



# EU News

## Monthly Journal

Number 55,  
April 2008

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Dear readers,

As far as European integration events are concerned, the culmination of March was marked with great promise in regard to the loosening of existing obstacles to free movement – not only within the framework of the EU but outside of the Union as well.

At the very end of the month, we saw the successful completion of the process for our entry – along with eight additional countries – to the Schengen Area, when the rules for air transport started being applied at selected airports that have international status and were specifically designated for this purpose. Police controls at these locations thus ceased being regular and systematic towards single, specific passengers. On the basis of individualization in relation to each passenger, and specifically for those passengers travelling within the borders of the Schengen Area, the regulations are applied only in the sense of area-wide, non-specific, anonymous police protection for airport areas.

At the same time, free movement in air transport was also significantly relaxed within the framework of the EU-USA relationship through the implementation of the Open Sky project. Its primary mission lies in the fact that for the first time European airlines can fly without any restrictions from any location in the EU designated for this purpose to any corresponding location in the USA.

Whilst on the topic of the Union's important external relations, March also saw confirmation of the fairly positive relations that exist between the EU and the Ukraine, as an action plan concluded for the purposes of improving cooperation between the two entities was evaluated.

It can almost be said that, during the course of March, European Union events were dominated primarily by an external perspective and execution of external policies. This is true to an even higher degree if we add the careful monitoring of the situation in Kosovo, as well as a few other items, to the list.

March was also however a month of celebration. It brought about the opportunity to remember that on 11 March 1958 the European Parliament met for the first time in the form of its original institutional predecessor, and it is thus celebrating the fiftieth anniversary of its existence together with proportionately increasing legal powers.

From the purely practical perspective, but one that has high significance and is required for the Union's functionality, it must be mentioned that the European budget for 2008 was approved and the highly important debate on its priorities for 2009 was initiated.

It seems that spring is gradually making an appearance in Europe. Let's hope that the events that occur during this season are marked with the same confirmation of favourable expectations and the birth of something new, pleasant and positive.

Petr Zahradník



As a response to the exposure of tax evasion through secret accounts maintained in Liechtenstein, the European Commission is preparing to extend the jurisdiction of the current directive on the taxation of savings. At the EU Summit, the highest representatives from the EU member states voted in favour of the European Commission preparing a study on the possibility of decreasing value added tax for products that are environmentally friendly.

## ECONOMY AND EURO

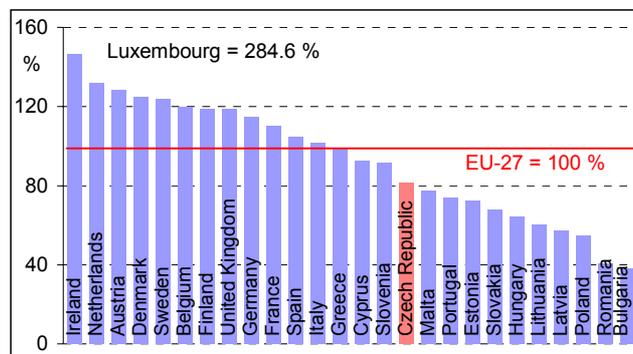
### ČSÚ: Czech Economy is at 82% of EU average

The study titled “Development of the Czech Economy in 2007”, which was published in March by the Czech Statistical Office (ČSÚ), predicts that the **convergence course of the Czech economy is continuing to develop**. Per capita gross domestic product, recalculated according to purchasing strength parity, is expected to attain 82% of the European Union’s average economic level.

The ČSÚ study states: “The high level of growth in the Czech Republic’s GDP over the course of 2007 led to a strengthening of the country’s overall economic position. In comparison to the average annual growth of the Eurozone, the increase in the Czech Republic’s GDP was 3.9 percentage points higher. On the basis of extrapolations, the ČSÚ estimates that, in 2007, the Czech Republic’s per capita GDP volume calculated on the basis of purchasing strength parity **reached 82% of the level in the EU-27.**”

This number more or less corresponds to the estimate made by Eurostat, which, in its results for last year specifies that the Czech Republic’s per capita GDP level is at 81.2%. Of the old member states, the **Czech Republic has visibly overtaken the economic level of Portugal (74.1%)**. Of the new member states, only Slovenia (91.6%) and Cyprus (92.6%) have higher values of the per capita GDP indicator. According to the Eurostat estimates, Slovakia was at 67.8% of the EU average and Poland at only 54.7%.

