an application for Community support for projects, activities pertaining to proven procedures, and thematic networks. These plans must specify all of the financing requirements for a project, including the amount of financial support that is being requested of the Community as well as requirements for support from other sources. Applicants for other forms of Community support, such as services or studies, might subsequently be requested to provide information on the financial plan.

Intelligent Energy – Europe Programme

The first Intelligent Energy – Europe programme was implemented during the 2003-2006 timeframe with a budget of EUR 220,000,000. The second programme that has been defined for the 2007-2013 period is a part of a wider framework programme for competitiveness and innovation for the specified period and has an indicative budget of EUR 727,000,000.

The primary purpose of the programme is to **support the wider use of new and renewable energy sources, increase energy efficiency**, diversify energy sources, and create a uniform energy regulatory framework within the EU. The programme also aims at ensuring safe and sustainable energy for Europe and, at the same time, strengthening Europe's competitiveness.

The programmes should **increase the level of investments made into new and more productive technologies** and help to bridge the gap between the successful demonstration of innovative technologies and their efficient introduction on the market in a broad scope.

Programme Activities

The programme is subdivided into four main activity areas:

i) SAVE – support of energy efficiency and the rational use of energy resources:

Intervention activities in this area include:

- improving energy efficiency and the rational use of energy, especially in construction and industry, with the exception of activities implemented within STEER (refer to point c); and
- supporting the preparation of legislative measures and their implementation;

ii) ALTENER – support for new and renewable energy resources and support for energy diversification:

Intervention activities in this area include:

- supporting new and renewable energy resources for both centralised as well as decentralised production of electricity, heat, and cooling, thus also supporting the diversification of energy resources, with the exception of activities implemented within STEER (refer to point c);
- connecting new and renewable energy resources within local environments and energy systems; and
- supporting the preparation of legislative measures and their implementation;

iii) STEER – support for energy efficiency and the use of new and renewable energy resources within the transportation industry:

Intervention activities in this area include:

- supporting initiatives pertaining to all energy perspectives in relation to transportation and fuel diversification;
- supporting renewable fuels and energy efficiency within the transportation industry; and
- supporting the preparation of legislative measures and their implementation;

iv) Integrative initiatives:

Activities that link individual areas (SAVE, ALTENER, STEER) include:

- including energy efficiency and renewable energy sources within various business sectors; and
- linking various measures, tools, and participants within the framework of one activity or project.

Programme Implementation

The Intelligent Energy – Europe programme can be implemented by means of:

- projects for support and dissemination; and
- market replication projects.

a) Projects for support and dissemination:

Supported projects include:

- performing strategic studies on the basis of shared analyses and regular monitoring of market development and energy trends for the purpose of:
  - ➢ preparing future legislative measures or reviews of existing legal regulations, including those pertaining to the functionality of the internal energy market;
  - ➢ implementing mid-term and long-term strategies in the area of energy with the goal of supporting sustainable development;
  - ➢ preparing long-term voluntary obligations on the part of economic entities within the industrial sector and other participating parties; and
  - ➢ developing standards and systems for labelling and certification;
- creating, expanding, or reorganising structures and tools for energy development, including local and regional energy administration agencies, and developing the corresponding financial products and market instruments;
- supporting sustainable energy systems and equipment, with the goal of speeding up their penetration of the market and stimulating investment, thus facilitating the conversion from demonstrating to implementing more efficient technologies on the market; awareness raising campaigns and establishing institutional capacities are also included;
- developing informational, educational, and training structures; using results, providing support, and disseminating know-how and proven procedures that include all consumers; disseminating the results of activities and projects; cooperating with member state though operational networks; and
- monitoring the implementation and impact of legislative and supporting measures that the Community puts into practice.

b) Market replication projects:

The programme will support projects that are related to the market replication of innovative techniques, procedures, products, or practices that are important for the Community and which have been successfully demonstrated from the technical perspective. These projects are intended to provide support for the use of these techniques, procedures, products, or practices within the framework of participating countries and thus facilitating their introduction on the market.

