



# EU News

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- |                |  |
|----------------|--|
| <b>Page 2</b>  | Slovenia Publishes its Priorities for EU Presidency                                      |
| <b>Page 3</b>  | Government Approves Updated Convergence Programme  |
| <b>Page 8</b>  | Schengen Border-Free Area Will Expand as of 21 December                                  |
| <b>Page 9</b>  | Commission Presents Radical Changes for Telecoms Industry                                |
| <b>Page 15</b> | Topic of the Month:<br>The CR's Preparations for the Presidency to the Council of the EU |



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Dear readers,

During the most recent days of this autumn, the process for completing the design of a single EU internal market has returned to the ranks of the most serious topics in a much more visible manner than usual. Not that the development of a single internal market has not also been discussed and negotiated very intensively in the recent past as well, but, for a certain period of time at least, the topic was overshadowed by the debate on accepting certain key strategic and programme documents for the use of European funds, the institutional reform of the Union, and issues related to energy, agricultural, and fiscal policies.

In spite of the fact that the existing process in place for ensuring the principles of the four economic freedoms has brought benefits, which just a few short decades ago were almost unimaginable, a more objective perspective clearly identifies the possibilities and potential that the removal of even more barriers within the framework of a single internal market would bring along with more flexible and efficient functionality.

Not only are there visible and almost intangible obstacles still in existence within the framework of a single internal market, but there are also numerous demands ensuing from the dynamic development of a more global economy overall. From this perspective, a single internal market can be viewed as the ability of the European economy to be globally competitive over the long-term – primarily in relation to the extraordinarily dynamic and developing centres in Asia and in Latin America. When it comes to qualitative and structural factors, this applies primarily to North America and Japan.

In addition, when considering the cultivation of a single internal market, one cannot forget its complementary position in relation to the Economic and Monetary Union (EMU).

We are reminded of the topic of a single internal market now even more than at other times due to the fact that the first week of January 2008 will mark the fifteenth anniversary of the date on which it was officially opened. We must also remind ourselves of it because, in spite of the fact that it is serving us well and brings benefits, we are also aware of its gaps, which needlessly hold back the economic performance of the EU overall.

Our new regular “Calls for Grant Applications” column, which appears for the first time in this issue, surely deserves the attention of our readers. It is prepared in cooperation with our associates from Raven EU Advisory, which is an affiliated consulting company. As the column’s title indicates, its purpose is to monitor all announced and planned calls for submitting applications for grants from EU funds.

On behalf of the EU Office, with wishes for a pleasant holiday season and a successful end to the year,

Petr Zahradník



# Events

Slovenia, which will be the first of the new member states to preside over the EU countries and will hold this function during the first half of 2008, has published its programme priorities. According to the economic prognosis published by the European Commission on a regular basis, the economic growth of “the twenty-seven” will reflect moderate deceleration next year. On the other hand, inflation is expected to increase slightly.

## POLITICS

### Slovenia Publishes Priorities for Presidency

During the first half of 2008, at which time Slovenia will hold the presidency of the EU Council, it wants to focus on the implementation of a new cycle of the Lisbon Strategy for growth and employment, climate changes, and relations between the EU and the Western Balkans.

#### Lisbon Treaty

The acceding presidency is placing great hopes in the **ratification a new version of the treaty**, which is expected to be signed at December's summit by the top representatives from member states and governments. Slovenia believes that the ratification process will be completed by the end of 2008. Igor Sencar, the Slovenian Ambassador to the EU, has announced that Slovenia will try to serve as an example and ratify the text during the first phase of its presidency, which will start on 1 January 2008.

#### Growth and Employment

During the European Council's spring summit, the EU's top representatives will be deciding on the next **implementation cycle for the Lisbon Strategy**, which is currently in the review stages. According to the Slovenian presidency, the new round of the strategy should focus on strengthening research and development, supporting small and medium-sized enterprises, and creating a flexible employment market.

#### Energy and Climate Change

In January, the Commission will announce possible **methods in which the battle against climate change can be led** on the basis of the Climate Change Conference held in Bali in December. Special emphasis will be placed on emissions trading, capturing and storing emissions, and renewable energy resources. The European Union will also have to make a decision as to how to reduce the amount of greenhouse gases released after 2012, at which time the obligations ensuing from the Kyoto Protocol will expire. It will be necessary to define a common opinion with regard to the closing phases of the liberalization of the European electricity and gas market.

#### Western Balkans

Ambassador Sencar stressed the fact that stability in the Western Balkans is of “enormous significance”. **Providing this specific region with European prospects** will be of great priority for the Slovenian presidency. One goal that Slovenia would like to achieve is the conclusion of Stabilization and Association Pacts with all of the west

Balkan countries. The hottest topic that the European Union is currently working on resolving is the final status with regard to Kosovo.

Slovenia is the star amongst the new member states that acceded to the Union in 2004. It was the first of them to implement the Euro and it will be **the first of the new members to preside over the Council of the EU**. The selected presidential priorities reflect the most burning issues that the European Union must solve at this time. One specific element of the Slovenian priorities is the emphasis of stabilizing the situation in the Western Balkans – an area in which, as a result of its geographic location and common history, Slovenia has strong interest.

[http://www.svez.gov.si/en/presidency\\_of\\_the\\_eu/](http://www.svez.gov.si/en/presidency_of_the_eu/)

## ECONOMY AND EURO

### European Economy Predicted to Slow Next Year

The Commission has published its **annual autumn outlook** for the development of the Union's economy for the coming two years. The estimates are a bit more pessimistic than those made this spring.

In spite of the worsened estimates, the European Commission's predictions for the Old Continent do not sound all that pessimistic. According to it, **growth in Europe has healthy foundations**; nevertheless it is decelerating somewhat as a result of the insecurity currently dominating the financial markets. Economic expansion is expected to slow by one-half of a percentage point, i.e., from this year's 2.9% to 2.4%. According to Commissioner Almunia, “Clouds have clearly gathered on the horizon with this summer's turbulence in the financial markets, the US slowdown and the ever-rising oil prices. As a result, economic growth is becoming more moderate...”

It is also anticipated that the changing economy will be accompanied by another increase in employment – by 2009, **up to 8 million new jobs** should be created (resulting in a decrease in the unemployment rate to 6.6%). According to the prognosis, growth will continue to be “pulled” primarily by domestic private consumption. The public budget situation is also expected to improve. The average deficit in the EU should near the 1% threshold. Inflation will increase in the very short-term as a result of the increase in food and oil prices, but the prognosis states that it should stabilize over the course of 2008 to a level of approximately 2%.

As far as the Czech economy is concerned, this spring the European Commission was forecasting growth of only 4.9% for this year, whereby in the current prognosis it has already



declared it to be at 5.8%. Last year's record economic growth (6.4%) will only remain a memory in the near future though. The Commission claims that, over the course of the next two years, domestic **economic growth should stabilize to a level of approximately 5%**. In the area of public financing, we will still not meet the convergence criteria for the budget deficit. We will not bring our deficits down below the 3% threshold level until 2008. Increasing inflation might present yet another problem – it is expected to reach a level of 4% as early as next year.

#### EC's Economic Forecast – autumn 2007

in %	CR			EU-27		
	2007	08	09	2007	08	09
GDP growth	5.8	5.0	4.9	2.9	2.4	2.4
public finance deficit*)	-3.4	-2.8	-2.7	-1.1	-1.2	-1.1
unemployment rate	5.9	5.4	5.0	7.1	6.8	6.6
inflation	3.0	3.8	3.2	2.3	2.4	2.2

Source: European Commission, \*) as of GDP

In the case of the Czech Republic, the autumn prognosis is significantly **more realistic than that published this spring** and more or less corresponds to our estimates. The Czech economy will not reach the same high level of economic performance in 2008 that it attained this year or last year. The public financing reforms will decrease domestic consumption and external factors from abroad will lead to a decreased demand for Czech exports. Conversely, inflation resulting from the pressure of expense factors ensuing from high world prices for energy and foodstuffs will climb to about 4% next year.

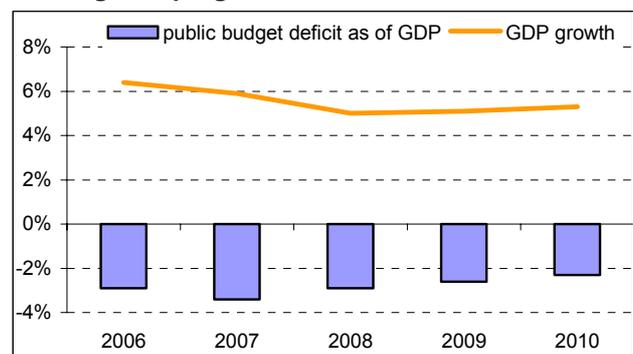
<http://europa.eu/rapid/pressReleasesAction.do?reference=P/07/1666>

## Government Approves Updated Convergence Programme

At the end of November, the Czech government discussed and approved the **regular updates to the Czech Republic's Convergence Programme**. The Convergence Programme consists of the materials presented each year to the EU governing bodies and covers the mid-term sustainability of the applicable country's public finances and thus prepares the path towards implementation of the euro as the common European currency. In the case of member states that are in the midst of the Excessive Deficit Procedure (i.e., a deficit of over 3% of GDP), fulfilment of obligations related to the timeframe for completing this procedure are also monitored. In the case of the Czech Republic, the timeframe for bringing the deficit below 3% of GDP is set for 2008.

The original version of the Convergence Programme, the acceptance of which was delayed until this March as a result of post-election uncertainties, set a target of 4% of GDP for the public budget deficit for this year. In July 2007, at the time the programme was evaluated, the EU council, specifically consisting of the ministers of finance and economy, reached the conclusion that the steps implemented by the Czech Republic for the purposes of correcting the excessive deficit by 2008 are not sufficient. Subsequently, in October, the Council accepted new recommendations for the Czech Republic; e.g., **to push the public finance deficit down to a level of 1% of GDP by 2012**.

#### Convergence programme of the CR – November 07



Source: Ministry of Finance

The current updated version of the Convergence Programme for **this year counts on a deficit equal to 3.4%** of GDP, which should gradually decrease to 2.3% of GDP in 2007. The EU Council does not however provide much of a perspective for meeting the mid-term budget recommendations.

We believe that it is within the strengths of the Czech economy, which has continued growing at a rate of approximately 6% this year, **to attain significantly better financial results**. A radically lower deficit or even a balanced economic budget for the public sector is not impossible.