#### GDP per capita in PPS



Source: Eurostat

The fact that according to ČSÚ calculations our economic performance is only 18% lower than the European Union average is a positive message as it provides evidence that the **domestic economy is successfully starting to catch up with the rest of the European Union**. This tempo at

which the gain on the Union is occurring was however also influenced by its expansion to include new – and, for the most part, less productive – member states, thus decreasing the average value for the entire EU. If we were to compare the level of our economic development against the old member states, then our economy is currently at about 73.5% of the EU-15 average.

<http://www.czso.cz/csu/2007edicniplan.nsf/p/1109-07>

## TAXATION AND CUSTOMS UNION

### EU to Clamp Down on Tax Havens

The finance ministers from the EU member states have agreed to prepare an analysis and subsequently **amend EU legislation in relation to tax havens**. This decision is the successful result of diplomacy on the part of Germany, which initiated the move to make legislation stricter in its approach to tax havens. It was inspired to take this step by the scandalous tax evasion that is spreading from Germany across all of Europe to the United States and the rest of the world.

The ministers approved a measure whereby they will request the European Commission to speed up the preparation of a report on the functionality of the primary legal instrument in the area of combating tax evasion – the **directive on taxation of savings**. The report, which is also expected to include recommendations for revising the directive, should be completed by this May and a discussion of the report has been added to the schedule for the meeting of the EU Council for Economic and Financial Affairs (Ecofin).

The **tax evasion scandal was discovered in Germany**, which subsequently accused Liechtenstein of helping rich German citizens avoid paying taxes for a number of years. Germany estimates that, thanks to secret Liechtenstein accounts and funds, the German elite successfully conceal several hundreds of million euros.

Other EU member states, including **Great Britain and Spain**, have already started their own investigations with regard to the Liechtenstein accounts. Allegedly, the **Czech tax authorities** have also requested information on the secret accounts.

The issues pertaining to tax havens are addressed by the 2003 European directive on savings, which also includes provisions on the exchange of information on deposits made by residents of EU member states in tax havens such as Monaco and Liechtenstein, both of which maintain strict regulations for banking secrets. As far as scope is concerned however, the directive is very limited – it **applies**

**to only some types of savings accounts and bonds** and is full of legislative gaps.

This will all change in the future. The European Commission has just been asked to prepare the changes. It is expected that the scope of the directive could also be expanded in order to **cover all financial assets**, including capital gains.

Seemingly no one can defend stealing from the state cashbox by using secret foreign accounts. European-wide activities aimed at combating tax evasion through making the provisions of the **relevant directive stricter are justified** in this case.

[http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/ecofin/99189.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ecofin/99189.pdf)

## Diesel Taxes Will Match Petrol Taxes

The European Parliament agrees with a recommendation to increase the minimum tax rate for diesel. It **will be raised to the same level** that the EU has established as the minimum tax rate for lead-free petrol. In addition, the MEPs are also recommending that a limit be set for any future increases to the tax on this fuel in those member states that have the highest rates.

The proposal for unifying the rates was penned by the European Commission, which says that the varying levels of petrol tax amongst the member states interfere with the internal market. In addition, they also lead to environmental damage due to **“fuel tourism”** – when drivers often select longer routes with the goal of filling their tanks in the countries with the lowest prices. The Commission also supports its argument saying that, from the ecological perspective, the negative impact of diesel is the same as that of petrol in relation to CO<sub>2</sub> emissions, which is further proof of the fact that the varying tax rates for these two types of fuel are unjustified.

According to the proposal, the current minimum tax rate on diesel, which is EUR 302 per 1,000 litres, will be increased to **EUR 359 per 1,000 litres by the year 2012**. The European Parliament is requesting a longer timeframe for the increase – up until 2015, and has also expressed its disagreement against granting temporary exceptions to some member states.

Parliament also refuses the Commission’s plan to **increase the minimum rate for both fuels** (diesel and lead-free petrol) to EUR 380 per 1,000 litres in 2014.

As these are tax-related changes, the Parliament acts only as a consultant in relation to these issues and the final proposal must be passed by the Council of the EU on the basis of a **unanimous vote by the representatives from the member states**.

Given that both diesel as well as lead-free petrol has approximately the **same impact on the environment**, there is no rational argument to support why one type of fuel should be more advantageous from the perspective of taxes. If the minimal tax rates for both are the same, equal economic competition will only benefit.