ANNUAL WORK PROGRAMMES

Individual programmes within the Competitiveness and Innovation Framework Programme are implemented through annual work programmes. For each year of the seven-year programme period of 2007 through 2013, the European Commission will publish and **define in detail the specific intervention areas that are to be implemented or established for the year in question**. Of course, the annual work programmes must correspond to the activity areas of the individual programme activities.

The annual work programmes for each of the three CIP sub-programmes will define:

a) implementing measures;

b) priorities;

c) qualitative and quantitative goals;

d) appropriate evaluation criteria along with qualitative and quantitative efficiency indicators for analysing results, thus contributing to the fulfilment of specialised programmes as well as the overall framework programme;

e) time schedule;

f) rules for participation; and

g) selection criteria and evaluation measures.

In order to implement measures where they are most effective, the annual work programmes also establish the manner in which the programmes are announced – generally in the form of a **call for the submittal of proposals** or a **call for tenders**.

Of the three sub-programmes, the one with the highest allocated budget is the **Entrepreneurship and Innovation Programme**. On 8 March 2007, the European Commission approved a decision declaring the work programme for 2007.

This work programme relies on **twenty-three implementation measures**. From the perspective of budget, the most significant is the one titled "**SME Financial Instruments**", which has been allocated EUR 142,100,000 for this year. The goals for this measure have been defined under the title of "Financial Measures for SME Start-Up, Growth, and Innovation Investments" and it is meant to simplify the access small and medium-sized enterprises have to finances. The measure will be implemented by

means of financial resources from the European Investment Fund and consists of the following:

- **GIF** – Growth and Innovative SME Facility, which will increase the range of equity that is available to innovative SMEs during early business phases (GIF1) and during expansion phases (GIF2);
- **SMEG** – SME Guarantee Facility, which provides counter guarantees and joint guarantees for the purpose of securing the programme measures implemented within the participating countries or direct guarantees to commercial financial intermediaries with the goal of increasing debt financing within the SME segment; and
- **CBS** – Capacity Building Scheme, which supports the capacity of commercial financial institutions with the goal of increasing the financing available to SMEs.

The second largest measure within the annual work programme of the **Entrepreneurship and Innovation Programme** is concerned with establishing an information network and providing "**Services to Support Entrepreneurship and Innovation**". It is intended especially for innovative SMEs and has been allocated a budget of EUR 73,800,000 for 2007. The measure for operating the "**Euro Info Centre Network**", which has a budget of EUR 12,800,000 available to it for 2007, is intended as a complementary measure.

Form the perspective of budget, the **"Community Programme for Relieving Regulatory Administrative Burdens"** measure is also of significance. With a budget of EUR 17,000,000 to work with through 2008 (of which EUR 6,700,000 is intended for 2007), it involves the preparation of extensive studies that will quantify the administrative burdens that entrepreneurs face as a result of national and European legislation and will propose programmes and policies to decrease these burdens.

An overview of all of the implementing measures for this annual programme is available at: http://ec.europa.eu/enterprise/enterprise_policy/cip/docs/eip_wp2007.pdf

Other supportive measures for 2007 have also been announced within the framework of the **Entrepreneurship and Innovation Programme**: http://ec.europa.eu/enterprise/enterprise_policy/cip/docs/eip_wp2007_measures.pdf.

These include measure that have been specifically designed for preparing studies, performing analyses and organising conferences and meetings with experts with the goal of strengthening the dissemination of business information amongst SMEs.

CONCLUSIONS

The community's Competitiveness and Innovation Framework Programme is one of the **EU's most important tools for supporting small and medium-sized enterprises**, especially those that are devoted to being innovative. Its goal is not to "compete" with structure funds, which, from the financial perspective, still remain as the most significant source of support that the European Union provides to the small and medium-sized enterprise sector, but rather to act as an appropriate supplement.

The majority of measures included within this programme are not designated directly for small and medium-sized enterprises. They are intended more for **intermediary organisations** (banks, other financial institutions, meeting and conference organisers, chambers of commerce, expert study providers, information centre operators, etc.), whose services are an important prerequisite for the overall development of the small and medium-sized enterprise segment.

Maybe this is one of the reasons why this support programme, which has been allocated **a budget in excess of EUR 3,600,000,000 for the 2007-2013 period**, has not yet attained as much popularity amongst members of the target group as it deserves from the perspective of its usefulness.