[http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xml/tiskove\\_zpravy\\_36197.html](http://www.mfcr.cz/cps/rde/xchg/mfcr/hs.xml/tiskove_zpravy_36197.html)

## BUDGET

### Court of Auditors Does Not Approve EU Budget Yet Again

This is the thirteenth year in a row that the European Court of Auditors **has not provided a statement of assurance without reservations**, as it criticizes the majority of cost



Charlie McCreevy, the European Commissioner for the Internal Market, has requested the banking sector to come up with self-regulatory measures that would improve the mobility of banking customers. If it does not do so, the European Commission might impose its own regulations.

areas. In their annual report for the 2006 budget year, European auditors cite the weak level of control that exists – both at the level of the member states as well as on the part of the Commission – as the main reason why 80% of the European Budget did not pass an audit without any reservations.

The Court of Auditors once again **issued a consensual opinion** on operations pertaining to income, obligations, administrative costs, and EU pre-accession strategies, with the exception of the SAPARD programme. In addition, payments reported in 2006 within the framework of external actions guided directly by Commission delegations contained a low level of errors.

However, the Court of Auditors issued a **negative report on the legality and accuracy of the majority of EU expenditures**, primarily in relation to the level of expenses for agriculture, structural policy, internal policies, and a significant portion of external actions. The level of errors found within this area in relation to payments made to the final recipients is significant.

It cannot be said that the Annual Report is only critical. According to European auditors, the Commission has exerted significant effort towards resolving deficiencies when it comes to managing the risks associated with EU resources. **The positive impact of some changes is already visible**, such as a significant decrease in the level of errors in relation to agricultural operations, which are still however just above the threshold of significance. This positive development confirms the efficiency of payments made within the framework of the newly-implemented single payment system.

“The 2006 consolidated accounts **present fairly, in all material respects, the Communities’ financial position** and results for the year, except for an overstatement of the amounts recorded for accounts payable and pre-financing in the balance sheet. The Commission has made further progress with its implementation of accruals-based accounting, although some weaknesses still remain,” claims the Court of Auditors 2006 Annual Report.

The critical report issued by the Court of Auditors is proof of its unbiased and strict approach when it comes to judging the Union’s accounts. In our opinion, the errors that were found are not so much the result of the low quality of the work performed by the European Commission, but rather **are caused by the complexity of the entire budgetary system**, whose expenses are guided by Brussels as well individual member states.

<http://eca.europa.eu/portal/page/portal/pressroom/pressreleases>

## FOREIGN TRADE

### Trade Agreements with Developing Nations Still Not on the Horizon

After five years of negotiations on new trade agreements between the EU and ACP countries (Africa, the Caribbean and the Pacific), it seems that the discussions have ended up in a blind alley. These **Economic Partnership Agreements (EPAs)** were meant to replace existing agreements that ensure poorer state preferential access to the European markets without requiring these countries to open their markets to competing enterprises from the Union. The original approach did not meet either the regulations of the World Trade Organization (WTO) or the interests of European exporters.

From the very beginning it was clear that reaching a consensus would not be an easy task. Developing countries have two primary objections to EPAs. Firstly, once import duties are removed, there will be a reduction in income for the state budget. Secondly, **they fear developed competition from the EU countries**.

The timeframe for concluding the new agreements was originally set for the end of this year. It is however clear **that this timeframe is no longer realistic**. A compromise solution was thus proposed: temporary agreements will be in effect for a period of one year, which will not resolve the most burning topics, such as opening up the investment market or the services market in developing countries. ACP countries will have time to sign the provisional values until the end of 2007 (the same timeframe designated originally). If they do not do so, they will face strict countermeasures in the form of import duties.

In general, the **removal of trade barriers is the right policy**, which will bring benefits to consumers and producers from poorer countries. For this reason, we support replacing the non-transparent preferential system with standard Agreements on Economic Partnership that comply with WTO regulations. These agreements must however respect the interest of both partners fairly and equitably.

[http://ec.europa.eu/trade/issues/bilateral/regions/acp/index\\_en.htm](http://ec.europa.eu/trade/issues/bilateral/regions/acp/index_en.htm)

## INTERNAL MARKET

### Commissioner McCreevy Says: Changing Banks Must be simplified

If banks do not agree quickly on rules that will simplify the process of transferring a bank account from one bank to



another, they **can expect the European Commission to institute new regulatory measures.**

The EU banking sector will be requested to **prepare common rules, designed to benefit all customers, by mid-2008.** This on the basis of information from the European Commission, which has warned banks that appropriate regulations will be imposed from above in the event that banks do not come up with an adequate solution on their own.

According to Commissioner McCreevy, changing banks is currently a very complicated process in a number of countries. **Insufficient customer mobility** detracts foreign banks from entering new markets, and therefore limits the choices available to consumers explained the Commissioner.

The practice of **“product tying”**, whereby banks make the purchase of one product conditional upon the purchase of another, in which a customer might not necessarily be interested, is one of the areas that the Commission has identified as being “potentially troublesome” and in which it is considering intervening. McCreevy says that these practices prevent price transparency and increase the expenses connected with changing banks.

The Commission also wants to launch a debate on **“financial education and inclusion”** with the goal of ensuring that “by a certain date, nobody is denied access to a basic bank account”.

These intentions were announced by the Commission within the framework of its **efforts to improve the functionality of a single EU internal market** and bringing it closer to consumers. In addition, it will also be incorporated in the review of financial services that is currently in progress.

In relation to this review, McCreevy announced yesterday that he would be glad if the responsibility of **national regulatory bodies in relation to European institutions was strengthened** in the banking industry, the insurance industry, and the securities market.

Regulations that will simplify the mobility of bank customers will help create beneficial competitive pressure within the banking industry, which will result in **the success of innovative customer-oriented banks.** We welcome the Commission’s effort to allow banks to define these rules through self-regulation, as banks know their customers’ needs the best and are also familiar with the technical solutions that are available. Let’s hope that the European Commission will not follow the goal of increased mobility blindly and without any direction, and that it realizes that any measures that are considered must undergo careful scrutiny

in order to compare anticipated benefits with the related expenses.

[http://ec.europa.eu/citizens\\_agenda/docs/sec\\_2007\\_1520\\_en.pdf](http://ec.europa.eu/citizens_agenda/docs/sec_2007_1520_en.pdf)

## Commission Introduces “Vision of a Modern Single Market for All”

Newly published proposed measures aimed at modernizing the single EU market primarily stress the **needs of consumers and small enterprises in order to share in the benefits of globalization.**

The birth of the materials dates back to the summit held this March, at which the European executive branch was assigned the task of preparing an “ambitious and extensive” package of measures targeted at making the single market more efficient.

This package, which has now been officially presented, has **one main goal: to modernize the single market**, which should expand the benefits of globalization from large supranational corporations to standard consumers and small enterprises as well. The European market should work more efficiently and with a lower number of barriers while maintaining high social standards and guaranteeing a quality living environment.

“We will act to remove bottlenecks where single market benefits are not being fully passed on to customers, as we have done in the mobile phone roaming market,” stated European Commission President Barroso.

In the press release on the modernization of the single market, readers will find the specific steps that should lead to this goal. For example, in the area of consumer protection Europeans can soon look forward to **better labelling of pharmaceuticals** and the **ability to file cross-border class action lawsuits.** The Commission is preparing special proposed legislation for small businesses, which should primarily decrease the level of bureaucracy, improve international cooperation, and provide small companies with easier access to resources from European funds.

The single internal market, which in and of itself is the fundamental principle of the economic integration of the EU countries, does not in reality always meet the four basic freedoms of the movement of goods, services, people, and capital within the Union. This is why **we unambiguously welcome this plan** for making it more efficient.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/07/1728>

Within the framework of modernizing Common Agricultural Policy, the European Commission has presented a proposal that would decrease the subsidies provided to the largest agricultural enterprises. This would impact Czech agriculture in a significant manner, as, due to historic reasons, it is made up of primarily large farms. The European Commission's annual report evaluating the progress of candidate countries on their path to the EU praises Croatia.

## EMPLOYMENT AND SOCIAL POLICY

### Commission in Favour of Supporting Microcredit in Europe

Regional Policy Commissioner Danuta Hübner has introduced a European initiative that should **improve access to financing for small companies and the socially excluded** who wish to start-up entrepreneurial activities.

The use of microcredit has met with great success in less developed countries. However, the **demand for this type of financing also exists in the EU** – in the majority of cases, amongst individuals establishing small companies in the service sector. It applies to companies, individuals and households. The group includes occupations ranging from computer experts to window cleaners and gardeners, and also caregivers for people or pets.

The main aspects of the initiative are as follows:

1. Member states should adapt their own national institutional, legal and commercial frameworks as required to create a more **favourable environment for the development of microcredit**. Within this context, changes should be made to the individual National Reform Programmes within the framework of the Lisbon Strategy for Growth and Employment in order to set meaningful targets in this area.

2. The initiative recommends that a **new entity be established at the European level**, whose personnel will provide professional skills and support in the area of establishing non-bank microcredit institutions in the member states. Microfinancing providers should also be equipped in a manner whereby they provide debtors with consulting services in conjunction with the loans, thus helping them attain success in their business endeavours.

3. In order to acquire more capital for microcredit providers, the initiative proposes that a **microcredit fund be established** within the framework of the aforementioned new entity. This would help finance the credit-providing activities of microfinancing institutions, which can also depend on contributions from a large range of investors and contributors. The European Investment Bank and the European Investment Fund have both expressed interest in operating the European-level entity.

Microcredit is an excellent tool for **pulling socially excluded individuals and groups back into society**. These are individuals and groups who are cut-off from standard banking products due to the high level of risk associated with them and often end up the victims of loan-sharks or credit companies that are not quite aboveboard.

The goal to start up business activities on the part of these individuals and groups and their effort to rejoin society are laudable, in spite of the fact that, in the real world, they surely run into a number of obstacles.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/07/1713>

## AGRICULTURE AND FISHERIES

### Common Agricultural Policy will be modernised

The Commission presented proposals for the further **modernization of the Common Agricultural Policy (CAP)**.

This Health Check for CAP, as it has been named by Marianne Fischer Boel, Commissioner for Agriculture, has been adopted and should improve the Union's current agricultural policies on the basis of the experiences that have been acquired through reforms implemented since 2003. CAP will also be adapted to meet the requirement of a higher number of European Union member states.



This Health Check will address 3 fundamental questions:

1. How to make the direct aid system more effective and simpler;
2. How to revise the current market support instruments in order to ensure they meet today's reality of twenty-seven member states; and
3. How to face new challenges, such as climate change, biofuels, water management, and the protection of biological diversity.