**No significant consequences** can be expected as far as the **Czech Republic** is concerned. Taking into consideration the strengthening of the Czech crown, the tax rates for both types of fuel in the Czech Republic are already at the minimum level specified in the Commission’s proposal.

[http://www.europarl.europa.eu/news/expert/infopress\\_page/044-23872-070-03-11-907-20080312IPR23862-10-03-2008-2008-true/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/044-23872-070-03-11-907-20080312IPR23862-10-03-2008-2008-true/default_en.htm)

## EU Considering Lower VAT Rate for Eco-Friendly Products

At the EU summit, the representatives of the member states and their governments agreed to consider the Franco-British **proposal to lower the value added tax (VAT)** rate for selected eco-friendly products such as energy-saving light bulbs and insulation materials.

The current EU regulations for VAT explicitly state that the member states must impose a **VAT rate of at least 15%** on all deliveries of goods and services. On the other hand, they allow countries to apply a **lower VAT rate** (however no less than 5%) for a wide array of areas that are considered to be important. These include such items as medical services, construction, housekeeping and hairdresser services. In addition, the entire system includes a number of additional exceptions.

However, the conclusions of the European Council, which were published on 14 March, urge the European Commission to “investigate areas in which economic instruments, including VAT, could contribute towards increasing the use of energy-efficient products and energy-saving materials” – a step that was achieved thanks to **intensive lobbying on the part of Gordon Brown** and other representatives from the EU countries.

According to the British prime minister, products such as vehicles with lower CO<sub>2</sub> emissions, insulating materials, energy-saving light bulbs, and efficient household appliances would **benefit from a lower VAT rate of 5 %**.

The European Commission should **submit the new legislative proposal for VAT rates**, which will most likely also take environmental criteria into consideration, this summer. Its primary task is to bring a certain order into the currently inconsistent and complex VAT structure and



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The European Commission adopted a regulation that assigns the member states the obligation of publishing information on farm aid recipients. This does not affect the Czech Republic all that much as it is already making the required information public. President of the European Commission José Manuel Barroso informed Croatian Prime Minister Ivo Sanader that his country might successfully complete accession negotiations by the end of 2009.

thus create sufficient certainty for both entrepreneurs as well as consumers.

A lower tax on environmentally friendly products is **in accordance with the theory of externalities** – goods and services that transfer a part of their expenses to other entities, e.g., in the form of environmental damages, deserve a higher tax rate. The main problem will lie in promoting this system. As far as tax matters are concerned, voting at the Council level requires the consent of all the member states. Given that the entire VAT system is very complicated and includes a number of exceptions that were appropriated by individual member states, the process of making revisions and simplifying the process will be a hard nut to crack.

[http://www.eu2008.si/en/News\\_and\\_Documents/Council\\_Conclusions/March/0314ECpresidency\\_conclusions.pdf](http://www.eu2008.si/en/News_and_Documents/Council_Conclusions/March/0314ECpresidency_conclusions.pdf)

## ENERGY AND TRANSPORT

### Common Rules for Civil Aviation Security

The European Parliament and Council have reached an agreement with regard to the regulation on **common rules for safeguarding civil aviation**. The goal of the agreement is to ensure a high level of safety for air transport throughout the entire EU and to establish common standards and rules, as well as all the instruments that are required in order to monitor compliance.

The common security rules include, amongst other things, screening of passengers and carry-on baggage, access control, detection control for forbidden items, on-board controls, and personal searches. The regulation also establishes the security measures that must be implemented over the course of a flight, such as the **placement of “in-flight security officers” onboard aircraft**.

The security programmes, which are to be implemented at national level, airport level and air carrier level, will guarantee that **common rules will be applied and maintained**. Nevertheless, the member states will have the option of implementing more stringent measures under the condition that these measures are “relevant, objective, non-discriminatory, and proportional to the risk”.

With the implementation of this regulation, it will be the first time that security measures pertaining to **limiting cockpit access**, potentially dangerous messengers and sky marshals are addressed at the European level. Member states will retain the freedom to individually decide whether to place in-flight security officers (“air marshals”) onboard their aircraft.

Each Member State has the right to determine the circumstances and the **scope of the expenses for security measures** that will be borne respectively by the state, the airport entities, air carriers, and any other responsible agencies or users.

