EU News
Monthly Journal

Number 54,
March 2008

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Dear readers,

It might be appropriate to start off the list of European integration events that took place in February by paraphrasing some good news: the Czech Republic is slowly, but visibly, becoming richer. This fact was also confirmed by Eurostat, which published its regular overview of the level of the economy at EU national and regional levels in a form that has been comparatively evaluated and harmonised. As the process of comparative harmonisation does take some time to complete, the most recent overview presents the facts for 2005. It tells us that, as a whole, the Czech Republic attained a level equal to 76.6% of the entire EU measured by per capita GDP.

An even more favourable implicit evaluation of this overview might be the fact that, since 2005 and up until now, the tempo at which our economy has grown has visibly exceeded the Union average. As a result, when the same indicators are published for 2008, our nationwide average will loom significantly above 80 % of the union average.

The start of February also saw the European parliament contribute to a decision that will most likely be welcomed in a number of member states: starting in 2011 or 2013 in some cases, the existing monopolies held by national postal companies for the delivery of consignments weighing 50 grams or less will be broken.

February's main topic can however be considered to have happened outside of the EU itself, although it might have widespread consequences for a number of EU states and, in many places, it was accepted in a halting, if not outright denying, manner. This event is Kosovo's declaration of independence. It has significantly polarised the Union and created a group of opponents to this step, especially in countries where an analogical process can be expected to occur.

The situation in Kosovo and the West Balkan region overall has also brought about the need to accept revisions to the accession partnership between the EU and Croatia. This might possibly inject a bit more energy into what seems to be the slightly vacillating course of the final phases of the process, which should result in Croatia's full EU membership in the relatively near future.

The regularly published "Summary Report on European Union Activities in 2007" is most definitely useful for systematically monitoring the happenings within the framework of European integration. Anyone who is interested will find that this document provides a comprehensive summary of all significant facts and occurrences from the year it covers.

It is most likely not necessary to remind anyone of the fact that key institutions are pushing to have the Lisbon Treaty ratified as quickly as possible and hope that the entire process will be completed this year.

February was full of interesting and important events. Let's hope that the following months are just as inspirational and exciting.

Petr Zahradník

At the end of February, five of the European Union's member states had already ratified the Lisbon Treaty. France's consent is of especially symbolic significance, as this country is one of the driving engines behind European integration. In its evaluation of the updated Convergence Programme submitted by the Czech Republic, the European Commission praised the progress that has been made towards decreasing the public budget deficit.

POLITICS

Lisbon Treaty Successfully Sailing Through Ratification Process

At the end of February, **five members of the European Union had already ratified the new Lisbon Treaty**. This document implements the institutional reform required in the European Union after the unsuccessful attempt to pass the Euroconstitution.

Both documents have fairly similar characteristics. The Lisbon Treaty also expands the areas wherein the ministers from the EU member states will have the ability to make decisions on the basis of a **qualified majority at the meetings** held by the Council of the EU. It has also incorporated the Euroconstitution's provisions for establishing the position of Council President.

The approval process for the Lisbon Treaty started last year in December, when the heads of state from the EU members formally signed the treaty together with the president of the European Commission and European Parliament. The signing process in and of itself does not however mean anything. In order for this legislative act to enter into validity, it must be ratified by all twenty-seven member states. As compared to the Treaty on the European Constitution, which often had to be passed on the basis of referenda, the member states have now decided on approval through **parliamentary ratification**. The only exception is Ireland, where a referendum is required by the Irish constitution.

The Lisbon Treaty should be ratified by all member states by the end of this year in order to ensure that the **elections to European Parliament that will be held in June 2009** adhere to the new regulations.

Hungary was the first country to ratify the Lisbon Treaty and did so just after it was signed in December 2007. **Malta**, **Slovenia**, **Romania** and **France** soon followed suit. Approval by the country of the Gallic Rooster is considered to be a very positive sign as, in addition to the Dutch, it was the French who refused the Euroconstitution during a past referendum.

Our neighbours to the east are also close to ratification. The Treaty has already been submitted to their parliament. However, the opposition parties have taken the treaty hostage and have made their approval conditional upon a completely unrelated rewrite of controversial legislation pertaining to the press. As a result, the discussion on the Lisbon Treaty has been **postponed indefinitely in Slovakia**.

From the perspective of ratification, it seems the **Czech Republic will be amongst the stragglers**. The timeframe for the treaty to be discussed by parliament has not yet even been set.

http://europa.eu/lisbon_treaty/countries/index_en.htm

ECONOMY AND EURO

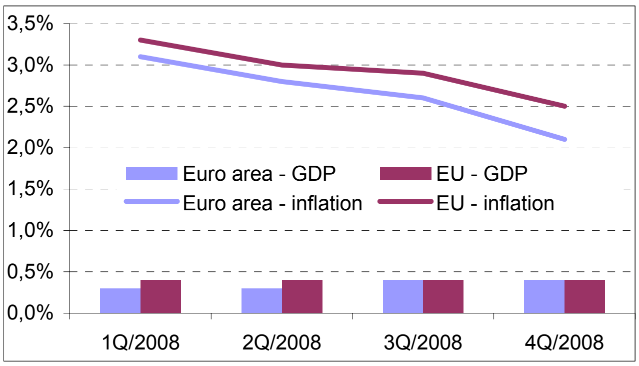
EU Forecast: Decreased Growth and Higher Inflation Anticipated

The European Commission has **decreased its estimate for the Union's economic growth** to 2%. (According to the new forecast, the Eurozone economy should grow at a rate of 1.8%.) On the other hand, consumer prices are expected to increase due to the recent shocks that were suffered.

Continuing turbulence on the financial markets, a **significant slowdown in the economy of the United States** and increasing commodity prices – primarily for energy and food – were specified by the European Commission as the main causes of the "unusually uncertain" global economic situation and perspective for the future. This information was provided by Joaquín Almunia, the European Commissioner for Economic and Monetary Policy, at the time the newest estimates for the development of the European economy were made public.

The commission further predicts that the **average inflation rate will be higher than the European goal** of 2% and will most likely reach 2.9% (2.6% in the Eurozone). This reflects an increase of 0.5% as compared to the original estimates. Inflation is expected to decrease by the end of the year.

GDP and inflation outlook in 2008



Source: European Commission

Over the past few months, the **European Central Bank** (ECB) has been attempting to stabilize the inflation rate by maintaining interest levels at 4% in spite of the slowdown in the economy and the fact that interest rate levels have been lowered by both the United States Federal Reserve Bank as well as the bank of England. The ECB also warned that

inflation pressures might also get worse if unions continue to insist on wage increases.