Within the framework of the first issue, the European Commission has proposed that the **subsidies be reduced for the largest farmers** who use the largest amounts from the European budget, specifically:

- a 10% decrease in the payments provided to farms receiving more than EUR 100,000;



- a 25% decrease in the payments provided to farms receiving more than EUR 200,000; and
- a 45% decrease in the payments provided to farms receiving more than EUR 300,000;

The highest concentration of large farms is, due to historical reasons, located in the new member states, including the Czech Republic. If this proposal is accepted, the Czech Republic **could lose up to 40% of the direct payments** it receives according to Minister of Agriculture Petr Gandalovič.

A large number of sub-issues are also contained within the second question pertaining to improving the effectiveness of the direct support system. One of these is the definite termination of the obligation to leave a **certain area of land to lie fallow**, which is not well-liked by farmers, but does have certain environmental benefits.

New environmental challenges are the subject of the third group of questions. According to the Commission, the best way in which to finance measures in the battle against climate change, implement a more efficient water management system, etc., is to increase **investments in the area of rural development**.

The Commission would like to use this communication to start off a **six-month period of public consultations**. Specific legislative proposals should subsequently be approved by the end of next year.

The Common Agricultural Policy does truly need additional reforms. Nevertheless, every **measure that is accepted should maintain an equitable approach to all** who are involved. From this perspective, the decrease in payment to large farms is discriminatory and would weaken European farmers with regard to global competition with larger players from countries such as the USA, Brazil, and New Zealand.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/07/1720>

## ENLARGEMENT

### Commission Publishes Report on Progress in Croatia and Turkey

The Commission published the regular report that it publishes on an annual basis evaluating the progress of countries wishing to join the Union. At the current time, accession negotiations are underway with **Turkey** and **Croatia**. **Macedonia** was granted candidate country status in December 2005. **Albania** signed a Stabilization and Association Agreement last December and **Montenegro** on 15 October of this year. The Stabilization and Association Agreement marks the halfway point to EU membership.

**Serbia**, together with **Bosnia and Herzegovina**, are both still waiting for this document to be signed.

In its report, the Commission has evaluated **Croatia's progress very positively** (accession negotiations were started in October 2005). As of this time, fourteen of the thirty-three accession negotiation chapters have been opened. Negotiations are progressing very well and will enter the decisive phase next year. Croatia should still enact reforms to its inefficient court system and public administration system in order to increase its efforts in the fight against corruption.

Turkey deservedly received the Commission's praise for the **democratic manner in which it resolved a very complicated political situation**, during which the army attempted to involve itself more in the country's political system. Nevertheless, the Commission once again requests Ankara to fully respect freedom of speech and freedom of religion. Accession negotiation remains frozen with regard to eight of the thirty-three chapters. However, if Turkey changes its criminal code, which punishes an insult to the Turkish national identity, it will be possible to reopen negotiations with regard to the chapters on health protection and the consumer and the European transportation network.

For the Former Yugoslav Republic of Macedonia, Albania, and Montenegro, the main task for next year will be to **improve the area of public governance**. In the case of Bosnia and Herzegovina, it will be state-building and local ownership. Serbia must improve its course towards the European Union. The entire region must strive to build modern democratic states and continue developing a political culture of dialogue and tolerance.

We believe that within the next few years, the ranks of the European Union will only be increased by Croatia. None of the other Balkan countries have a chance of joining the EU earlier than the second half of the next decade.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/07/1651>

## ENVIRONMENT

### Parliament in Favour of Decreasing Air Transport Emissions

MEPs have voiced their support for a **proposal that would include the aviation industry in the Emissions Trading Scheme** (ETS) in place for greenhouse gases. They did however accept several changes as compared to the European Commission's original version.

While the European Commission recommends limiting CO<sub>2</sub> emission permits for airlines to 100% of their annual average



The European Parliament has voiced its consent with the proposal that air transport be included in the CO2 Emissions Trading Scheme. The ministers of the interior of the member states have decided that the border-free Schengen Zone will be expanded as of 21 December 2007. The European Commission has published its proposal for radical changes in the telecommunications industry.

during the 2004 through 2006 timeframe, the MEPs **recommend decreasing these emissions to 90%**. The ETS system would grant aircraft operators a certain annual volume of emissions limited to one ton of CO2. The total volume of permits would thus represent the total limit of allowable emissions. Some of the permits would be provided to operators free of charge, while it would be possible to trade others, which, according to Parliament, would motivate air service providers to decrease emission levels. According to the European Parliament, revenues from the sale of permits would be used to mitigate greenhouse gas emissions, adapt to the impact of climate change in the EU and third countries, finance research and development in the area of mitigating consequences of climate change and adapting to them, and, not lastly, towards decreasing transport taxes and fees for means of transport that are environmentally friendly, such as rail and bus transport.

The European Commission proposes that all flights within the Community be included in the ETS system starting in 2011 and flights between the EU and third countries starting in 2012. Parliament does not agree with this schedule however and proposes that **both types of flights be incorporated in the system starting in 2011**. The MEPs also propose that the exception for government flights as suggested by the Commission not be allowed.

During the next phase, **the Council of the EU will express its opinion** on the proposal as amended by Parliament. If it approves all of the recommendation, the legislative proposal will be accepted in the amended form. Otherwise, it will return to Parliament for a second reading.

It appears fair to us that **all significant polluters be included** in the systems in place for reducing greenhouse gas emissions, which means the air transport industry as well.

[http://www.europarl.europa.eu/news/expert/infopress\\_page/062-12900-316-11-46-910-20071109IPR12781-12-11-2007-2007-false/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/062-12900-316-11-46-910-20071109IPR12781-12-11-2007-2007-false/default_en.htm)

## EU Wants to Include CCS in the Emissions Trading Scheme

Greenhouse gases emissions that are not released into the atmosphere through applying Carbon Capture and Storage (CCS) technology **should be credited as not emitted** within the Emissions Trading Scheme. This measure will be incorporated within the proposal that the Commission wants to present next year.

CCS is a technological procedure whereby **carbon dioxide is captured, transported, and subsequently stored underground**. Applying this technology is however an expensive endeavour. Its use is also prevented by public

concerns about the long-term storage of carbon dioxide underground.

The Commission is currently preparing **several communications that concern CCS technology**. The preparation is being consulted with the member states and special interest groups.

The directive on the geological storage of carbon dioxide, which the Commission wants to make public in January, will focus on the safety aspects of using this technology and removing the regulatory measures that currently prevent its use in a wider scope.

The proposed directive specifies that, "CO2 captured and stored will be credited as not emitted under the Emissions Trading Scheme." Energy companies might be disappointed by this proposal, as they will **not receive tradable permits** for emissions captured and stored in this manner.

The draft version of the proposal establishes the legal framework for storing carbon dioxide emissions, including dividing the responsibility between the EU and the member states. The issuance of permits for storing carbon dioxide would **remain with the member states**.

[http://ec.europa.eu/environment/climat/ccs/consult\\_en.htm](http://ec.europa.eu/environment/climat/ccs/consult_en.htm)



## JUSTICE AND HOME AFFAIRS

### Schengen Border-Free Area Will Expand as of 21 December

During the November meeting of the ministers of interior from the EU member states, an informal agreement was reached on **expanding the Schengen area by nine countries** and opening borders as of 21 December 2007.

At the current time, the contractual parties to the Schengen Agreement, for the free movement of individuals, services, goods, and capital, number fifteen, specifically the **thirteen**



**older EU members** (only Great Britain and Ireland are missing) together **with Norway and Iceland**. Travellers crossing the borders between these countries do not undergo any controls. This doesn't however mean that they do not have to take a citizenship identity card or passport along – they can be requested to present this type of document during a random check within the Schengen borders at any time.

One prerequisite condition for expanding the Schengen area to include the new EU member states was the implementation of a new generation of **SIS II** – the Schengen Information System, which must be fully adapted for the expansion. The required deadline was not met and thus the Portuguese presidency came up with a compromise solution, specifically the temporary modernization for the current information system, whereby the system known as **SISone4all** came into existence.

The new member states were connected to this interim system on 1 September and, at the end of that same month, the final test was performed. The November decision of the EU Council on internal affairs was of key importance. It did accept the informal political agreement on expanding the Schengen Area to include nine new countries as of 21 December for internal borders and as of **the end of March 2008 for international airports as well**.

We view the expansion of the Schengen border-free zone as being the symbolic and tangible culmination of our “return to Europe”, which every citizen of the Czech Republic will experience for him or herself in the form of free entry to neighbouring countries without having to provide a passport.

This informal agreement should be blessed officially at the Council's December meeting.

<http://www.euractiv.cz/bezpecnost-a-spravedlnost0/clanek/rozsireni-schengenu-je-opet-o-krucek-dal>

## New Anti-Terrorism Package Proposed

A legislative package, proposed by the European Commission, contains a number of proposals for **diminishing the threat of terrorism** in the EU.

One of these consists of a change to the framework decision on combating terrorism in a manner whereby a public request to perform a criminal terrorist act or the recruitment and training of terrorists **will be considered as a criminal offence** even if this action is performed over the internet. The goal of the proposal is to equip the legal systems throughout the entire European Union with an appropriate tool for prosecuting individuals who distribute terrorist propaganda, provide procedures and instructions

for manufacturing and using bombs or other explosives, or issue a call to others to commit a terrorist act.

Another point, if accepted, will **increase the safety of explosives** through establishing a rapid alert system for lost or stolen explosives and suspicious transactions. It will also establish a network of European pyrotechnics, the development of forensic capabilities with regard to explosives within Europol, research pertaining to the safety of explosives and detonators, as well as plans to implement screening procedures for employees active in the applicable industrial segments.

In the area of air transport, the Commission proposes that **airlines provide passenger name record (PNR)** data for in and outbound EU flights to specialized national units, which will secure and perform risk evaluations, law enforcement, and implementation of anti-terrorist measures. Passenger information will be provided in advance for analysis to the EU enforcement authorities. Of course, basic rights pertaining to the protection of personal data shall be respected fully.

This package finalizes the message that outlines the situation in the EU when it comes to this area and incorporates the proposals into the EU strategy against terrorism. According to it, all aspects of terrorism – prevention, protection, criminal prosecution and reaction in the case of attack – **require measures at the EU-wide level**.

[http://www.europarl.europa.eu/news/expert/infopress\\_page/024-13063-316-11-46-902-20071114IPR13062-12-11-2007-2007-true/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/024-13063-316-11-46-902-20071114IPR13062-12-11-2007-2007-true/default_en.htm)

<http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1649>

## INFORMATION SOCIETY

### Commission Presents Radical Changes for Telecoms Industry

The European Commission published its long-awaited proposal for revising European legislation in the telecommunications area, which will radically change the current telecommunications environment. The main points of the proposal are as follows:

#### Functional Division

National regulatory authorities would have the right to **separate telecommunications operators on the basis of functionality** – not assets – into two companies: one would be responsible for operational issues and the other for network management. This proposal is based on the British model, whereby British Telecom was separated into two



The ministers of transport from the member states have agreed on the manner in which the Galileo European Navigational System will be implemented. The European Commission has approved seven of the Czech Republic's Regional Operational Programmes. They will be officially signed in Prague sometime around mid-December.

companies, specifically BT and Open Reach. Ownership division, similar to that in the energy sector, is not expected.