Passengers and/or their baggage arriving in the Union from third countries that have the same security standards as the EU will not have to undergo an additional screening. The regulation also calls for the conclusion of agreements between the EU and third countries, in which the standards that provide protection against illegal activities are considered to be **equivalent to the Union’s standards**.

[http://www.europarl.europa.eu/news/expert/infopress\\_page/062-23417-070-03-11-910-20080307IPR23282-10-03-2008-2008-true/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/062-23417-070-03-11-910-20080307IPR23282-10-03-2008-2008-true/default_en.htm)



## AGRICULTURE

### Ministers of Agriculture Agree to Increase Milk Production Quotas

During their regular meeting in Brussels on 17 March, the ministers of agriculture from the member states agreed to **increase milk production quotas by 2%** effective as of the beginning of April.

The primary support for this decision was the Commission’s report from December 2007, which states that there are currently favourable conditions for increasing milk and dairy product production on the basis of **growing demand not only on the EU internal market but also worldwide**. The EU implemented quotas during the 1980s, at which time the farmers in the member states were producing more milk and manufacturing more butter than the EU could consume or export. At the current time though, the prices of milk and dairy products have increased along with the prices of other agricultural products also as a result of quotas.



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The ministers of agriculture from the member states agreed to support the Commission’s proposal and increase the quotas by 2% as of April 2008. The Commission anticipates the **full abolishment of quotas in 2015**, whereby there will be a partial increase in the quotas each year prior to this time. Gradual growth will allow farmers to better adapt to the new conditions.

### National milk quotas as of April 2008 in million kilos

Germany	28 847	Finland	2 492
France	25 091	Hungary	2 030
UK	15 125	Portugal	1 988
Netherlands	11 466	Lithuania	1 739
Italy	10 741	Slovakia	1 062
Poland	9 568	Bulgaria	999
Spain	6 239	Greece	837
Ireland	5 504	Latvia	743
Denmark	4 613	Estonia	659
Belgium	3 427	Slovenia	588
Sweden	3 420	Luxembourg	279
Romania	3 118	Cyprus	148
Austria	2 847	Malta	50
CR	2 793		

Source: Eurostat

Loosening the often absurd rules that bind down European farmers is **good news** not only for the farmers themselves but for consumers as well. Increasing the quantity of milk that can be produced will allow producers to take advantage of the currently positive market situation and saturate the thirsty demand. Consumers can also be glad of a larger quantity of European milk being produced, as it might result in a price decrease. Increasing the quotas for milk production is a good step; however it should be accompanied by further liberalization of the measures ultimately leading to their full abolishment.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/455>

## Member States Must Publish Farm Aid Recipients

The European Commission passed a regulation that mandates the manner in which individual member states should **publish information on all recipients of financial support** in the areas of agriculture and rural development.

According to the regulation, each member state must make information available to the **public on its national internet pages**, in a manner that “allows people to search for the beneficiaries by name, municipality, amounts received or a

combination of these three criteria and to extract the information as a single set of data.”

Member states also **obligated to inform the applicable recipients** of the publication of the required information, which must also be treated in accordance with valid European legislation on the protection of personal data.

The information on aid recipients must be made available by 30 April of the year following that in which the European subsidies were paid. These data are to remain accessible on each of the member state’s internet pages **for a period of two years as of the publication date**. The first information, specifically in relation to funds paid out for rural development, should be published by 30 September of this year. In the case of direct payments provided to farmers, the information must be published by 30 April 2009.

Sixteen of the EU member states (**Belgium, Czech Republic, Denmark, Estonia, Spain, Italy, Latvia, Lithuania, Hungary, Netherlands, Poland, Portugal, Slovenia, Slovakia, Sweden, and UK**) are already publishing this information. In the case of the Czech Republic, the requested data are available on the State Agricultural Intervention Fund website.

The obligation to publish the recipients of agricultural subsidies is a legal measure that will **increase the transparency of the entire system**. At the same time, by increasing public control, it will invoke the desired level of pressure for reforming the EU’s inefficient Common Agricultural Policy (CAP), in a manner whereby subsidies are targeted at the neediest farmers. It is truly absurd that the recipients of the largest subsidies include such giants as Philip Morris, Nestlé, Heineken, the British royal family, and the Prince of Monaco.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/463>

## ENLARGEMENT

### Croatia Might Accede to the EU as Early as in Two Years

European Commission President José Manuel Barroso informed Croatian Prime Minister Ivo Sanader that **Croatia might be able to complete accession negotiations by 2009**. One year later it could thus become the twenty-eighth state of the European Union.