According to the Commission, the unfavourable predictions for the European economy are the result of certain **"fragile" conditions within the international financial system** and the impaired functionality of credit markets. The newest data however indicate that this statement might not apply over the long-term, as the quarterly report indicates that economic growth might improve during the second half of the year under the condition that the United States experiences a recovery as a result of the stabilization of the situation on the financial markets. Should this occur, inflation will once again decrease towards the end of 2008.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/274

EU Will Approve the Status of Public Finance in the Czech Republic

In its evaluation of updates to the Convergence Programme, the **Commission welcomed the significant decrease in the public budget deficit** as compared to the original plan. At the same time however, it warned that long-term measures must be adopted, especially reforms to the healthcare and pension systems.

The EU member states that are outside of the Eurozone send updated **reports on the status of their economies** to Brussels on a annual basis, with special emphasis placed on the criteria that must be met by Eurozone members.

The Czech Republic sent the most recently updated version of its Convergence Programme to the Commission at the end of November 2007. Whereas last year the head of the Czech government was criticized by the Commission for the worsened status of public finances, **this year the evaluation is a shade more favourable**. The economy did well in 2007 and, as a result, last year's public budget deficit decreased to 3.4% of GDP, which is significantly less than the 4% of GDP level that was estimated in the original version of the Convergence Programme.

The Medium-Term Fiscal Outlook for the CR

% as of GDP	2007	2008	2009	2010
public budget deficit	-3.4[1)]	-2.9	-2.6	-2.3
public debt	30.4	30.3	30.2	30.0

Source: The Czech Convergence programme – November 2007, 1) according to the preliminary figures the actual figure is -1.9%

According to the updated figures, the public budget deficit **might now go below the referential level of 3% of GDP** as early as this year and then continue to decrease over subsequent years (to 2.6% in 2009 and then to 2.3% the following year), in a manner whereby it will reach its intermediate position by 2012.

This favourable development is based on the premise that measures will be implemented for the expense side of the state budget. Mirek Topolánek's government expects to **decrease the number of state employees** by 3% annually up until 2010 and also intends to decrease defence expenses.

The European Commission welcomed the positive development in the area of public finances but at the same time challenged the Czech Republic to **take advantage of the good macroeconomic situation** and decrease the public budget deficit in an even more significant manner. In the eyes of the Commission, reliance on measures for the expense side, especially the reduction of employment in the public sector, is the primary risk that is faced by the planned decrease of the deficit.

The ageing population is another factor that the Commission considers to be a sizable risk. Although it welcomed the start of healthcare reforms, it stated that additional measures are required in this area and that the pensions system must also be reformed.

We agree with the European Commission's assessment that the Czech Republic did not take advantage of previous "fat" years to implement more painful **reforms, primarily those related to the pension system**. Nevertheless, we believe that the outlook for the next few years is not bad and sustaining the deficit under 3% of GDP will not be a problem – as long as there is sufficient political will.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/213

BUDGET AND TAXATION

Ministers Approve Disputed Reform to VAT

After more than four years of continuing disputes, the finance ministers of the EU have approved **new regulations for collecting value added tax** on services provided between member states. The goal of the reform is to limit the administrative expenses for companies that provide cross-border services and to prevent the distortion of business competition between countries where different tax rates are applied by service providers.

As of now, service providers will be able to **pay VAT in the country where the service is provided** and not in the country where the provider is registered. At the same time, the rate of VAT they will pay will change. Thanks to this new legislation, all providers of services in the territory of a given state will be subject to one single tax rate without regard to their country of origin.

The European Parliament approved a legislative package intended to remove the obstacles that prevent the free movement of goods on the EU internal market due to the technical requirements that vary amongst the individual member states. The European Commission is requesting that foreign state-owned investment funds voluntarily accept a code of conduct that would limit the risk that they will be misused for political purposes.

For a long time, Luxembourg did not agree with the reforms as, with its 15% VAT rate – the lowest in the entire EU – it has become the registered location of large providers of electronic services, such as Amazon.com, Skype and PayPal. Within the framework of the compromise agreement, **Luxembourg succeeded in obtaining a derogation** for implementing the new VAT system until 2015.

On the basis of the provisions of this agreement, after 2015 the countries wherein telecommunication and electronic service providers are registered will be able to retain 30% of the income from collected VAT and only 70% of tax income from the VAT collected will go to the country where the service is provided. This share will be gradually decreased starting in 2017, when it will go to 15%, up until 2019, at which time it will reach nil value. The purpose of this particular provision is **to ensure a "smooth crossover"**.

In addition, the reform package will allow service providers to settle all tax payables and receivables in the country where the business is registered. New, **fully electronic procedures will be implemented**, which will enable businesses to collect the VAT refund of taxes they have paid in member states where they are not registered. As a result, the refunds requested should be processed more quickly than is the case today. In addition, member states will also have to pay interest in the event that they pay out the refund at a later date.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/208

INTERNAL MARKET

MEPs Want to Remove Obstacles to the Internal Goods Market

A legislative package approved by the European Parliament has the goal of **simplifying and improving the movement of goods on the EU's internal market**. It will also establish procedures that limit the possibility of applying intrastate technical requirements, which conflict with the principles of mutual recognition, as much as possible. The package consists of three legislative standards.

On the basis of a **decision on a common framework for introducing goods on the market**, the primary responsibility for ensuring a product conforms with valid regulations (namely in relation to consumer safety, environmental production and free competition), will be borne by the manufacturer – or in the case of goods produced outside of the EU, the importer. This measure is a reaction to the current practice whereby it is often difficult to penalize manufactures of hazardous toys imported from China.

According to the MEPs, an **unambiguous definition for the CE** (Conformité Européenne) **trademark** should be established, along with clear rules as to the responsibility assumed by any manufacturer who uses this designation on its products.

The **regulation, which establishes the procedures pertaining to the application of certain intrastate technical regulations for products** legally introduced on the market in other member states, pertains to goods that are not harmonized. Member states can now forbid the import of goods from another member state only for specifically defined reasons (protection of public health or the environment). In practice however, companies face various obstacles, as the member states force them to make products that conform to a number of technical parameters, including labelling, packaging, size, weight, etc.

As a result, Parliament has decided that each member state **is obligated to justify any business obstacles** that exist for imports, as compared to the current situation, whereby an importer is obligated to prove that it products comply with the individual laws and regulations of the state in question.