#### European Regulator

The Commission expects to create a European regulator domiciled in Brussels, which will act as an advisory authority in the area of telecommunications regulations. At the current time, it is considering granting this authority the **right to veto decisions accepted by national regulators**. This particular concept is running into opposition with the European Regulators Group.

#### Spectrum Management

Digital broadcasting allows the radio spectrum to be used more efficiently than traditional analogue broadcasting. A large portion of the spectrum, which, until now, has been used by television and radio broadcasting, can now be redivided. Commissioner Viviane Reding would like to assign a large portion of this spectrum to new services, such as a **mobile internet**. The Commission is also proposing the introduction of a radio spectrum trading scheme.

#### Regulated Market

The Commission has also reviewed its recommendations for the relevant markets. Eleven of the eighteen regulated markets will **no longer be subject to ex-ante regulation** and will be regulated ex-post. In practice, this means that general rules for protecting economic competition will apply to these markets.

The Commission's legislative proposal (with the exception of the review of recommendations for the relevant markets) requires the approval of both the European Parliament as well as that of the European Council, which must vote unanimously. Based on the preliminary response from the representatives from the member states, this **will be very difficult**.

This proposal is more or less a step in the right direction, as it works towards **opening up the telecommunications market to more competition**. Given the strong opposition of the member states, the current dominant operators and national regulators, we are not very hopeful that this proposal will be accepted in its current form.

<http://www.europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1677>

### EU to Release Galileo System in Spite of Protests from Spain

At the end of November, the ministers of transport agreed on the manner in which **Galileo – the European navigations system – will be implemented**. Spain, which

is dismayed by the fact that one of the ground control centres will be located on its territory, voted against in the Council. This was however not sufficient to overrule the agreement.

The ministers reached an agreement on the European satellite navigation system just before the end of the timeframe that the Commission had given them and specified as the end of this year.

After long hours of negotiation, twenty-six of the twenty-seven ministers of transport expressed their support for the Commission's plan to implement the navigation system. The plan also defines the manner in which preparatory tasks will be distributed amongst the leading European companies in the aviation and space industry. The two main **control centres will be located in Italy and Germany**.

One week prior to the meeting of EU Council on Transport, the ministers of finance from the member states agreed that European Union will obtain the additional 2.4. billion euro, which are required for completing the Galileo system in addition to the previously approved 1 billion euro, from its own resources, primarily from **those that were originally allocated to the Common Agricultural Policy**. The programme is already delayed by four years, due to the fact that its previous efforts to obtain financing from private sources failed.

We do not consider the Galileo project as being essential from the economic perspective, but rather as a system that will rid Europe of its dependency on the competing American Global Positioning System (GPS).

<http://www.epp-ed.eu/Press/showpr.asp?PRControlDocTypeID=1&PRControlID=6744&PRContentID=11856&PRContentLG=en>

### European Parliament Approves Amendments to the Television without Borders Directive

At its plenary session, the European Parliament approved the amendments to the Television without Borders Directive during its second reading and without any recommendations for change. The current version of the directive has been valid since 1997 and does **not correspond to the needs of the audiovisual sector of the new millennium**. The Commission has been working on the amended version of the directive since 2002. The ministers of culture from the member states approved the new version at their May meeting and yesterday it was approved by the MEPs during its second reading. The member states now have two years to incorporate the new rules within their national regulations.

In its new version, the Television without Borders Directive allows, amongst other things, the use of **product placement**.



This involves the paid placement of products in some programmes. The member states can allow this type of advertising in films, serials, sports and entertainment programmes. Product placement cannot be used in children's programmes, documentaries, or news programmes.

The MEPs also agreed that the amount of **advertising cannot exceed twelve minutes during each broadcast hour**. The broadcasting of television films (not including serials), cinematographic works, and news programmes can, on the basis of the agreed-on version of the directive, be interrupted by advertising only once every thirty minutes. As far as children's programmes are concerned, advertising is permitted only if the programme is longer than thirty minutes. Advertising during shorter children's programmes is forbidden.

The new version of the directive also differentiates between linear (the traditional method) and nonlinear broadcasting, which includes all of the additional services that a **viewer can order**.

Viviane Reding, the Commissioner for Information Society and Media, believes that the amended directive **corresponds to new requirements** for a developing and dynamic audiovisual sector. According to her, "There will be less regulation, better financing for content and greater visibility for cultural diversity and protection of minors."

[http://www.europarl.europa.eu/news/expert/infopress\\_page/037-14053-332-11-48-906-20071128IPR14028-28-11-2007-2007-false/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/037-14053-332-11-48-906-20071128IPR14028-28-11-2007-2007-false/default_en.htm)

<http://www.euractiv.cz/evropa-dnes0/clanek/ep-vcera-schvalil-novelu-smernice-televize-bez-hranic>

## REGIONAL POLICY

### European Commission Approves Regional Operational Programmes

According to information provided by the Czech Press Agency (ČTK), the European Commission has approved the final version of **all seven of the Czech Republic's Regional Operational Programmes (ROPs)**.

Regions and entities operating in individual regions can use these specific operational programmes as a means of obtaining financial resources from the European Union's structural funds. The goal is to contribute to balanced economic development in the Czech Republic. The number of regional operational programmes corresponds to the cohesion regions (NUTS II level), with the exception of Prague. The following programmes are involved:

- **ROP NUTS II Northwest** (Karlovy Vary, Ústí Region),

- **ROP NUTS II Northeast** (Liberec Region, Pardubice Region, Hradec Králové Region),
- **ROP NUTS II Central Bohemia** (Central Bohemian Region),
- **ROP NUTS II Southwest** (South Bohemian, Pilsen Region),
- **ROP NUTS II Southeast** (South Moravian, Vysočina Region),
- **ROP NUTS II Moravia and Silesia** (Moravo-Silesian Region),
- **ROP NUTS II Central Moravia** (Olomouc, Zlín Region).

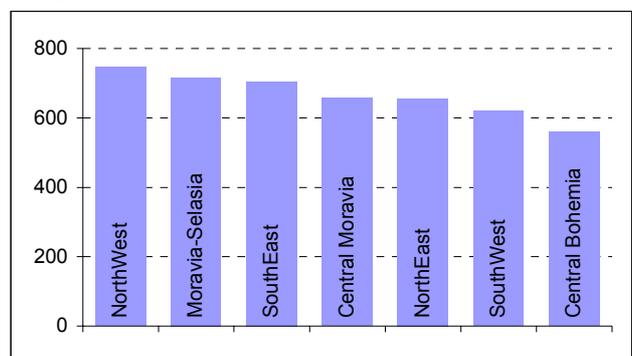
All of the ROPs divide a total of 4.66 billion euro. The most financial resources will go to ROP NUTS II Northwest, which has been allocated a total of 745.91 million euro. The lowest amount of funding goes to ROP NUTS II Central Bohemia, which will receive a total of 559.08 euro.

The monetary resources within the framework of regional operational programmes will primarily go towards the reconstruction, modernization and construction of Class II and III roads; developing additional infrastructure; urban development and renewal; the **travel industry**; and **integrated regional development** (support for business, brown field revitalization, etc.).

The regional operational programmes **will be officially signed on 13 December 2007 in Prague**. Once they have been signed, the regional councils in the cohesion regions, which have already announced a call for applications – and some have already completed the first calls – can start concluding the applicable contracts with the applicants that have been selected for implementing projects.

<http://www.strukturalni-fondy.cz/rop-jv/ceske-regiony-dostanou-125-miliard-korun-z-eu-brusel-nema-namitky>

**Budget of ROPs for 2007-2013 in mil. Euro**



Source: Ministry of Regional Development, only the EU funds' contribution

In 2006, the foreign trade deficit of the EU-27 with China totalled - 131 billion Euro. Of the individual member states, the Netherlands had the largest negative balance with the Asian superpower. A Eurobarometer survey shows that, in the Czech Republic, opponents of the Euro slightly outnumber its supporters. In comparison with the other new member states, Czechs are, on average, more sceptical about the single European currency.

## 2 NOVEMBER

2826th Environment Council meeting:

[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/LoadDocument.asp?directory=fr/envir/&filename=96900.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=fr/envir/&filename=96900.pdf)

## 5 NOVEMBER

Evaluation of nutrient sources in food supplements and food – an update: [http://www.efsa.europa.eu/EFSA/efsa\\_locale-1178620753812\\_1178656113040.htm](http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1178656113040.htm)

## 6 NOVEMBER

EU partnership to help 12 million car industry workers adapt to change and reinforce competitiveness:  
[http://ec.europa.eu/employment\\_social/emplweb/news/news\\_en.cfm?id=312](http://ec.europa.eu/employment_social/emplweb/news/news_en.cfm?id=312)

EU shows strong growth of productivity in 2006:  
[http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item\\_id=1082](http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=1082)

## 7 NOVEMBER

European Monitoring Centre for Drugs and Drug Addiction: Annual report from the EU drugs agency:  
<http://www.emcdda.europa.eu/index.cfm?fuseaction=public.Content&nNodeID=875&sLanguageISO=EN>

## 8 NOVEMBER

EU and Serbia initial Stabilisation and Association agreement: [http://ec.europa.eu/enlargement/enlargement\\_process/accesion\\_process/how\\_does\\_a\\_country\\_join\\_the\\_eu/sap/history\\_en.htm#sap\\_agreement](http://ec.europa.eu/enlargement/enlargement_process/accesion_process/how_does_a_country_join_the_eu/sap/history_en.htm#sap_agreement)

## 9 NOVEMBER

Climate change: why China matters:  
[http://www.europarl.europa.eu/news/public/story\\_page/064-12744-309-11-45-911-20071107STO12743-2007-05-11-2007/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/064-12744-309-11-45-911-20071107STO12743-2007-05-11-2007/default_en.htm)

2827th Justice and Home Affairs Council meeting:  
[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/jha/&fileName=97023.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/jha/&fileName=97023.pdf)

## 12 NOVEMBER

Migrants in the EU27 sent about €20 billion to third countries in 2006:  
[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\\_11/2-13112007-EN-AP.PDF](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_11/2-13112007-EN-AP.PDF)