This significant encouragement for Croatia as it proceeds on the path towards entering the European Union came only a few short hours after Sanader successfully delayed an act on an “ecological and fisheries protection zone” from



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The European Council approved the establishment of a Union for the Mediterranean, which should improve the level of relations between the EU and its neighbouring countries in North Africa and the Middle East. The original idea submitted by French President Sarkozy for the creation of a Mediterranean Union did not obtain support. EU leaders undertook to conclude an agreement on individual emission goals in the EU by the end of this year.

passing in the Croatian parliament. This legislation was one of the obstacles encountered during the accession talks, as it would forbid fishermen from fishing in Croatian waters. Primarily Italy and Slovenia voiced their opposition to this legislation. In the past, Slovenia, which currently holds the presidency over the European Union, even **threatened to block Croatia's accession negotiations** if the Croats didn't set this controversial piece of legislation aside.

In spite of the fact that it happens to be Sanader's government that originally introduced the law, just prior to yesterday's voting the Prime Minister successfully convinced members of parliament that **membership in the Union is more valuable than protecting fishing zones**.

At the same time, Barroso said that over the course of the next several months the Commission will prepare an indicative timetable for tasks that Croatia must fulfil. According to Barroso, the most problematic areas include the **way in which European funding is handled**, the reform of the justice system, the battle against corruption, protecting the right of the Serbian ethnic minority, and restructuring heavy industry.

Croatia started its accession negotiations in 2005 and, as of this date, has **succeeded in closing 16 out of 35 chapters**. If it is successful in concluding the negotiations by autumn 2008, Croatia's membership will still have to be ratified by all of the EU member states.

Purely from the technical perspective, Croatia could accede to the EU in 2010. Nevertheless, we believe that the entire process for accepting Zagreb is more likely to drag out rather than speed up. **We consider 2011 or 2012 to be much more realistic**.

[http://ec.europa.eu/commission\\_barroso/president/pdf/speaking\\_points\\_20080313\\_en.pdf](http://ec.europa.eu/commission_barroso/president/pdf/speaking_points_20080313_en.pdf)

### Commission Takes Next Step Towards Expanding to the W. Balkans

The European Commission has made public a package of proposals that offer a **helping hand to the countries of the Western Balkans** on the road to EU membership.

One of the key measures included in the package is the **abolishment of visa requirements**. With the exception of Croatia, at the current time citizens from all of the countries of the Western Balkans require a visa to enter into the EU. The European Union took the first step on 1 January 2008, at which time it concluded treaties with all of the countries in the region in order to simplify visa obligations.

The next point directed towards strengthening cooperation is providing **support for constructing transport**

**connections between the individual countries** in the region. The goal is to negotiate a treaty on establishing a "transport community" with the countries of the Western Balkans. This would ultimately lead to creating an "integrated market with an infrastructure and road, river and maritime transport" and linking the relevant EU legislation in this area with the legislation in the Balkan countries.

**Expanding the Erasmus Mundus Programme**, which is focused on university student exchanges, in order to allow a greater number of students from the Western Balkan countries to participate, is covered by the next point. The Commission is also counting on the fact that it will make a higher number of community programmes accessible to these countries.

#### Instrument for pre-accession assistance – indicative financial framework for 2007-2011 in mil. €

Croatia	749.8
FYROM	401.5
Albania	401.1
Bosnia & Herzegovina	440.1
Montenegro	132.7
Serbia	976.8
Kosovo	395.1
<b>Total</b>	<b>3497.1</b>

Source: European Commission

Further, the Commission announced its intention to strengthen the role of the European Union in **creating civic society** in the Western Balkan countries. Within the framework of pre-accession assistance, it has created a new instrument with the goal of supporting associations in the areas of human rights, gender equality, social integration, entrepreneurial rights, consumer protection, and culture.

A number of Western Balkan countries are still deliberating their geo-political orientation. The European Commission's support initiative should **strengthen the European direction of these countries** to the detriment of the concepts held by nationalistic groups. Nevertheless we find it hard to believe that by 2014 the ranks of the European Union will be expanded by any of the countries from this region with the exception of Croatia.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/378>

## EXTERNAL RELATIONS

### Summit Approves Union for the Mediterranean

At the European Council Summit, the leaders of the member states approved a compromise resolution that is based on



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an agreement made between French President Nicolas Sarkozy and German Chancellor Angela Merkel for **establishing a Union for the Mediterranean**. This is an initiative that is intended to increase the relations between the EU and its neighbouring countries in North Africa and the Middle East.