The **regulation that establishes the requirements for accreditation and market supervision** in relation to introducing products on the market is a reaction to the current situation. At this time, there are authorities in each individual member state that monitor the compliance of products with valid regulations. These entities do not however always meet the same criteria and do not perform their evaluations in the same manner. This will be harmonized in the future, but the evaluations themselves will continue to be in the hands of the member states.

A barrier-free internal market is an obvious economic conquest for the EU. A number of states are however still **searching for various loopholes** that they can take advantage of in order to limit competition from other member states. For this reason, initiatives intended to remove similar possibilities and make the regulations more transparent overall are welcomed.

http://www.europarl.europa.eu/news/expert/infopress_page/063-21952-049-02-08-911-20080221IPR21949-18-02-2008-2008-true/default_en.htm

McCreevy Wants to Extend Copyright Period for Music

The European Commission has reopened the sensitive issue pertaining to copyright levies for musical recordings. Charlie McCreevy, the EU Commissioner for the Internal Market, has announced the **start of a public consultation**,

which, amongst other things, should simplify the collection of levies within the framework of the EU.

Copyright levies are included for an entire range of products, ranging from copiers to DVD or MP3 players and mobile telephones. Selected resources serve for the purpose of **compensating copyright holders for the private copies** made of their recordings that are protected by copyrights.

"We should agree on some functional solution, which would protect the rights of copyright holders to receive compensation and, at the same time, would allow the collection of levies in an amount that corresponds to the losses created through the creation of private copies," said the Commissioner.

Yesterday, McCreevy started off a public consultation scheduled to continue until 18 April 2008. At that point, the **Commission will organise a public hearing** that should assist in finding a common solution.

In spite of all the Irish commissioner's diplomatic efforts, it is more than likely that the proposal will not be greeted all that joyously within the artistic community, even though he did succeed in receiving praise from the music electronics industry. **Abolishing the levies** would mean removing a certain type of hidden tax, which is imposed on the manufacturers of certain types of electronic equipment, such as personal computers and CD players. The collection of levies for these types of electronics is justified by the fact that they can be used for making private copies of works that are protected by copyrights.

On the other hand however, members of the artistic community would **lose one of the main sources of their income**. It is thus no coincidence that, on the same day that McCreevy initiated the discussion on the collection of levies, the commissioner also made public his intention to extend the term of copyright protection provided to European music artists from 50 to 95 years. This would close the gap between the manner in which the composers of musical works and the artists who perform them are protected. The current system provides an advantage to the composers over the performers.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/240

FINANCE

Commission Wants to Regulate State Investment Funds

The European Commission has put forward a communication that contains the rules and regulations that should be followed by all foreign state-owned funds (**sovereign wealth funds** – SWF). The fact is that certain apprehensions exist that investments can be misused for political purposes in certain industries, such as energy or defence. The communication will be the subject of a European Council summit and will start off a debate on binding regulations for foreign state-owned funds.

The Commission is proposing that leading EU representatives adopt a common approach in order to increase the transparency, predictability and accountability for these funds. The goal is to develop a **code of conduct**, including standards in the area of transparency and administration of public assets.

The voluntary code of conduct for the SWFs should be **approved at the international level**, e.g., the IMF.

Acceptance of the code of conduct should allay fears that some of the state asset funds are functioning in a non-transparent manner, e.g., they are not meeting their notification obligations pertaining to the value of their assets, investment goals and the manner in which their risk management systems are managed. There is also a danger that, on the basis of their investments, the funds will not follow pure economic interests but **will be misused for political purposes**, thus leading to a disruption on the market and the possible occurrence of problems for both the EU as well as for its individual member states.

Discussion on the regulation of state funds started primarily last year, at which time the funds from oil-rich countries in the **Near East** and **Southeast Asia** (China, Singapore) started investing massively in European and American companies.

The Commission's activities are also focusing on ensuring that there are no **uncoordinated reactions on the part of**

A report published by the European Commission has confirmed that employment in the EU is on the rise. Reforms to the labour market that have been implemented in the past years have started to bear fruit. Viviane Reding, the EU's Telecommunications Commissioner, has called upon mobile operators to decrease the prices of cross-border data services and text messages by 1 July. If they do not do so, they are threatened with the implementation of binding regulations, as is the case with roaming fees.

the member states at the internal level, which would fragment the internal market and damage the EU economy overall.

On the one hand this measure is logical: some state investment funds could actually be used as a **tool for attaining geopolitical ambitions for the politicians** of the applicable countries and not for general financial investors. On the other hand, it is necessary to ensure that the measures do not result in a new wave of protectionism in the EU and ultimately do not negate the positive effects of globalisation in the finance sector.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/313

ENTERPRISE

New Regulations for Cosmetics Will be Simpler

Within the framework of the battle against excess bureaucracy in the European Union, the legal provisions for cosmetics will be simplified. A total of twenty-seven national legislative standards, which, when considered together, have more that 3,500 pages, **will be replaced by one regulation in the future**. As compared to a directive, a regulation applies to member states straight off and does not have to be incorporated in national legislations. The existing directive on cosmetics from 1976, which has been amended a total of 55 times, will cease being valid.

"The law on cosmetics is an example of how a piece of EU legislation can be 'ripe' for simplification. Working with 27 different transposing legislations is more costly and burdensome for the cosmetics industry than necessary," said **Günter Verheugen, the Vice-President of the European Commission** responsible for enterprise and industry.

This regulation should also increase the safety of products such as deodorants, toothpaste and tanning lotions, as well as decrease business expenses. The requirements for evaluating product safety will be clarified and, thanks to the implementation of a simplified notification system, there will up to a **50% decrease in administrative expenses**. The current rules that prohibit testing cosmetic products on animals will remain intact.

The regulation also **harmonizes the requirements for reporting the damaging effects** of cosmetic products to the supervisory authorities, the regulations for withdrawing products from the market and the coordination of these requirements between the responsible authorities in the individual member states.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/184

Employment in the EU Continues to Increase

The **number of jobs available in the European Union is continuing to increase**. If everyone is to benefit from this move forward though, additional efforts must be exerted according to a series of reports just published by the European Commission.

As a reaction to globalization and demographic changes, the European Council has defined several goals pertaining to employment:

- In 2010, the **employment rate should reach 70%** (it was 67% in 2005).
- In 2010, the **employment rate for females should reach 60%** (it was 57% in 2005).
- The **employment rate for the oldest group** of persons in a productive age range (55+) should reach 50% in 2010.