After several months in which we focused more on new member states, the subject of today's closer view of a selected European Union member state is France. It is not a coincidence that the land symbolised by the Gallic rooster was selected at the time that European integration process institutions and the European Community itself are celebrating their fiftieth anniversary.

FRANCE

Government type/chief of state	republic / president Jacques Chirac
Area (share of EU)	547 030 km2 (12.6%)
Population (share of EU)	62 886 171 (12.8%)
Age structure	0-14 years: 18.5%, 15-64 years: 65.1%, over 65 years: 16.4%
Total GDP (share of EU)	1710.0 EUR bn (15.61%)
GDP per capita in PPS	108.2% of EU-25 average
GDP - composition by sector	agriculture: 2.2%, industry and constr.: 20.9%, services: 76.9%
Average inflation	1.9%
Average unemployment	9.7%
GDP growth	1.2%
General govern. balance	-2.9% of GDP
General government debt	66.6% of GDP
Number of NUTS2	26 NUTS2; Île de France: 174,5 %; Guyane: 54,4%

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

Apparently, France is rightfully considered to be the founder of the existing course of modern European integration, as it is the country that offered a handshake of peace to Germany after World War II and thus allowed the European integration process to start. In addition, French representatives had already prepared a very advanced integration plan, the implementation of which could begin once the appropriate institutions were established. Even this is not a coincidence. As early as the 1920s and 1930s, thoughts of European integration were already bubbling up in France, albeit at only the theoretical and academic levels. Political support after the end of World War II significantly strengthened this trend.

From the perspective of timing, France's contribution to the European integration process dates back to the early developmental stages of key policies that were adopted over the course of the overall integration process. Specifically, ones that should not be omitted include the creation and implementation of the Common Agricultural Policy and coordinated regional policies, whose financing instruments help overcome socio-economic differences between member states.

However, most recently, without regard to the enormous contribution it has made to the integration process, France itself has been relying more on living off the existing foundations. Currently, France definitely isn't one of the supporters of daring, deregulatory and liberalisation reforms that weaken the position of an exaggeratedly strong prosperous state in favour of individual responsibility.

Originally, Paris was considered to be one of the driving engines of progressive integration processes within the European Community. This is no longer the case. The negative reaction of French voters to the referendum on the European Constitutional Treaty is the most visible evidence of the latest development.

France's economic results are not that glowing either, especially from the perspective of dynamic growth. Upon closer scrutiny however, they do not stray much from the European Union's overall average. Over the past seven years, the annual growth rate in France has been very similar to that of the European Union – which ranges from one to four percent – and is closer to the lower threshold.

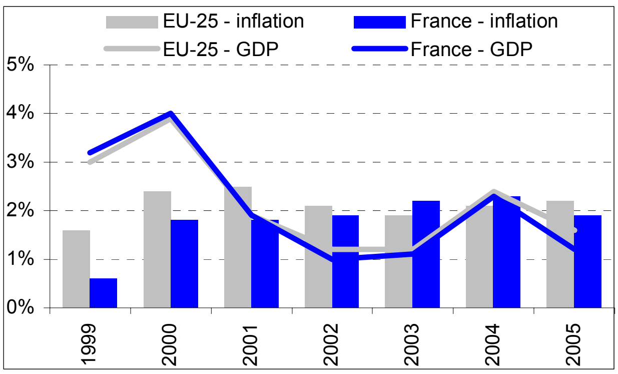
The growth of France's price index is also very similar to that of the EU average, especially the Eurozone.

Possibly, the need to accelerate economic activities, together with the necessity of improving fiscal discipline by decreasing the deficit in the public budget in relation to GNP, will, over time, lead France to also implement more radical reforms. In this case however, this will be accompanied by strong resistance on the part of the French public.

In spite of the consequences of domestic economic development, France still currently supports a cautious approach and continues to adhere to the principles of a closed market – especially in the area of services. On the other hand, from the perspective of the free movement of workers, France does not maintain as radical a approach as do Germany and Austria, and, to a limited degree, even already allows the entry of workers from the new member states without any excessive or subsequent obstacles.