The current relations between the EU and its Mediterranean neighbours were **addressed within the framework of the Barcelona Process** and include the following countries: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey. Libya holds observer status. One of the key goals of the Process is to create a free trade area by 2010.

The newly established Union will focus on the following areas:

- improving energy supply;
- fighting pollution in the Mediterranean Sea;
- strengthening the surveillance of maritime traffic and “civil security cooperation”;
- setting up a Mediterranean Erasmus exchange programme for students, and;
- creating a scientific community between Europe and its southern neighbours.

French President Sarkozy had the original idea of establishing the Union for the Mediterranean (the **original name was the Mediterranean Union**), whereby he envisioned it as an exclusive “club” in which only the EU’s Mediterranean countries and their neighbours would participate and it would not include all of the European Union’s member states. This idea received criticism from the other EU members, with Germany at the forefront, which were concerned that, in the long run, the Union for the Mediterranean would become competition for the European Union itself. In the end, Sarkozy gave ground and all twenty-seven of the EU member states will be members of the new Union.

The start of the Union for the Mediterranean will be **officially announced at a special summit** to be held in Paris on 13 July.

The Central European countries successfully defended their position and warned of the risk that a strong block of Mediterranean countries would originate within the European Union framework, which could possibly have **different geopolitical interests than the rest of the EU**.

[http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/ec/99410.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/99410.pdf)

## ENVIRONMENT

### EU to Decide on Energy and Climate Package by the End of the Year

At the European Council Summit, the top representatives from the EU member states decided to complete the negotiations on the European Unions **individual emission goals** by the end of this year. According to the overall goal, by 2020 the EU should decrease CO2 emissions by 20% in comparison to 1990 and increase the amount of energy produced from renewable sources by 20%. Previously, the EU also committed itself to decreasing its emissions by 2020 by a total of 30% under the condition that the world’s other large polluters join in the battle to decrease emissions.

In January 2008, the European Commission submitted specific proposals for individual goals for decreasing emissions and increasing renewable energy in its “Climate Package”. Although, in the majority of cases, the member states welcomed these proposals at the EU summit, opinions differ greatly when it comes to the manner in which individual goals for decreasing CO2 emissions and increasing renewable energy sources should be distributed amongst the countries. Primarily **highly energy-dependant industries are not satisfied with the proposal**, as they fear it will have a negative impact on their competitiveness.

The fact is that if additional countries do not commit themselves to binding goals for decreasing the emission of greenhouse gasses, the competitiveness of industrial branches that have high demands for energy (steel industry, cement producers, etc.) will decrease in the EU and companies will relocate to countries that **do not have such strict environmental standards**. On one hand, this would result in a loss of employment positions in the EU. On the other, it would increase the level of greenhouse gas emissions in countries outside of the EU.

As far as the Czech government is considered, it views the measure whereby energy companies would not receive emission permits free of charge starting in 2013 but would **have to purchase them through auctions**, as a major thorn in its side. The Commission is counting on similar measures in other sectors included in the EU-ETS plan, but in those cases the number of permits allocated free of charge will be decreased gradually between 2013 and 2020.

A compromise agreement on the specific form the measures in this area will take should be concluded by the end of this year in a manner whereby the legislation can be approved at the start of 2009 – at which time the **Czech Republic will be presiding over the EU**. With the legislation approved in



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The European commission decided to support a common standard based on DVB-H technology for television broadcasts to mobile telephones.

this manner standing behind it, the European Union would play a strong role at the international conference that will be held in December 2009, at which decisions will be made on the regulation of greenhouse gas emissions after 2012, at which time the Kyoto Protocol will expire.

[http://www.eu2008.si/en/News\\_and\\_Documents/Council\\_Conclusions/March/0314ECpresidency\\_conclusions.pdf](http://www.eu2008.si/en/News_and_Documents/Council_Conclusions/March/0314ECpresidency_conclusions.pdf)

### JUSTICE AND HOME AFFAIRS

#### Cross-Border Prosecution of Traffic Offences will be Simpler

The European Commission has proposed a directive intended to simplify the **cross-border prosecution of traffic offences** of an especially dangerous nature. The goal is to implement technical mechanisms and legal instruments that will make it possible to identify European drivers and thus punish them for offences they commit in a member state other than that in which the vehicle is registered.