The progress that has thus far been achieved on the path to these goals is included in the **Labour Market Review**, which is prepared on a regular quarterly basis. Additional supporting information is available in the **Joint Employment Report**, which evaluates the manner in which member states have implemented measures ensuing from their national reform programmes (a part of the Lisbon Strategy) on the labour market. According to these reports, employment levels have increased in all the EU member states, with the exception of Denmark, where it seems the labour market has become saturated. Over the course of the last year, a total of 3.5 employment positions were created in Europe, of which 850,000 became available just during the last quarter. For this year, the number of employment positions is expected to increase by 5 million.

Other important conclusions from the report:

- Employment growth is primarily related to **growth in the services sector**, whereas employment in agriculture is showing a consistent decrease.
- Unemployment decreased drastically primarily in the **new member states**, but also in Germany and France.
- The **unemployment rate for youth** is still at about 20% in several of the new member states (Hungary, Poland, Romania, and Slovakia). Some of the older member states are in a similar position, i.e., Belgium, Spain, France, Italy, and Sweden.
- In spite of a constant increase in **employment amongst the oldest age group** of productive individuals, the employment rate for this group is still at 43.5%. In the case of females, the employment rate is at 57.2%.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/250

RESEARCH

Fuel Cell and Hydrogen Drive Research Gets Green Light

The council of ministers for competitiveness has agreed on the basic characteristics for a new **Joint Technological Initiative** (JTI) titled “Fuel Cells and Hydrogen”. Joint Technological Initiatives are a platform for European-wide cooperation between the private and public sectors, which are focused on research that is strategic from the EU point of view. The JTIs are an important component of the 7th Framework Programme for Research and Development.

Within the framework of Europe’s efforts to decrease the emission of greenhouse gases, **hydrogen drives and fuel cells** are considered to be one of the possible alternatives to traditional fossil fuels. In the case of a hydrogen drive, the only emission from a fuel cell is in the form of steam.

According to research financed by the European Commission the “inclusion of fuel cells in the energy system could lead to an **overall 40% decrease in crude oil** usage within the transportation sector by the year 2050”.

At the current time, the specified technologies are not available on the market. Before this can occur, it is necessary to focus on additional research and development. Cooperation between private and public entities – which was agreed to by the ministers yesterday – should speed up the development of fuel cell and hydrogen technology and enable **their distribution between 2010 and 2020**.

Over the course of the next six years, the European Union **will invest EUR 470 million in the research programme**. It is expected that the private sector will contribute the same amount for the research. According to the Commission, the fact that a JTI will focus on research in this area should provide enough stimulus for the entire industry, both public as well as private investors, and public agents, whereby they will acquire enough confidence to join the initiative on the basis of a long-term partnership.

http://www.eu2008.si/en/News_and_Documents/Press_Releases/February/0225MVZT_COMPET.html

JUSTICE AND HOME AFFAIRS

EU to Tighten Protection at External Borders

The Commission has presented its concept of how the administration system in place for managing the EU’s external borders can be developed. This vision is a combination of specific measures (pertaining to the FRONTEX agency and the control of maritime borders) and longer term considerations on the manner in which **the entry and departure of third-country citizens can be recorded**. This approach will ensure that the integrity of the Schengen Area is maintained, while allowing citizens from third countries, who meet the criteria for entry, to continue crossing the external borders in a manner that is as simple as possible.

The main points of the legislative package are as follows:

- **Facilitating surveillance at the external border** by improving cooperation between member states and using new technologies;
- Strengthening operational coordination between member states through the assistance provided by **FRONTEX** (the EU agency responsible for protecting the external border) by taking full advantage of the existing mandate with the agency. In particular, intensifying the joint operations of the member states, including maritime border patrols; and
- Launching a discussion on an entry and exit system that will allow better monitoring of persons entering and leaving the Schengen Area (e.g., **fingerprinting**) and a Registered Traveller Programme, which will enable quick and easy travel for third country citizens who meet pre-screening criteria.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/215

INFORMATION SOCIETY

Operators to Decrease Prices for Outgoing SMS Messages

According to Viviane Reding, the EU’s Telecommunications Commissioner, the price for sending text messages and using other data services **must decrease by 1 July 2008**, unless the operators want to face a similar regulation as that implemented by the EU last year for establishing a Eurotariff applicable to roaming services.

Last June, the European Commission implemented a regulation that defines the **upper limit for prices that can be charged for cross-border calls**. Since that time, operators cannot charge their customers more than 49 eurocents (CZK 12.70), plus VAT, per minute for a call placed abroad or more than 24 eurocents (CZK 6.24), plus VAT, per minute for an incoming call. This cap is decreasing until 2009.

Caps for prices of roaming in Euro per minute

	made calls	received calls	wholesale price
2007	0.49	0.24	0.30
2008	0.46	0.22	0.28
2009	0.43	0.19	0.26

A summary report prepared by the European Commission has confirmed that the new member states are successfully using money from the European Union's structural funds and Cohesion Fund. At the end of the year, the Czech Republic had used 73% of its allocation for the 2004 to 2006 timeframe.

The fees for data services, such as sending text messages, multimedia messages, music downloads, and Internet surfing, **are not however addressed by last year's regulation**.

During the speech she made at the Mobile World Congress in Barcelona, Commissioner Viviane Reding gave mobile operators an ultimatum: either decrease charges for the use of data services abroad on your own by 1 July 2008 **or you will face additional regulatory intervention**.

"I'm asking for credible but also doable **price reductions for data roaming** by the whole industry on a voluntary basis by 1 July," said the Commissioner. She went on to add that she "doesn't wish to see further regulation", but will be forced to intervene if there are not any significant changes made by the specified date.

The Commission calculated that the price of sending a text message from abroad can be up to **twenty times higher than sending a message "at home"**. On average, the cost of sending a text message within the framework of a domestic network costs between 5 and 10 eurocents (CZK 1.30 and 2.60), but sending a message from another EU member state can cost more than 50 eurocents (CZK 13.00). In the case of data downloads, the cost abroad can be up to six times as much as the domestic cost.