## 13 NOVEMBER

Europol: Law enforcement and private sector united in the fight against cyber crime:  
<http://www.europol.europa.eu/index.asp?page=news&news=pr071109.htm>

## 14 NOVEMBER

2828th Economic and Financial Affairs Council meeting:  
[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/LoadDocument.asp?directory=en/ecofin/&filename=97098.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/ecofin/&filename=97098.pdf)

## 15 NOVEMBER

End of the Identity, Tradition and Sovereignty Political Group: [http://www.europarl.europa.eu/news/expert/infopress\\_page/008-13089-316-11-46-901-20071114IPR13088-12-11-2007-2007-true/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/008-13089-316-11-46-901-20071114IPR13088-12-11-2007-2007-true/default_en.htm)

Framework for the protection of soil - flexibility for the Member States:  
[http://www.europarl.europa.eu/news/expert/infopress\\_page/064-12976-316-11-46-911-20071113IPR12975-12-11-2007-2007-true/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/064-12976-316-11-46-911-20071113IPR12975-12-11-2007-2007-true/default_en.htm)

## 16 NOVEMBER

MEPs set out how to get the most out of globalisation:  
[http://www.europarl.europa.eu/news/expert/infopress\\_page/008-12911-316-11-46-901-20071109IPR12792-12-11-2007-2007-false/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/008-12911-316-11-46-901-20071109IPR12792-12-11-2007-2007-false/default_en.htm)

## 19 NOVEMBER

"How the euro benefits us all" - publication on the benefits of the euro:  
[http://ec.europa.eu/economy\\_finance/publications/general/general\\_en.htm](http://ec.europa.eu/economy_finance/publications/general/general_en.htm)

## 20 NOVEMBER

2831st External Relations Council meeting:  
[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/LoadDocument.asp?directory=en/gena/&filename=97169.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/gena/&filename=97169.pdf)

2830th General Affairs Council meeting:  
[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/LoadDocument.asp?directory=en/gena/&filename=97168.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/gena/&filename=97168.pdf)

## 21 NOVEMBER

Coexistence between Genetically Modified (GM) and non-GM crops:



[http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj\\_id=85&dt\\_code=HLN&lang=en](http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj_id=85&dt_code=HLN&lang=en)

Research: Mapping Europe's energy research challenges and technology potential:

[http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj\\_id=83&dt\\_code=HLN&lang=en](http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj_id=83&dt_code=HLN&lang=en)

### 22 NOVEMBER

2832nd Competitiveness Council meeting:

[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/intm/&fileName=97213.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/intm/&fileName=97213.pdf)

Call for greater flexibility on lower rates of VAT:

[http://www.europarl.europa.eu/news/expert/infopress\\_page/042-13347-324-11-47-907-20071119IPR13313-20-11-2007-2007-false/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/042-13347-324-11-47-907-20071119IPR13313-20-11-2007-2007-false/default_en.htm)

Wine reform: Agriculture Committee compromises on sensitive issues:

[http://www.europarl.europa.eu/news/expert/infopress\\_page/032-13350-324-11-47-904-20071119IPR13318-20-11-2007-2007-false/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/032-13350-324-11-47-904-20071119IPR13318-20-11-2007-2007-false/default_en.htm)

### 23 NOVEMBER

Eurojust: Judicial Co-operation Agreement signed with Croatia: [http://www.eurojust.europa.eu/press\\_releases/2007/19-11-2007.htm](http://www.eurojust.europa.eu/press_releases/2007/19-11-2007.htm)

### 26 NOVEMBER

EU27 trade with China grew by 150% between 2000 and 2006: [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\\_11/6-26112007-EN-AP.PDF](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_11/6-26112007-EN-AP.PDF)

**EU-27 foreign trade deficit with China in mil. Euro:**

Malta	-53	Greece	-1694
Estonia	-120	<b>CR</b>	<b>-2288</b>
Latvia	-138	Denmark	-2508
Cyprus	-223	Poland	-2961
Slovenia	-249	Luxembourg	-3310
Lithuania	-355	Hungary	-3689
Portugal	-559	Belgium	-7282
Slovakia	-566	France	-7788
Bulgaria	-708	Spain	-10403
Ireland	-893	Italy	-12260
Finland	-976	Germany	-15885
Austria	-1213	UK	-23954
Romania	-1564	Netherlands	-27633
Sweden	-1663	<b>EU-27</b>	<b>-130937</b>

Source: Eurostat, in 2006

2833rd Economic and Financial Affairs (Budget) Council meeting: [http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/ecofin/&fileName=97260.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/ecofin/&fileName=97260.pdf)

### 27 NOVEMBER

2834th Agriculture and Fishing Council meeting:

[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/LoadDocument.asp?directory=en/agricult/&fileName=97269.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/LoadDocument.asp?directory=en/agricult/&fileName=97269.pdf)

Romania chooses its 35 MEPs:

[http://www.europarl.europa.eu/news/public/story\\_page/011-13241-329-11-47-902-20071115STO13229-2007-25-11-2007/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/011-13241-329-11-47-902-20071115STO13229-2007-25-11-2007/default_en.htm)

### 28 NOVEMBER

CO2 and transport - cutting the link:

[http://www.europarl.europa.eu/news/public/story\\_page/062-13644-331-11-48-910-20071126STO13627-2007-27-11-2007/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/062-13644-331-11-48-910-20071126STO13627-2007-27-11-2007/default_en.htm)

Fisheries: European Commission's proposal on fishing possibilities:

[http://ec.europa.eu/fisheries/press\\_corner/press\\_releases/com07\\_89\\_en.htm](http://ec.europa.eu/fisheries/press_corner/press_releases/com07_89_en.htm)

### 29 NOVEMBER

MEPs to debate tightening gun laws:

[http://www.europarl.europa.eu/news/public/story\\_page/019-13645-332-11-48-902-20071126STO13628-2007-28-11-2007/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/019-13645-332-11-48-902-20071126STO13628-2007-28-11-2007/default_en.htm)

Flash Eurobarometer 214 - Attitudes towards and knowledge about the introduction of the Euro in the recently acceded Member States:

[http://ec.europa.eu/economy\\_finance/publications/euro\\_related/2007/eurobarometer214\\_en.htm](http://ec.europa.eu/economy_finance/publications/euro_related/2007/eurobarometer214_en.htm)

Sixth report on the practical preparations for the future enlargement of the euro area:

[http://ec.europa.eu/economy\\_finance/publications/euro\\_related/2007/enlargement\\_euroarea\\_6threport\\_en.htm](http://ec.europa.eu/economy_finance/publications/euro_related/2007/enlargement_euroarea_6threport_en.htm)

### 30 NOVEMBER

2835th Transport, Telecommunications and Energy Council meeting:

[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/trans/&fileName=97330.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/trans/&fileName=97330.pdf)

EU seeks ambitious Free Trade Agreement with India:

[http://ec.europa.eu/trade/issues/bilateral/countries/india/pr291107\\_en.htm](http://ec.europa.eu/trade/issues/bilateral/countries/india/pr291107_en.htm)



# Information service

The most important event scheduled for December is the European Council Summit. The focus of attention will be the official signing of the recently negotiated Treaty of Lisbon, which provides a solution for essential institutional reform within the EU. For the Czech Republic and eight others of the new member states (with the exception of Cyprus), the Council on Justice and Internal Affairs will be of special significance, as the expansion of the Schengen border-free area will be officially approved.

## Meeting of the key EU institutions

<b>3.12.2007</b>	<b>Brussels, Belgium</b>
- Transports, Telecommunications and Energy Council	
<b>4.12.2007</b>	<b>Brussels, Belgium</b>
- ECOFIN Council / Eurogroup	
<b>6.12.2007</b>	<b>Brussels, Belgium</b>
- Employment, Social Policy, Health and Consumer Affairs Council	
<b>6.-7.12.2007</b>	<b>Brussels, Belgium</b>
- Justice and Home Affairs Council (JHA)	
<b>10.-11.12.2007</b>	<b>Brussels, Belgium</b>
- General Affairs and External Relations Council (GAERC)	
<b>14.12.2007</b>	<b>Brussels, Belgium</b>
- European Council	
<b>17.-20.12.2007</b>	<b>Brussels, Belgium</b>
- Agriculture and Fisheries Council	
<b>20.12.2007</b>	<b>Brussels, Belgium</b>
- Environment Council	

## Public consultation on EU legislation

<b>Topic of the consultation</b>	<b>Organiser</b>	<b>Deadline</b>
<a href="#">EP Directive establishing an Infrastructure for Spatial Information</a>	DG RTD	21.12.2007
<a href="#">Commission package to introduce settlement procedure for cartels</a>	DG COMP	21.12.2007
<a href="#">Europe's Social Reality</a>	BEPA	31.12.2007
<a href="#">Better regulation of pharmaceuticals</a>	DG ENTR	4.1.2008
<a href="#">"Substitute" retail investment products</a>	DG MARKT	18.1.2008
<a href="#">EU System for the Environmental Technology Verification</a>	DG ENVI	20.1.2008



## Main topic

Although the Czech Republic will not become the presiding country of the EU until the first half of 2009, preparations are already running full steam ahead. They have significantly intensified this autumn, as is reflected by the numerous meetings – formal and informal – of various workgroups and teams of experts. A number of the Czech regions also view the Czech presidency as a good opportunity for increasing their visibility and putting through their interests. Our theme of the month focuses on

## THE CR'S PREPARATIONS FOR THE PRESIDENCY TO THE COUNCIL OF THE EU AND EXPERIENCES OF OTHER MEMBER STATES

Since approximately the beginning of this decade, three dominant functions that the presidency of the EU Council should perform have been mentioned:

1. **Key function** – to lead and guide the general operational agenda in the widest scope possible, whereby this agenda is predefined through the decisions made by EU representatives (at the highest level, these consist of the heads of state and governments as represented by the European Council; representation exists at the level of individual ministers in the event of standard changes to the composition of the Council in relation to specific topics of their meetings);
2. **Meeting specific goals and priorities established for the presidency** – these should represent the ingression and symbiosis of the national priorities of the presiding country with the needs and priorities of individual solutions and their application at the community level;
3. **Implementing the accompanying expert discussion, representative, and conference programme** – through performing this function, the presiding country proves its professional competency to lead and manage this program, and to organize it not only at its own internal level but also at the level European institutions, while concurrently bringing attention to itself as a capable organizer and innovative, thoughtful, and creative member of the EU.

It is true that, primarily starting with the presidency of Ireland, Great Britain and Luxembourg, greater emphasis started being placed on fulfilling the third of the aforementioned functions. The combination of a successful and well-managed accompanying program with a strong regional accent has recently become a certain component of the presidency.