In any case, France remains a strong European political and economic power, which deserves respect within the EU framework.

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	XII-06	I-07	II-07	XII-06	I-07	II-07
Belgie	1.0	3.0	1.1	4.5	3.6	2.5	7.8	7.8	7.7	2.1	1.7	1.8
Bulharsko	4.5	5.7	5.5	-5.5	-5.8	-11.3	8.3	8.4	8.2	6.1	6.8	4.6
ČR	**3.6**	**4.2**	**6.1**	**-6.5**	**-6.3**	**-2.7**	**6.6**	**6.5**	**6.4**	**1.5**	**1.4**	**1.7**
Dánsko	0.7	1.9	3.0	3.2	2.3	2.9	3.5	3.3	3.4	1.7	1.8	1.9
Německo	-0.2	1.2	0.9	2.0	3.9	4.2	7.8	7.6	7.1	1.4	1.8	1.9
Estonsko	7.1	8.1	10.5	-11.5	-12.5	-11.1	5.4	4.8	4.9	5.1	5.0	4.6
Irsko	4.3	4.3	5.5	0.0	-1.0	-3.1	4.5	4.4	4.4	3.0	2.9	2.6
Řecko	4.8	4.7	3.7	-10.0	-9.5	-9.2	8.6	n/a	n/a	3.2	3.0	3.0
Španělsko	3.0	3.2	3.5	-4.0	-5.9	-7.5	8.6	8.6	8.6	2.7	2.4	2.5
Francie	1.1	2.3	1.2	0.2	-0.6	-2.1	9.0	8.9	8.8	1.7	1.4	1.2
Itálie	0.0	1.1	0.0	-0.9	-0.5	-1.1	6.5	n/a	n/a	2.1	1.9	2.1
Kypr	1.9	3.9	3.8	-0.9	-5.3	-5.7	4.5	4.5	4.5	1.5	1.4	1.2
Lotyšsko	7.2	8.6	10.2	-8.0	-12.9	-12.5	5.9	6.0	5.8	6.8	7.1	7.2
Litva	10.3	7.3	7.6	-6.8	-7.9	-6.9	4.9	5.8	5.7	4.5	4.0	4.4
Lucembursko	1.3	3.6	4.0	6.4	10.6	9.7	4.9	4.9	5.0	2.3	2.3	1.8
Maďarsko	4.1	4.9	4.2	-7.9	-8.4	-6.8	7.7	7.8	7.9	6.6	8.4	9.0
Malta	-2.4	0.0	2.2	-5.0	-7.5	-11.0	6.9	6.8	6.7	0.8	1.2	0.8
Nizozemí	0.3	2.0	1.5	6.1	8.6	7.1	3.6	3.5	3.5	1.7	1.2	1.4
Rakousko	1.1	2.4	2.0	1.7	2.1	2.9	4.5	4.5	4.5	1.6	1.7	1.8
Polsko	3.8	5.3	3.2	-2.1	-4.2	-2.2	12.3	12.1	11.8	1.4	1.6	1.9
Portugalsko	-1.1	1.2	0.4	-6.5	-7.8	-9.5	7.9	7.6	7.5	2.5	2.6	2.3
Rumunsko	5.2	8.4	4.1	-4.8	-12.7	-8.7	7.8	7.5	7.3	4.9	4.1	3.9
Slovinsko	2.7	4.4	4.0	-0.8	-2.6	-2.0	5.1	4.8	4.7	3.0	2.8	2.3
Slovensko	4.2	5.4	6.0	-2.1	-2.5	-7.9	11.9	11.2	11.0	3.7	2.2	2.0
Finsko	1.8	3.5	2.9	5.9	7.6	4.6	7.2	7.0	7.0	1.2	1.3	1.2
Švédsko	1.7	3.7	2.7	6.6	6.6	5.9	6.6	6.7	6.7	1.4	1.6	1.7
Velká Británie	2.7	3.3	1.9	-1.3	-1.6	-2.2	5.4	n/a	n/a	3.0	2.7	n/a
EU-25	**1.3**	**2.4**	**1.7**	**0.2**	**0.3**	**-0.4**	**7.5**	**7.5**	**7.4**	**2.2**	**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*