We believe that the **regulation of the final price of telecommunication services is not a good path** to follow. Over the long-term, it might lead to European telecommunications lagging behind. A much more effective tool would be supporting competition by issuing licenses to additional mobile operators.

http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/08/70

REGIONAL POLICY

New Members Successfully Using EU Funds

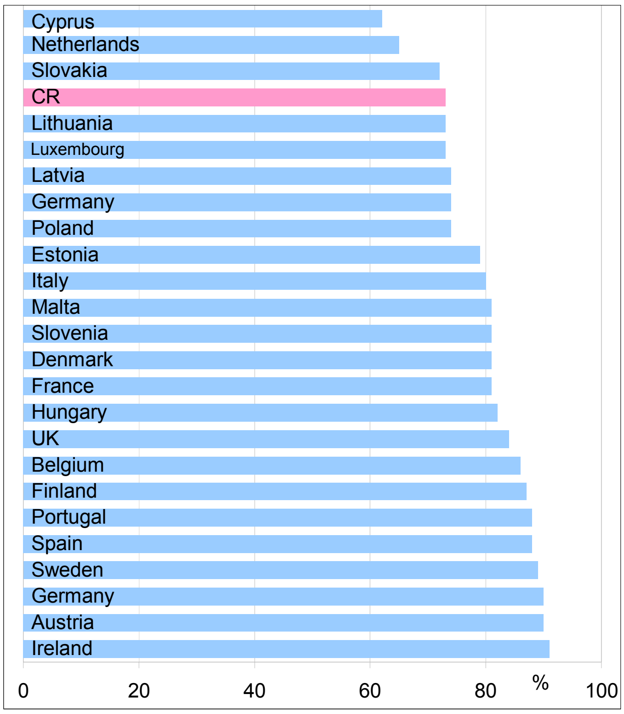
Danuta Hübner, the EU Commissioner for Regional Policy, announced that execution of the cohesion policy budget was excellent in 2007. The Commissioner presented the details of the record results from the member states, which attained a **pay-out level of more than EUR 41 billion** as compared to the 33 billion reported in 2006.

The total amount of EUR 41 billion **includes payments for two overlapping programme periods**. During the 2000 to 2006 timeframe, a total of EUR 34 billion EUR were paid out within the framework of all the structural funds and the Cohesion Fund. The remaining EUR 7 billion consist of the first payments for the 2007 to 2013 period.

The Commissioner added that, from the perspective of the volume of resources used, the new member states are approaching the level of the older member states. As far as the next generation of programmes for the 2007 to 2013 timeframe is concerned, the majority were accepted prior to the end of last year during what has thus far **been the fastest programme planning overall**.

Thanks to the "N+2 rule", payments for the 2000 to 2006 period can continue up through the end of 2008.

Structural funds: Payments against decisions



Source: European Commission

The ten new member states that started using the financial resources in May 2004 attained an average rate of 75% for absorption of financial resources allocated to them. The rate ranged between 62% for Cyprus and 82% for Hungary.

The results on the usage of grants from the structural funds and the Cohesion Fund in the new member states, including the Czech Republic, invite optimism. However, we will not be able to **determine the exact level of usage until several years down the road**. It cannot be excluded that some of the resources provided from the funds might have to be returned in the future if they are not used fully in accordance with the planned goals and do not meet the required criteria.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/204

Almost one-third of all European Union citizens between the ages of 16 and 74 have made at least one purchase over the Internet. According to Eurostat however, in the Czech Republic this figure is only at 17%. The same source also reports that, within the same age group, 44% of EU citizens have used Internet banking services. Once again, this number is also lower in the Czech Republic and is at a level of 24%.

1 FEBRUARY

EESC calls for a user-friendly Lisbon Strategy for all Europeans:
http://eesc.europa.eu/activities/press/cp/docs/2008/communique-presse-eesc-006-2008-en.doc

4 FEBRUARY

EU sets up "mission for flexicurity":
http://ec.europa.eu/employment_social/emplweb/news/news_en.cfm?id=358

5 FEBRUARY

Presentation for the general public of the EU Budget 2008:
http://ec.europa.eu/budget/publications/budget_in_fig_en.htm

The EU helps Montenegro achieve higher standards in public administration:
http://www.ear.europa.eu/news/news.htm

6 FEBRUARY

Super Tuesday in America: can Europe learn lessons?:
http://www.europarl.europa.eu/news/public/story_page/030-20437-035-02-06-903-20080204STO20425-2008-04-02-2008/default_en.htm

Coordinated action against major people smuggling network:
http://www.europol.europa.eu/index.asp?page=news&news=pr080131.htm

7 FEBRUARY

EU Presidency Statement on the signing of an interim political agreement with Serbia:
http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/cfsp/&fileName=98599.pdf

EU pledges commitment to development for African Cotton producing countries:
http://ec.europa.eu/trade/issues/sectoral/agri_fish/agri/pr060208_en.htm

8 FEBRUARY

Council of Europe Congress pledges to boost cooperation with the CoR:
http://www.cor.europa.eu/pages/PresentationTemplate.aspx?view=detail&id=25d880bb-bae9-40d6-a4b8-459ecee9d5ab

11 FEBRUARY

President Pöttering in Japan calls for partnership on climate change:
http://www.europarl.europa.eu/news/public/story_page/030-20710-035-02-06-903-20080208STO20709-2008-04-02-2008/default_en.htm

Eurostat Press Release: One person in eight in the EU27 avoids e-shopping because of security concerns:
http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2008/PGE_CAT_PREREL_YEAR_2008_MONTH_02/4-08022008-EN-AP.PDF

% of all individuals who shopped on the Internet

Denmark	55	**CR**	**17**
Netherlands	55	Poland	16
Sweden	53	Slovenia	16
UK	53	Slovakia	16
Germany	52	Latvia	11
Finland	48	Hungary	11
Luxembourg	47	Italy	10
Austria	36	Cyprus	10
France	35	Estonia	9
Ireland	33	Portugal	9
EU27	**30**	Greece	8
Belgium	21	Lithuania	6
Malta	20	Bulgaria	3
Spain	18	Romania	3

Source: Eurostat, from age 16-74

12 FEBRUARY

Liverpool and Stavanger – European Capitals of Culture 2008:
http://www.europarl.europa.eu/news/public/story_page/037-20980-042-02-07-906-20080211STO20950-2008-11-02-2008/default_en.htm

Council adopts a revised accession partnership with Croatia:
http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/misc/&fileName=98712.pdf

13 FEBRUARY

2847th Economic and Financial Affairs Council meeting:
http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/ecofin/&fileName=98717.pdf

14 FEBRUARY

Commission assesses Stability and Growth Pact:
http://ec.europa.eu/economy_finance/thematic_articles/article11921_en.htm

15 FEBRUARY

2848th Education, Youth and Culture Council meeting:
http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/educ/&fileName=98734.pdf