### Institutional Definition of Preparations in the Czech Republic

Over the course of November, the presentation of the overall preparation mechanism is being brought into a more visible form, as regular activities are being started by key entities with regard to the following items:

1. Office of the Deputy Minister for European Affairs – This section of the presidential office, thanks primarily

to Deputies Mora and Hendrich, shows a very high level of competency;

2. The EU Committee, which has in fact existed for some time, but whose work activities are actually starting during this timeframe. Its primary role is to be an irreplaceable decision maker;
3. Work Group Committees, which have been formed as of spring 2007 and include independent experts in all relevant areas. The number of work group committees basically copies the Czech Republic's priorities. The EU Office is represented on the committee for fiscal affairs and common agricultural policy by Petr Zahradník.

### Czech Presidency's Priority Areas

The three main priorities of the Czech presidency over EU bodies are based on the central motto of "Europe without Barriers":

#### 1. Competitiveness

- Coordinating the Lisbon Strategy;
- Better regulation;
- Industrial policies;
- Small and medium-sized enterprises;
- Research and development for innovation and knowledge economy;
- Employment policy;
- Demographic changes; and
- Transport infrastructure;

#### 2. Four Freedoms:

- Internal market;
- Free movement of goods (from both a harmonized as well as a non-harmonized perspective);
- Free movement of services and freedom of settlement;
- Free movement of capital and financial services;
- Free movement of persons;
- Intellectual property rights;
- Consumer policies;
- Economic competition;
- Public tenders; and
- Public support;

#### 3. Liberal Trade Policies

- WTO Doha Development Agenda;



### National Priorities of Individual Presiding Countries

Period	Country	Presidential Website	Priorities
7-12/2007	Portugal	<a href="http://www.ue2007.pt/">http://www.ue2007.pt/</a>	<ul style="list-style-type: none"> <li>• Europe's future</li> <li>• Lisbon Strategy – growth and employment</li> <li>• Integrated Maritime Policy</li> </ul>
1-6/2007	Germany	<a href="http://www.eu2007.de/">http://www.eu2007.de/</a>	<ul style="list-style-type: none"> <li>• European Constitution</li> <li>• dynamic economy and social responsibility, energy policy</li> <li>• European social dimension</li> <li>• justice and internal security, common foreign and security policies and strengthening external relations</li> </ul>
7-12/2006	Finland	<a href="http://www.eu2006.fi/">http://www.eu2006.fi/</a>	<ul style="list-style-type: none"> <li>• increasing competitiveness, combating climate change</li> <li>• freedom, security, and justice</li> <li>• Europe's future, financial perspective for 2007-2013</li> </ul>
1-6/2006	Austria	<a href="http://www.eu2006.at/">http://www.eu2006.at/</a>	<ul style="list-style-type: none"> <li>• creating jobs and ensuring growth in Europe, gender equality</li> <li>• sustainable use of natural resources, economic performance</li> <li>• freedom, security, and justice, foreign policy</li> <li>• reviving the faith of EU citizens in the principle of European integration, creating a specific European social model</li> </ul>
7-12/2005	Great Britain	<a href="http://www.eu2005.gov.uk/">http://www.eu2005.gov.uk/</a>	<ul style="list-style-type: none"> <li>• Europe's role in the world</li> <li>• economic policy and social policy reforms,</li> <li>• security and stability, the future of EU financing</li> </ul>
1-6/2005	Luxembourg	<a href="http://www.eu2005.lu/">http://www.eu2005.lu/</a>	<ul style="list-style-type: none"> <li>• mid-term evaluation of the Lisbon Strategy</li> <li>• revision of the Stability and Growth Pact</li> <li>• financial perspective for the 2007-2013 timeframe</li> <li>• economic and social issues and the internal market</li> <li>• external relations, justice and internal relations</li> </ul>
7-12/2004	Netherlands	Not functional	<ul style="list-style-type: none"> <li>• successful enlargement</li> <li>• strengthening the European economy and reducing administrative burden</li> <li>• freedom, security, and justice (Tampere II)</li> <li>• future financial and budget structure: Agenda 2007</li> <li>• effective, coherent, involved foreign policy</li> </ul>
1-6/2004	Ireland	<a href="http://www.eu2004.ie/">http://www.eu2004.ie/</a>	<ul style="list-style-type: none"> <li>• successful enlargement of the EU to include 10 new MS</li> <li>• the Lisbon Strategy and economic growth</li> <li>• the Union as an area of freedom, security and justice</li> <li>• EU involvement in solutions to worldwide security and peace</li> </ul>
7-12/2006	Italy	Not functional	<ul style="list-style-type: none"> <li>• approval of the text of the European Constitution)</li> <li>• general agenda; institutional affairs</li> <li>• European security and defense policies</li> </ul>
1-6/2003	Greece	Not functional	<ul style="list-style-type: none"> <li>• completing the enlargement process</li> <li>• speeding-up implementation of the Lisbon Strategy</li> <li>• immigration and asylum policies</li> <li>• Europe's future; results of the Convention negotiations</li> </ul>
7-12/2002	Denmark	Not functional	<ul style="list-style-type: none"> <li>• EU enlargement; "From Copenhagen to Copenhagen"</li> <li>• freedom, security and justice, sustainable development</li> <li>• food purity and safety, global responsibility</li> </ul>
1-6/2002	Spain	Not functional	<ul style="list-style-type: none"> <li>• the fight against terrorism in the area of freedom, security and justice</li> <li>• successful implementation of the Euro as the common currency</li> <li>• impetus for the Lisbon process, the enlargement process</li> <li>• external relations, debate on Europe's future</li> </ul>
7-12/2001	Belgium	<a href="http://www.eu2001.be/">http://www.eu2001.be/</a>	<ul style="list-style-type: none"> <li>• deepening the debate on Europe's future</li> <li>• improving the quality of employment</li> <li>• creating a European area of freedom, security and justice</li> </ul>
1-6/2001	Sweden	<a href="http://www.eu2001.se/">http://www.eu2001.se/</a>	<ul style="list-style-type: none"> <li>• prepare the EU for approaching enlargement</li> <li>• full employment, economic growth and social cohesion</li> <li>• living environment and sustainable development</li> </ul>



- Negotiation of bilateral trade agreements;
- New strategy with regard to China; and
- Preparation of additional programmes within the framework of Global Europe.

Other priorities that have been defined for the Czech Republic's presidency include:

- **Safe and sustainable energy** – energy safety, market liberalization, climate change, external EU energy-related relations; EU energy mix, energy efficiency and savings, and research and development in the energy industry;
- **Common Agricultural Policy budget revisions and reform** – revision of the budget, economic policies, social cohesion policies, and common agricultural policy;
- **External Relations: common border and security policies, transatlantic relations, West Balkan region, Eastern Europe, and Central Asia** – the development of transatlantic relations, EU and USA cooperation in third-world countries, support for European prospects in the West Balkan, security in the region, the development of an eastern dimension for the European Neighborhood Policy, supporting the democratization and transformation process; and developing relations between the EU and the countries of Central Asia;
- **Further development in the area of freedom, security and justice** – implementation of the Hague Agenda and multi-year plan in the area of justice and internal affairs; and
- **EU institutional reform** and election of representatives.

## Promoting Regional Interests over the Course of Presidency

Even though none of the presiding countries that were monitored (refer to the table above) included any priority within its national priorities that explicitly related to the interests of an individual region, nevertheless, in a number of cases, the priorities of certain regions became the center of interest in the member's country's agenda over the course of its presidency of the Council of the EU.

### a) Finland – Maritime Environment

The fishing industry has a long-established tradition in Finland and, especially in the past, was an important component of the Finnish economy, primarily in the country's eastern and northern regions. In this day and age, it has a negligible role from the macroeconomic perspective

– it does not even contribute one whole percentage point to Finland's gross domestic product. Nevertheless, in some regional areas it still remains the primary source of subsistence for the local residents and preventing the pollution of the local seas is one of the main priorities.

This was also one of the reasons why the Finnish presidency included the goal of completing a framework directive on the marine environment in its agenda for the living environment. The goal is to establish common unified principles for protecting European ocean waters. It especially stresses support for regional cooperation on current treaties on protecting marine resources, including cooperation with countries outside of the framework of the European Union.

### b) Germany – Poor Regions in the East

In spite of the fact that at the time Germany presided over the EU during the first half of 2007 more than sixteen years had passed since the unification of “West and East Germany”, certain structural problems still exist in the eastern federal states and the local economic performance and the standard of living is still noticeably lower than in the western part of the federation. The region's unfavorable demographic development is a critical problem.

This led to Germany placing emphasis on improving the situation in disadvantaged regions over the course of its presidency. Within its agenda, specifically in the chapter devoted to forming Europe's economic social and environmental future, one specific separate goal is mentioned as “Strengthening towns, regions and rural areas”. Presiding Germany undertook to identify methods in which the situation in disadvantaged municipal areas can be improved and local economies strengthened and to present them at an informal meeting of the ministers responsible for regional development. The Leipzig Charter on Sustainable European Cities, which emphasizes the guidelines for sustainable integrated municipal transport, will be accepted at this meeting.

At an informal meeting of the ministers of agriculture from the member states, as well as at a conference focused on agriculture, Germany raised the need to implement a European operation that will address the issue of unfavorable demographic development, especially in some rural areas in which this factor will threaten the socioeconomic level that has been attained thus far.

### c) Netherlands – Flood Danger

The Netherlands, as the country's name indicates, is located at a very low altitude on the North Sea coastline. More than one-fifth of the country's dry land was acquired through



## Main topic

drying out and reclaiming the bottom of the ocean – the average elevation above sea level is only 10 meters. A little over one fourth of the country (27%) is actually below sea level. It is protected against flooding by a coastal strip of high dunes, some measuring up to 56 meters, and a system of dykes. It is no wonder that the nation is often plagued by floods.

Looking at it from this perspective, they put through a special section devoted to the dangers of flooding in the chapter on ensuring a sustainable environment within the EU Council's Operational Programme for 2004. Over the course of the second half of 2004, during which time it held the presidency of the EU Council, and on the basis of this operational programme, the Netherlands advanced in negotiations on developing an integrated EU-wide approach towards preventing flooding, predicting floods, and minimizing flood damages. The approach also includes the exchange of information and experiences from threatened areas throughout the entire European Union.

### d) Ireland – Fishing Industry

As an island nation significantly focused on marine fishing in the past, Ireland also placed some emphasis on this economic activity during its presidency. In spite of the fact that less than 6,500 individuals are directly employed in the fishing sector in Ireland today, it still plays a critical role in some regions where there is a lack of other employment opportunities.