18 FEBRUARY

Secretariat General: Publication of the General Report on the EU's Activities in 2007:
http://europa.eu/generalreport/en/welcome.htm

EU and Ukraine launch free trade agreement negotiations:
http://ec.europa.eu/trade/issues/bilateral/countries/ukraine/pr180208_en.htm

19 FEBRUARY

2851st External Relations Council meeting:
http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/gena/&fileName=98817.pdf

2850th General Affairs Council meeting:
http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/gena/&fileName=98818.pdf

2849th Agriculture and Fisheries Council meeting:
http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/agricult/&fileName=98819.pdf

20 FEBRUARY

Commission assesses Stability Programmes of Ireland, Greece and Spain and Convergence Programmes of Denmark and Lithuania:
http://ec.europa.eu/economy_finance/thematic_articles/article11980_en.htm

Energy & Transport: State aid decisions taken by the Commission in the areas of transportation and coal:
http://ec.europa.eu/dgs/energy_transport/state_aid/decisions/decisions_dg_tren_en.htm

21 FEBRUARY

Understanding the 7th Framework Programme (now in 23 languages):
http://ec.europa.eu/research/fp7/index_en.cfm

22 FEBRUARY

Tackle demographic change, say MEPs:
http://www.europarl.europa.eu/news/expert/infopress_page/047-21954-049-02-08-908-20080221IPR21951-18-02-2008-2008-false/default_en.htm

25 FEBRUARY

Eurostat Press Release: Nights spent in hotels rose by 3.1% in 2007:
http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2008/PGE_CAT_PREREL_YEAR_2008_MONTH_02/4-25022008-EN-AP.PDF

EU and China make progress on new High Level Trade Mechanism:
http://ec.europa.eu/trade/issues/bilateral/countries/china/pr250208_en.htm

26 FEBRUARY

2852nd Competitiveness Council meeting:
http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/intm/&fileName=98919.pdf

27 FEBRUARY

Enterprise and Industry: Commission Expert Group to remove barriers to electronic invoicing in Europe:
http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=1324

Michael Schneider, Petr Osvald and Bernard Soulage to chair the Commission for Territorial Cohesion:
http://www.cor.europa.eu/pages/PressTemplate.aspx?view=detail&id=4d08b888-5e46-4e8c-9eb0-39dd7fc1e45b

28 FEBRUARY

MEPs put supermarkets under spotlight:
http://www.europarl.europa.eu/news/public/story_page/049-22162-168-06-25-909-20080225STO22149-2008-16-06-2008/default_en.htm

Telecoms package: how to boost competition and investment too?:
http://www.europarl.europa.eu/news/expert/infopress_page/052-22179-058-02-09-909-20080225IPR22128-27-02-2008-2008-false/default_en.htm

29 FEBRUARY

2845th 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=99115.pdf

2853rd 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=99114.pdf

The main events in March include the European Council's traditional spring summit that is held in Brussels. The majority of the meetings that the various ministers from the member states will hold prior to the time the European Council meets will, in addition to their own agendas, devote time to the preparations for this event. At the meeting of the Council, the ministers of the environment will debate the measures that are intended to limit the levels of carbon dioxide emissions resulting from traffic.

Meeting of the key EU institutions

3.3.2008	**Brussels, Belgium**
- Eurogroup	
3.3.2008	**Brussels, Belgium**
- Environment Council	
4.3.2008	**Brussels, Belgium**
- Economic and Financial Affairs Council (ECOFIN)	
10.-11.3.2008	**Brussels, Belgium**
- General Affairs and External Relations Council	
11.-12.3.2008	**Strasbourg, France**
- EP Plenary Session	
13.-14.3.2008	**Brussels, Belgium**
- European Council	
17.-18.3.2008	**Brussels, Belgium**
- Agriculture and Fisheries Council	
21.-22.1.2008	**Brussels, Belgium**
- Informal Meeting of EU Ministers of Foreign Affairs	

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
Green Paper "Towards a new culture for urban mobility"	DG TREN	15.3.2008
Future non-energy raw materials policy	DG ENTR	24.3.2008
The Small Business Act for Europe	DG ENTR	31.3.2008
Services protected by conditional-access systems	DG MARKT	4.4.2008
Legal Proposal on Information to Patients	DG ENTR	7.4.2008
Administrative Burdens Reduction	DG ENTR	continuous

The new Lisbon Treaty, which amends the European Union's rules of operation, also contains some changes pertaining to the application of currency policies in the Eurozone. The manner in which they are interpreted might impact the independence of the European Central Bank. We will also be publishing an article devoted to this topic in the March issue of our "Banking" magazine.

LISBON TREATY IMPACT ON ECB INDEPENDENCE

Last December, supporters of European integration had reason to hold a small celebration. After years of not being successful with the acceptance of the institutional reform required within the European Union, best characterized by the martyrdom surrounding the refused Euroconstitution, an agreement has finally been reached on a new framework for EU operations. The newly accepted Lisbon Treaty was officially and ceremoniously signed by the leaders of the member states together with the president of the European Commission and the European Parliament at Lisbon's St. Jerome's Monastery. All that remains in order for it to definitely enter into validity is ratification by the individual member states.

A number of critical voices have already pointed out that the Lisbon Treaty does not differ all that much from the rejected Treaty on the European Constitution. The goal of both documents is to improve the effectiveness of the decision-making process in the expanded Union with its current count of twenty-seven member states and the perspective of an even higher count in the future. It is also for this reason that the Lisbon Treaty increases the number of areas in which the Council of the EU will make decisions by means of a qualified majority – just as the proposed Euroconstitution did. A unanimous vote will continue to be required for, amongst other things, common foreign and security policies, budgetary issues and tax matters. The new treaty also adopted the concept of creating the position of Council President (to be elected for a term of two-and-a-half years) and the position of a common "minister" of foreign affairs from the Euroconstitution. The primary difference seems to be the fact that the Lisbon Treaty only supplements or amends the other founding treaties as compared to the Euroconstitution, which anticipated that they would be replaced in full.

A Demon lurks in the Details

For the most part, the amendments to monetary policy within the framework of the Economic and Monetary Union remained outside the realm of interest of politicians and commentators. At first glance, the changes to be implemented in this area on the basis of the Lisbon Treaty appear to be purely of a cosmetic nature. There is however a demon lurking in the details. Even a slight change in the wording in one of the fundamental legal documents of the European Union can have far-reaching consequences.