As a result, during its presidency, Ireland emphasized the fishing industry sector primarily from the perspective of the development of outlying regions of the European Union and focused on maximizing fishing opportunities in the EU. The fishing industry in the European Union is regulated within the framework of the Common Fishing Policy, which, through establishing fishing quotas, is guiding fishing in the direction of long-term sustainability. In relation to third countries outside of the EU, Ireland promoted the conclusion of agreements even with these countries for the purpose of preventing excessive fishing catches.

### e) Portugal – Outlying Regions

Portugal currently holds the presidency of the Council and there is visible effort focused on its outlying regions and intensifying the use of the European Union's assistance mechanisms within the framework of EU Structural and Cohesion Policy. (Based on the European Commission's definitions, the EU has seven outlying regions. Two of these, specifically the Azores and Madeira, belong to Portugal as autonomous territories.) The requirement for a higher level of support is partially justified. Territorial

isolation and distance from the European continent (especially in the case of the Azores) present a serious obstacle to economic development. In addition, their small size results in the fact that large investments made cannot reach the required level of profitability and do not allow any savings on the basis of scope.

In relation to this, the Portuguese presidency of the EU Council included a point devoted to economic cohesion in relation to outlying regions within its priorities. During their presidential term, the Portuguese would like to initiate a serious discussion on special attention and support for objectively disadvantaged outlying regions.

### f) Greece – Tourism and Travel Industry

In the case of Greece, the tourism and travel industry is a significant source of contribution to the functionality of the national economy. Taking the entire country into consideration, the share of GDP contributed by the travel industry is 18% and over 19% of the country's employees work in the tourism and travel sector. Some regions are more dependent on the travel industry and tourism represents the primary source of subsistence income.

Lobbying on behalf of those regions that are dependent on tourism resulted in the fact that the priorities for the Greek presidency of the EU Council (during the first half of 2003) explicitly mentioned the role of tourism as a significant source of employment and development in more distant and "underprivileged" European regions. In the document, the Greek presidency undertook to exert more effort in order to implement a common approach to the future of tourism in Europe.

## Anticipated Activities for the Czech Presidency and Regional Aspects

There will be eleven informal meetings of the various ministers from the EU member states taking place on Czech territory while the Czech Republic holds the presidency. Four of these will be held in Prague and seven of them in the country's other regions. This corresponds to the situation in the other member states, which, over the course of their respective presidencies, also preferred informal meetings of the ministers from the member states in other regions to the detriment of the capital city.

In addition to the aforementioned meetings, an additional 160 to 180 (an average of 170) meetings and conferences of a lower political, official, or expert level are expected to take place on Czech soil. Whether these will be held on the territory of the capital city or in the regions will be partially

dependent on the availability of appropriate conference and accommodation capacity outside of Prague.

In comparison to the other presiding countries (refer to the list above), we can see that the average of similar events that are held in the capital city as compared to the regions varies significantly from country to country, starting with Sweden (20% in the capital vs. 80% in the regions) and ending with Finland (63% in the capital vs. 37% in the regions). We believe that the Czech Republic, due to the significance of Prague as an important conference city and with the converse insufficient conference and accommodation capacity at the highest required level, will tend to follow Finland's example. A realistic estimate from the perspective of organizing meetings and conferences at a lower political, official, and expert level predicts a division of 60% that will be held in Prague (approximately 100 events) and 40% in the regions (approximately 70 events).

During the Czech Republic's presidency over the EU organs, there will also be a number of significant anniversaries, which might be reflected in the organization and hosting of a wide variety of accompanying activities. Specifically, we are speaking of the following important European anniversaries:

- **The ten-year anniversary of the implementation of the euro as a common European currency** – in 1999, the euro in non-cash form was implemented in eleven EU states; this was followed three years later by its implementation in cash relations. After almost nine years of its existence, it has proven its economic significance, which, amongst other things, is also reflected in the development on financial markets (the euro has the historically strongest values as compared to the dollar) as well as in the balances of the world's central banks, where the common European currency is consistently increasing to the detriment of the American dollar.
- **The five-year anniversary of the expansion of the EU to include countries from central and eastern Europe** – looking back over a period of several years, we can confirm that the entry of these aforementioned countries to the European Union was highly profitable. Socioeconomic development in these countries attained a significant impetus for growth. The Czech Republic is a glowing example of a successful new member state.
- **The thirty-year anniversary of direct elections to the European Parliament** – within the European Union's decision-making structure, the European Parliament has long outgrown its Cinderella nature and, with the level of its legal authority, is coming closer and closer to

the level of the EU's primary decision-making authority – the European Union Council.

Using the presidencies of the other member states as an example, it is expected that a number of accompanying cultural, social, and educational activities will be held on Czech soil, which will not be organized at the level of top state administrative bodies and are outside the scope of control held by the Section for the Czech Republic's Presidency of the Council of the European Union. Governmental estimates are in the range of hundreds and thousands of such accompanying events.

Organizers from the ranks of regional and local administrative authorities, the business sector, the widest possible range of civic society (nongovernmental nonprofit organizations, business chambers, entrepreneurial associations, ...), and educational and cultural institutions have been advised to inform the government of their intentions, specifically the Section for the Czech Republic's Presidency of the Council of the European Union. This office can loan the official logo of the Czech presidency for the event and even ensure the participation of members from the highest ranks of the country's political representatives. It is also expected that a special grant structure will be announced, from which the organizers of the accompanying events will be able to receive grants. The specific details for the conditions for participating in the grant tenders have not yet been established, but according to currently available information, only non-entrepreneurial activities would be allowed to participate.

The Czech Republic and its individual regions can also increase the level of their visibility by holding cultural and social events directly in the European Union – whether at the seat of the highest European institutions in Brussels, or within individual member states of the European Union. A typical example of one such social event is the gala celebration of the start and end of a country's presidency, which is always held in Brussels as well as in the presiding member state.

### Including Financial Partners and Sponsors over the Course of EU Presidency

The co-financing of activities over the course of a country's presidency of the EU Council is a standard occurrence and a significant source that contributes to covering the total expenses related to holding the presidency. From the experiences of the countries that have held this position in the past, it ensues that financial partnership from the private and sponsoring sectors generally takes on one of two forms:



# Main topic

- **General sponsoring for the presidency** – This consists of providing sponsoring for either all or specific events that are held within the framework of the presidency on the territory of the presiding state. Most often, it is in the form of providing services and/or goods free of charge or at a discount as compared to market prices. This sponsoring will ensure such things as transport for the delegates, fuel for the transport services, accommodations and meals, lending conference equipment, etc.
- **Sponsoring for specific events** – This consists of sponsoring individual accompanying cultural, social, and education events. Most often, this support is provided in the form of financial resources that make the event possible, but it can also be in the form of providing goods or services for a specific event. In these cases, the sponsor is specified as a financial partner or sponsor for the event at the time it takes place and in all related promotional materials.

At the regional level and for the purpose of purely regional accompanying events, the sponsorship will most likely consist of providing support for specific events. In the case of organizing meetings at the highest political level (informal EU Council meetings) as well as at lower political levels (conferences and work groups organized by the ministries), general sponsoring is more likely.

## Austria's Presidency – Expenses and Sponsors

The direct expenses to the Austrian presidency of the EU Council, which took place during the first half of 2006, were calculated in an amount of 86 million euro. Nevertheless, the Austrian example proves that the organization of the presidency does not always have to be a losing activity. Austria used its position as a European congressional power in an appropriate manner and, in addition, was aided by the "Mozart Effect". It just so happens that the year in which Austria held the presidency also marked the 250<sup>th</sup> anniversary of the birth of Wolfgang Amadeus Mozart. The combination of the Austrian presidency together with this significant anniversary of the famous musical composer attracted a number of summits, conferences, seminars, meetings, and general tourists to the country. According to the estimates of the Austrian Ministry of Finance, these activities brought at least 100 million euro to the country's cashbox and contributed towards creating two thousand new employment positions.

## Expenses related to the Presidency over EU Bodies

Presiding Country	Period	Expenses (in mil. Euro)
Netherlands	2H 2004	150
Luxembourg	1H 2005	75
Great Britain	2H 2005	148
Austria	1H 2006	86
Finland	2H 2006	75
Germany*)	1H 2007	150

Source: *Právo Daily* of November 3, 2006, on the basis of information from [www.euractiv.com](http://www.euractiv.com), estimate

The Austrian budget for its presidency of the European Union was also improved by the sponsoring provided by entrepreneurial entities (both full as well as partial), thanks to which significant savings were attained in the area of organizational expenses.

The following is a summary of the primary partners for the Austrian presidency and the specific support they provided:

**Porsche Austria GmbH** (in cooperation with Audi AG and VW-Nutzfahrzeuge AG) – the company ensured the transport of delegates to events held within the framework of the Austrian presidency in the form of eight Audi A8 limousines and several VW Caravell minivans;

**OMV AG** – the largest Austrian petrochemical company provided the fuel used for the transport of delegates as well as the maintenance and servicing for the vehicle fleet used to transport the delegates;

**Wiener Städtische Allgemeine Versicherung AG** (*Vienna Insurance Group*) – ensured insurance and registration for the vehicle fleet used to transport the delegates participating in events that were held within the framework of the Austrian presidency;

**Vöslauer Mineralwasser AG** – this mineral water producer provided the beverages for the events held in the presidential conference center in Hofberg as well as beverages for the European Council Summit in Brussels;

**DHL** – this postal and courier service provider ensured diplomatic post services for the presidential office and helped deliver a great quantity of conference materials to more than 100 diplomatic mission around the entire world;

**Mondi Business Paper** – over the course of Austria's presidency, this company provided conference and meeting participants with a large amount of printed materials that were printed on the environment-friendly BioTop3 paper;

**Kraft Foods Austria** – this foodstuff manufacturer provided participants with its renowned Mozart chocolate during events held within the framework of the presidency;

**Austrian Postal Service** – this service provider distributed souvenir rucksacks bearing the official presidential logo to conference participants and media representatives;

**Salesianer Miettex Mietwäschevertriebsgesellschaft m.b.H.** – this textile company provided souvenir towels for the participants in various events over the course of the Austrian presidency;

**Austrian Airlines** – the largest Austrian airline shared in the expenses for air tickets to Austria for the permanent Brussels-based representatives of member states, diplomats, and selected representatives from Brussels media who participated in various presidential events;

**Siemens Business Services** – this company provided the Federal Ministry of Foreign Affairs with contemporary office furnishings, namely for Austria's permanent representative office in Brussels;

**Riedel** – this Austrian glassworks provided the wineglasses for the various working lunches and dinners that took place in Brussels within the framework of the presidency;

**Land Vorarlberg** (in cooperation with Zumtobel AG) – this company ensured new lighting in the areas designated for press and media representatives at the Council's central offices in Brussels;

**Austrian Armed Forces** – participated in supporting services for organizing and performing logistics for the presidency: the installation of communications technologies; transport of a large quantity of conference materials and furnishings between various locations in Austria;

**ORF** – this television and radio broadcast station held the role of the presidency's primary media partner and participated in the distribution of video and audio transmissions from the highest level political meetings held in Austria to various media companies abroad;

**Helmut Sachers Kaffee** – this company provided those who participated at events held within the framework of the presidency with souvenir packages of coffee to serve as a reminder of the atmosphere of Viennese cafés.