Even Jean-Claude Trichet, the president of the European Central Bank, became aware of this fact when, at the end of last August, he wrote to Manuel Lobo Antunes, the Minister for European Affairs of the then-presiding Portugal. His request for a modification to the text of the treaty that was being prepared at the time was not however taken into consideration.

What is involved? The existing primary law makes provisions for the status of the European Central bank separately, as an autonomous institution whose primary role is to implement and ensure monetary policy within the European Community. This was more or less confirmed even by the proposed Euroconstitution, according to which the European Central Bank – together with the Court of Auditors – were included amongst the Union's other bodies and consulting agencies. There was still an obvious separation between the EU's primary bodies and the independent central bank. This no longer applies when it comes to the new Lisbon Treaty.

ECB will have to cooperate

According to the new provisions, the European Central Bank is one of the classical "Union bodies", together with Europarliament, the Council, the European Council, the Commission, the Court of Justice, and the Court of Auditors. The perceptible dividing line between them, which emphasized the different areas of interest for individual institutions and the desirable independence of the central bank, has disappeared.

In addition, the treaty explicitly mentions that, when promoting EU policies, these bodies will cooperate with each other loyally – in spite of the fact that they often have obviously differing goals. While the focus of the member states in the Council and Commission might be maximizing economic growth, e.g., in relation to fulfilling the Lisbon Strategy, the European Central Bank should primarily monitor fulfillment of price level stability criteria.

The new legal provisions just might be placing a stick in the hands of the opponents of an independent ECB, which they can subsequently use to promote more expansive monetary policy. Placing political pressure on the central bankers is primarily a "trademark" activity of French President Nicolas Sarkozy. The ECB's conservative monetary policy is however a thorn in the side of some other Eurozone members as well, for whom a strong Euro is not exactly in line with what they want. It can be expected that all of them, using the requirement for greater coordination for supporting growth as a pretext, would place even more pressure on the European Central Bank. Ultimately, they would find support in the Lisbon Treaty.

Change of founding treaties by the Lisbon Treaty covering the EU institutions:

1) The current state (article 7 and 8 of the Treaty establishing the European Community):

Article 7

1. The tasks entrusted to the Community shall be carried out by the following institutions: a European Parliament, a Council, a Commission, a Court of Justice, a Court of Auditors. Each institution shall act within the limits of the powers conferred upon it by this Treaty.

2. The Council and the Commission shall be assisted by an Economic and Social Committee and a Committee of the Regions acting in an advisory capacity.

Article 8

A European system of central banks (hereinafter referred to as ‘ESCB’) and a European Central Bank (hereinafter referred to as ‘ECB’) shall be established in accordance with the procedures laid down in this Treaty; they shall act within the limits of the powers conferred upon them by this Treaty and by the Statute of the ESCB and of the ECB (hereinafter referred to as ‘Statute of the ESCB’) annexed thereto.

2) The new state (transferred into the Treaty on EU)

The provisions of Title III shall be repealed. Title III shall be replaced by the following heading:

‘TITLE III Provisions on the Institutions. Article 9 shall be replaced by the following:

1. The Union shall have an institutional framework which shall aim to promote its values, advance its objectives, serve its interests, those of its citizens and those of the Member States, and ensure the consistency, effectiveness and continuity of its policies and actions. The Union's institutions shall be: the European Parliament, the European Council, the Council, the European Commission, the Court of Justice of the European Union, the European Central Bank, the Court of Auditors.

2. Each institution shall act within the limits of the powers conferred on it in the Treaties, and in conformity with the procedures, conditions and objectives set out in them. The institutions shall practice mutual sincere cooperation.

3. The provisions relating to the European Central Bank and the Court of Auditors and detailed provisions on the other institutions are set out in the Treaty on the Functioning of the European Union.

Power of Eurozone Ministers of Finance will increase

In addition, the European Central Bank will acquire another strong potential opponent at the time it sets basic interest rates, specifically in the form of the ministers of finance from the member states of the Eurozone. They are already meeting as the “Eurogroup”. Up till now, this group has not had any legal support in the founding treaties and functioned as an informal meeting of the ministers of finance from the countries that have already adopted the Euro. The new Lisbon Treaty however grants them official status, thus strengthening their position. The treaty even includes a special Protocol on the Eurogroup, which was attached with the official purpose of strengthening the coordination of monetary policies within the Eurozone.

The ambition of the members of the Eurogroup to intervene in the European Central Bank’s trade is best evidenced in the speech made in January by Jean-Pierre Jouyet, France’s Minister of Finance, according to whom the Eurogroup should look into whether the ECB’s inflation goals have been set properly.

A chairman will be elected to head the Eurogroup for a term of two-and-a-half years. With the new legal provisions providing backing, the individual holding this office might become a significant counterweight to the president of the European Central Bank.

Strengthening the role played by the ministers of finance from the Eurozone within the framework of the European Union might have other impact in addition to increased pressure placed on the European Central Bank. It could also lead to a more defined division of the member states on the basis of the currency they use. Those countries that have already adopted the Euro will form the core of the EU. The other members that are lingering with their entry to the Eurozone will find themselves closer and closer to the outer periphery of EU economic policy.

Change to Executive Council Election Method

A smaller change that will be implemented by the Lisbon Treaty, which, in our opinion, will not have any great impact on Eurozone monetary policy, is a revision to the process in

PROTOCOL ON THE EURO GROUP

The High Contracting Parties,

desiring to promote conditions for stronger economic growth in the European Union and, to that end, to develop ever closer coordination of economic policies within the Euro area,

conscious of the need to lay down special provisions for enhanced dialogue between the Member States whose currency is the Euro, pending the Euro becoming the currency of all Member States of the Union,

have agreed upon the following provisions, which shall be annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union:

Article 1

The Ministers of the Member States whose currency is the Euro shall meet informally. Such meetings shall take place, when necessary, to discuss questions related to the specific responsibilities they share with regard to the single currency. The Commission shall take part in the meetings. The European Central Bank shall be invited to take part in such meetings, which shall be prepared by the representatives of the Ministers with responsibility for finance of the Member States whose currency is the euro and of the Commission.

Article 2

The Ministers of the Member States whose currency is the Euro shall elect a president for two and a half years, by a majority of those Member States.

place for electing the European Central Bank's six-member Executive Board. Up until now, its members have been elected on the basis of a mutual agreement between the member states at the level of head of state or prime minister. In the future, they will be chosen on the basis of a qualified majority vote. Theoretically, this might mean that smaller states will be outvoted at the time the president and other five members of the ECB Executive Board are selected.

On the other hand, even this new method corresponds to the treaty's overall spirit, whereby, in many areas, a unanimous vote is replaced by the vote of a qualified majority. Simply stated, an increase in the number of EU and Eurozone members requires a move away from unanimous voting, which provides each state with the right to veto and thus block any decision.

Is ECB Credibility in danger?

Over the almost ten years of its existence on the market, the European Central Bank has established a quality reputation as a monetary institution not dependent on politicians and focused on keeping inflation in check. This is one of the reasons why the Eurozone has experienced a several year long period of relatively stable prices and low real interest rates. The implementation of a common unit of currency is proving to be a viable project. At the current time, the euro is the second most significant currency in the world. For the future, it has ambitions of pushing the American dollar out of first place.

In order to maintain and improve all of these results in the future, the independence of the creators of monetary policy in Eurozone is highly required. Within the framework of their activities, they must primarily monitor the defined price stability and currency levels and not support weak economic growth in some countries, which results mainly due to the fact that the structural problems in these countries are not resolved through implementing the desirable reforms.

In spite of the fact that key articles of the Treaty on the European Union (Maastricht Treaty), which explicitly define the bank's independence and its goal of maintaining price stability, remain unchanged, some of the articles implemented by the Lisbon Treaty introduce slight changes that could, by contrast, undermine the ECB's independence. These could be taken advantage of by some politicians in order to strengthen their rhetoric and place additional pressure on European central bankers in an attempt to make the bankers take the weaker economic productivity in their countries into consideration to a higher degree.

Any harsher conflicts that might arise between the provisions of the Lisbon Treaty, which require the European Central Bank to cooperate more closely with the other European bodies, and the bank's independence, which is anchored in the founding treaties, would have to be resolved by the European Court of Justice.

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	XI-07	XII-07	I-08	XI-07	XII-07	I-08
Belgium	3.0%	1.7%	2.8%	3.8%	3.0%	3.3%	7.1%	7.1%	7.0%	2.9%	3.1%	3.5%
Bulgaria	6.6%	6.2%	6.1%	-6.6%	-12.0%	-15.8%	6.0%	5.9%	6.2%	11.4%	11.6%	11.7%
CR	4.5%	6.4%	6.4%	-5.5%	-2.3%	-3.1%	4.9%	4.7%	4.7%	5.1%	5.5%	7.9%
Denmark	2.1%	3.1%	3.5%	3.1%	3.6%	2.4%	3.2%	3.1%	na	2.5%	2.4%	3.0%
Germany	1.1%	0.8%	2.9%	4.5%	4.7%	5.2%	8.0%	7.8%	7.6%	3.3%	3.1%	2.9%
Estonia	8.3%	10.2%	11.2%	-12.4%	-10.1%	-15.7%	5.3%	5.3%	5.6%	9.3%	9.7%	11.3%
Ireland	4.3%	5.9%	5.7%	-0.3%	-3.5%	-4.2%	4.4%	4.5%	4.7%	3.5%	3.2%	3.1%
Greece	4.6%	3.4%	4.3%	-9.3%	-9.0%	-11.1%	na	na	na	3.9%	3.9%	3.9%
Spain	3.3%	3.6%	3.9%	-5.9%	-7.5%	-8.8%	8.6%	8.7%	8.8%	4.1%	4.3%	4.4%
France	2.5%	1.7%	2.0%	-0.6%	-1.7%	-2.2%	7.9%	7.9%	7.8%	2.6%	2.8%	3.2%
Italy	1.2%	0.1%	1.9%	-0.5%	-1.2%	-2.0%	na	na	na	2.6%	2.8%	3.1%
Cyprus	4.2%	3.9%	3.8%	-5.0%	-5.6%	-5.9%	3.7%	3.8%	3.6%	3.2%	3.7%	4.1%
Latvia	8.7%	10.6%	11.9%	-12.9%	-12.6%	-21.1%	5.3%	5.2%	5.0%	13.7%	14.0%	15.6%
Lithuania	7.3%	7.9%	7.7%	-7.5%	-7.2%	-10.5%	4.1%	4.1%	4.5%	7.9%	8.2%	10.0%
Luxembourg	4.9%	5.0%	6.1%	11.6%	10.9%	10.3%	4.7%	4.6%	4.6%	4.0%	4.3%	4.2%
Hungary	4.8%	4.1%	3.9%	-8.4%	-6.8%	-6.5%	7.2%	7.2%	7.2%	7.2%	7.4%	7.4%
Malta	0.1%	3.1%	3.2%	-6.0%	-8.8%	-6.7%	6.1%	5.8%	5.8%	2.9%	3.1%	3.8%
Netherlands	2.2%	1.5%	3.0%	8.6%	7.1%	7.6%	2.9%	2.9%	2.9%	1.8%	1.6%	1.8%
Austria	2.3%	2.0%	3.3%	2.4%	3.0%	3.5%	4.3%	4.3%	4.2%	3.2%	3.5%	3.1%
Poland	5.3%	3.6%	6.1%	-4.4%	-1.7%	-1.8%	8.6%	8.4%	8.6%	3.7%	4.2%	4.4%
Portugal	1.5%	0.5%	1.3%	-7.8%	-9.6%	-9.9%	7.6%	7.6%	7.5%	2.8%	2.7%	2.9%
Romania	8.5%	4.1%	7.7%	-5.0%	-8.7%	-10.3%	na	na	na	6.8%	6.7%	7.3%
Slovenia	4.4%	4.1%	5.7%	-2.6%	-2.0%	-2.8%	4.3%	4.2%	4.1%	5.7%	5.7%	6.4%
Slovakia	5.4%	6.0%	8.3%	-2.5%	-7.9%	-7.7%	11.0%	10.7%	10.4%	2.3%	2.5%	3.2%
Finland	3.7%	2.9%	5.0%	7.7%	4.9%	4.7%	6.7%	6.6%	6.4%	2.2%	1.9%	3.5%
Sweden	4.1%	2.9%	4.2%	6.5%	5.8%	6.9%	5.9%	5.6%	5.6%	2.4%	2.5%	3.0%
UK	3.3%	1.8%	2.8%	-1.6%	-2.5%	-3.2%	5.1%	na	na	2.1%	2.1%	2.2%
EU	2.5%	1.8%	3.0%	0.4%	-0.3%	-0.7%	6.9%	6.8%	6.8%	3.1%	3.2%	3.4%

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
CR	-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
EU	-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*