### Finland's Presidency – Expenses and Sponsors

The direct expenses to the Finnish presidency of the EU Council, which took place during the second half of 2006, amounted to approximately 75 million euro and can be categorized as follows:

- **Expenses for organizing official and informal meetings** (EUR 38.5 million, or 51%) – with the

exception of direct organizational expenses for more than 130 meetings held at lower political, professional, and work levels, including expenses for creating web pages, image, and logo for the presidency and training volunteers assisting in the organization;

- **Personnel expenses** (EUR 26 million, or 35 %) – the expenses related to employing additional workers at Austrian ministries and Austria's permanent representative offices in Brussels and also travel expenses;
- **Security related expenses** (EUR 10.5 million, or 14 %) – the expenses related to ensuring security for the delegates during events held in Austria.

In comparison, the last time Finland presided over the EU governing bodies in 1999 its expenses came to EUR 64 million.

In addition to this direct budget, the Finnish presidency was also significantly assisted through the resources and assistance provided by its primary partners in the following fields of activities:

- Finnish Forest Foundation – forestry foundation;
- Volvo Auto Oy Ab – automobile manufacturer;
- Helsinki Water – waterworks; and
- Yleisradio Oy – media sector.

### Anticipated Situation for the Czech Presidency

The Czech Republic estimates that the expenses related to ensuring the organizational side of all presidential events will reach 1.9 billion Czech crowns (approximately 72 million euros). This does not include expenses for interpreting services at conferences and travel expenses for delegates to some of the work group meetings – these will be financed by the EU Council directly.

In addition, it is expected that there will be fairly extensive participation on the part of financial partners and sponsors, whether general partners for the presidency overall or sponsors for individual events. As of this time, no partners have been selected yet, nevertheless it is expected that the invitation to be a primary partner for the Section for the Czech Republic's Presidency of the Council of the European Union will be extended to the largest domestic companies.

The procedures for selecting sponsors are not harmonized in any way within the European Union. In the Czech legal environment, the process will be governed by the legislation in place for public procurement, on the basis of which the selection of sponsors for resources that exceed a certain amount must be performed through a tender.



# Statistical window

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

in %	GDP growth y-on-y			Current account to GDP*			Unemployment rate			Inflation y-on-y average		
	2004	2005	2006	2004	2005	2006	VIII-07	IX-07	X-07	VIII-07	IX-07	X-07
Belgium	\	1.7	2.8	3.8	3.0	3.3	7.5	7.4	7.4	1.2	1.4	2.2
Bulgaria	6.6	6.2	6.1	-6.6	-12.0	-15.8	6.5	6.3	6.2	9.3	11.0	10.6
<b>CR</b>	4.5	6.4	6.4	-5.5	-2.3	-3.1	5.2	5.1	5.0	2.6	2.8	4.0
Denmark	2.1	3.1	3.5	3.1	3.6	2.4	3.3	3.2	2.9	0.9	1.2	1.8
Germany	1.1	0.8	2.9	4.5	4.7	5.2	8.3	8.2	8.1	2.0	2.7	2.7
Estonia	8.3	10.2	11.2	-12.4	-10.1	-15.7	5.5	5.6	5.4	6.1	7.5	8.7
Ireland	4.3	5.9	5.7	-0.3	-3.5	-4.2	4.8	4.7	4.4	2.3	2.9	3.0
Greece	4.6	3.4	4.3	-9.3	-9.0	-11.1	n/a	n/a	n/a	2.7	2.9	3.0
Spain	3.3	3.6	3.9	-5.9	-7.5	-8.8	8.2	8.2	8.1	2.2	2.7	3.6
France	2.5	1.7	2.0	-0.6	-1.7	-2.2	8.3	8.2	8.1	1.3	1.6	2.1
Italy	1.2	0.1	1.9	-0.5	-1.2	-2.0	n/a	n/a	n/a	1.7	1.7	2.3
Cyprus	4.2	3.9	3.8	-5.0	-5.6	-5.9	3.8	3.7	3.8	2.2	2.3	2.7
Latvia	8.7	10.6	11.9	-12.9	-12.6	-21.1	5.3	5.2	5.0	10.2	11.5	13.2
Lithuania	7.3	7.9	7.7	-7.5	-7.2	-10.5	4.2	4.2	4.3	5.6	7.1	7.6
Luxembourg	4.9	5.0	6.1	11.6	10.9	10.3	4.9	4.8	4.9	1.9	2.5	3.6
Hungary	4.8	4.1	3.9	-8.4	-6.8	-6.5	7.3	7.2	7.3	7.1	6.4	6.9
Malta	0.1	3.1	3.2	-6.0	-8.8	-6.7	6.3	6.3	6.2	0.6	0.9	1.6
Netherlands	2.2	1.5	3.0	8.6	7.1	7.6	3.2	3.1	3.1	1.1	1.3	1.6
Austria	2.3	2.0	3.3	2.4	3.0	3.5	4.4	4.3	4.3	1.7	2.1	2.9
Poland	5.3	3.6	6.1	-4.4	-1.7	-1.8	9.2	8.9	8.8	2.1	2.7	3.1
Portugal	1.5	0.5	1.3	-7.8	-9.6	-9.9	8.1	8.0	8.2	1.9	2.0	2.5
Romania	8.5	4.1	7.7	-5.0	-8.7	-10.3	7.2	7.3	7.3	5.0	6.1	6.9
Slovenia	4.4	4.1	5.7	-2.6	-2.0	-2.8	4.7	4.6	4.4	3.4	3.6	5.1
Slovakia	5.4	6.0	8.3	-2.5	-7.9	-7.7	11.2	11.2	11.2	1.2	1.7	2.4
Finland	3.7	2.9	5.0	7.7	4.9	4.7	6.9	6.8	6.8	1.3	1.7	1.8
Sweden	4.1	2.9	4.2	6.5	5.8	6.9	5.8	5.9	5.8	1.2	1.6	1.9
UK	3.3	1.8	2.8	-1.6	-2.5	-3.2	5.2	n/a	n/a	1.8	1.8	2.1
<b>EU</b>	2.5	1.8	3.0	0.4	-0.3	-0.7	7.1	7.0	7.0	1.9	2.3	2.7

in %	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
	2004	2005	2006	2004	2005	2006	2004	2005	2006	2004	2005	2006
Belgium	0.0	-2.3	0.4	94.2	92.2	88.2	124.5	124.4	123.3	105.7	105.1	105.2
Bulgaria	2.3	2.0	3.2	37.9	29.2	22.8	33.6	35.2	37.1	41.7	42.4	44.1
<b>CR</b>	-3.0	-3.5	-2.9	30.4	30.2	30.1	76.1	77.0	79.3	54.9	58.1	60.7
Denmark	1.9	4.6	4.6	44.0	36.3	30.3	124.5	126.3	126.7	139.6	140.1	139.4
Germany	-3.8	-3.4	-1.6	65.6	67.8	67.5	116.1	114.6	113.7	104.7	103.8	103.3
Estonia	1.8	1.9	3.6	5.1	4.4	4.0	57.0	62.8	67.9	62.8	64.3	67.0
Ireland	1.3	1.2	2.9	29.5	27.4	25.1	142.4	144.0	142.9	125.6	124.9	125.4
Greece	-7.3	-5.1	-2.5	98.6	98.0	95.3	93.4	95.4	96.9	87.3	88.3	89.2
Spain	-0.3	1.0	1.8	46.2	43.0	39.7	100.9	102.5	102.4	90.9	92.0	93.2
France	-3.6	-2.9	-2.5	64.9	66.7	64.2	112.1	114.2	112.8	110.5	107.6	107.1
Italy	-3.5	-4.2	-4.4	103.8	106.2	106.8	107.6	105.4	103.7	105.2	104.4	104.4
Cyprus	-4.1	-2.4	-1.2	70.2	69.1	65.2	91.6	93.8	93.4	90.6	89.1	89.5
Latvia	-1.0	-0.4	-0.3	14.5	12.5	10.6	45.5	50.2	55.8	55.5	56.3	58.8
Lithuania	-1.5	-0.5	-0.6	19.4	18.6	18.2	51.1	53.8	57.7	53.1	54.6	56.4
Luxembourg	-1.2	-0.1	0.7	6.4	6.2	6.6	252.7	263.0	278.7	105.1	104.6	105.1
Hungary	-6.5	-7.8	-9.2	59.4	61.6	65.6	63.9	64.8	65.3	61.6	63.2	60.0
Malta	-4.9	-3.1	-2.5	72.7	70.8	64.7	75.9	75.9	75.5	72.8	72.8	73.5
Netherlands	-1.7	-0.3	0.6	52.4	52.3	47.9	130.3	131.9	132.2	106.0	104.6	104.2
Austria	-1.2	-1.6	-1.4	63.8	63.4	61.7	128.8	128.6	128.8	103.1	101.9	101.3
Poland	-5.7	-4.3	-3.8	45.7	47.1	47.6	50.8	51.0	52.9	53.2	61.7	62.9
Portugal	-3.4	-6.1	-3.9	58.3	63.7	64.8	75.2	75.4	74.5	86.7	85.0	85.5
Romania	-1.5	-1.4	-1.9	18.8	15.8	12.4	33.6	34.4	37.6	44.3	55.5	58.5
Slovenia	-2.3	-1.5	-1.2	27.6	27.4	27.1	85.0	86.6	88.8	75.4	75.6	75.8
Slovakia	-2.4	-2.8	-3.7	41.4	34.2	30.4	57.0	60.4	63.6	54.9	55.8	58.2
Finland	2.3	2.7	3.8	44.1	41.4	39.2	115.9	114.4	116.4	123.8	123.5	122.5
Sweden	0.8	2.4	2.5	52.4	52.2	47.0	123.2	122.0	123.2	121.8	118.5	117.9
UK	-3.4	-3.3	-2.7	40.4	42.1	43.2	121.9	119.6	119.1	107.9	109.2	110.2
<b>EU</b>	-2.8	-2.4	-1.6	62.1	62.7	61.4	100.0	100.0	100.0	100.0	100.0	100.0

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

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