The purpose of the measure is to **improve safety on European roads** and to end the inequality that often exists in dealing with these two categories of roadway traffic participants. The way things currently stand, a driver who commits a traffic offence with a vehicle registered in another European Union country, with only rare exceptions, remains unpunished as it is not possible to identify him or even verify the address at which the vehicle is registered. This evasion of the law not only jeopardises road safety but is also discriminatory with respect to resident drivers who are subject to penalties if they commit an offence.

In order to rectify this situation, the Commission wants to implement a system within the overall EU framework that will simplify the prosecution of the types of traffic offences that most often result in accidents on the other side of state borders. A **European electronic network for exchanging data** will make it possible to send notification of committed offences to other countries. On the part of the member states, this requires the implementation of the appropriate administrative tools; however it will mean that the process will be simplified as compared to today's manual processing methods.

The proposed directive will apply to the following four types of traffic offences:

- excessive speed;
- driving under the influence of alcohol;
- not wearing a seatbelt; and
- failure to stop at a red light.

Traffic accidents and loss of life occur primarily as a result of the aforementioned four offences: they result in approximately 75% of all road deaths.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/464>

### INFORMATION SOCIETY

#### European Union Supports Common Standard for Mobile TV

The concurrent existence of two different standards for television broadcasting to mobile telephones could slow down the further development of these services and thus the European Commission decided to support a common set of standards for television broadcasts to mobile telephones. The standard that **has been selected is DVB-H technology** (Digital Video Broadcasting for Handhelds), which won out over other standards (such as DMB and Qualcomm). According to the Commission, the member states should encourage this standard but do not have to require it.

The European Commission first proposed a reform to the radio wave spectrum last November. Among other things it expects is the **expansion of services provided through mobile phones** as well as the speed of services and an improvement in quality.

According to Commissioner Reding's spokesperson Martin Selmayr, "We think that we have a chance to **repeat the success enjoyed by the GSM standard** for mobile telephones," which was first released in the European Union and subsequently became the paradigm for the world.

The DVB-H standard, promoted by Nokia, has thus far been used in Europe for commercial purposes by the Italian third generation mobile operator 3 Italia. The Commission expects that similar projects for **commercial release will be implemented** in another sixteen European Union countries within the very near future.

Brussels decided that it will **leave the door ajar** for the competition. The new standard will thus not be mandatory, even though, according to European legislation, the European Commission has the jurisdiction to make such a decision. "This is intended to be gentle pressure," said Selmayr. "We are not using... any weapons that we have at our disposal," he stated and went on to add that the national authorities will have to give priority to the DVB-H standard but do not have to order its implementation.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/451>



# Diary

The members of the European Parliament's Agricultural Committee discussed a document the main section of which consists of an evaluation of the success of the steps that were implemented as a result of extensive reforms to European agriculture in 2003. Based on Eurostat statistics, it appears that approximately one-third of all European managers are women. Lithuania has the highest number of female managers (40.7%) while the country with the lowest number is Denmark (24.3%).

## 3 MARCH

2855th Employment, Social Policy, Health and Consumer Affairs Council meeting:

[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/lsa/&fileName=99140.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/lsa/&fileName=99140.pdf)

EU and Central America conclude successful second round of negotiations for free trade agreement:

[http://ec.europa.eu/trade/issues/bilateral/regions/central\\_america/pr290208\\_en.htm](http://ec.europa.eu/trade/issues/bilateral/regions/central_america/pr290208_en.htm)

## 4 MARCH

2856th Environment Council meeting:

[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/envir/&fileName=99178.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/envir/&fileName=99178.pdf)

Will Europe take in Guantánamo Bay prisoners?:

[http://www.europarl.europa.eu/news/public/story\\_page/015-22619-058-02-09-902-20080229STO22569-2008-27-02-2008/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/015-22619-058-02-09-902-20080229STO22569-2008-27-02-2008/default_en.htm)

Committee of the Regions considers regional impact of telecoms reform package:

<http://www.cor.europa.eu/pages/PresentationTemplate.aspx?view=detail&id=4206152e-074f-475c-b0b9-5b3045859b3d>

Montenegro joins EU competitiveness programme:

[http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item\\_id=1331](http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=1331)

## 5 MARCH

Health check for the CAP by Agriculture Committee:

[http://www.europarl.europa.eu/news/public/story\\_page/032-22621-168-06-25-904-20080229STO22573-2008-16-06-2008/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/032-22621-168-06-25-904-20080229STO22573-2008-16-06-2008/default_en.htm)

2857th 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=99189.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/ecofin/&fileName=99189.pdf)

## 6 MARCH

Intelligent cars - just round the corner?:

[http://www.europarl.europa.eu/news/public/story\\_page/062-22624-168-06-25-910-20080229STO22578-2008-16-06-2008/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/062-22624-168-06-25-910-20080229STO22578-2008-16-06-2008/default_en.htm)

Eurostat Press Release: A third of managers are women:

[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\\_03/1-06032008-EN-AP.PDF](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_03/1-06032008-EN-AP.PDF)

## Proportion of female managers, 2006

Lithuania	40.7	Belgium	31.3
Latvia	40.6	Romania	31.1
France	38.5	Bulgaria	30.5
Hungary	37.1	Ireland	30.2
Poland	35.2	Finland	29.5
UK	34.8	<b>CR</b>	<b>29.2</b>
Estonia	33.4	Austria	28.7
Slovenia	33.4	Slovakia	27.7
Portugal	33.1	Germany	27.4
Italy	32.9	Netherlands	27.0
<b>EU-27</b>	<b>32.6</b>	Greece	26.8
Spain	31.8	Luxembourg	25.9
Sweden	31.8	Denmark	24.3

Source: Eurostat, Malta and Cyprus are not available

## 7 MARCH

Globalisation: fears and opportunities?:

[http://www.europarl.europa.eu/news/public/story\\_page/048-22628-168-06-25-908-20080229STO22607-2008-16-06-2008/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/048-22628-168-06-25-908-20080229STO22607-2008-16-06-2008/default_en.htm)

Workshop on biofuels - eco saviours or destroyers?:

[http://www.europarl.europa.eu/news/public/story\\_page/064-22625-064-03-10-911-20080229STO22603-2008-04-03-2008/default\\_en.htm](http://www.europarl.europa.eu/news/public/story_page/064-22625-064-03-10-911-20080229STO22603-2008-04-03-2008/default_en.htm)

## 10 MARCH

Research: What do new technologies mean for the labour market?: [http://ec.europa.eu/research/infocentre/article\\_en.cfm?id=/research/headlines/news/article\\_08\\_03\\_07\\_en.html&item=Infocentre&artid=6755](http://ec.europa.eu/research/infocentre/article_en.cfm?id=/research/headlines/news/article_08_03_07_en.html&item=Infocentre&artid=6755)

## 11 MARCH

2858th General Affairs Council meeting:

[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/gena/&fileName=99284.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/gena/&fileName=99284.pdf)

2859th External Relations Council meeting:

[http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/gena/&fileName=99285.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/gena/&fileName=99285.pdf)

Eurostat Press Release: EU real agricultural income per worker up by 5.4%:

[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\\_03/5-11032008-EN-AP.PDF](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_03/5-11032008-EN-AP.PDF)



# Diary

## 12 MARCH

Maritime Safety - New proposal to strength existing legislation regarding sanctions on those responsible for pollution by ships: [http://ec.europa.eu/transport/maritime/safety/2000\\_prestige\\_en.htm](http://ec.europa.eu/transport/maritime/safety/2000_prestige_en.htm)

## 13 MARCH

Commission approves new guidelines on state aid to fisheries: [http://ec.europa.eu/fisheries/press\\_corner/press\\_releases/2008/com08\\_24\\_en.htm](http://ec.europa.eu/fisheries/press_corner/press_releases/2008/com08_24_en.htm)

Organised civil society must play active role in implementation of Lisbon Strategy: <http://eesc.europa.eu/activities/press/cp/docs/2008/communique-presse-eesc-024-2008-en.doc>

## 14 MARCH

EU and Mauritania initial new protocol under Fisheries Partnership Agreement: [http://ec.europa.eu/fisheries/press\\_corner/press\\_releases/2008/com08\\_26\\_en.htm](http://ec.europa.eu/fisheries/press_corner/press_releases/2008/com08_26_en.htm)

Human and financial burden of heart disease revealed: [http://ec.europa.eu/research/infocentre/article\\_en.cfm?id=research/headlines/news/article\\_08\\_03\\_13\\_en.html&item=Infocentre&artid=6813](http://ec.europa.eu/research/infocentre/article_en.cfm?id=research/headlines/news/article_08_03_13_en.html&item=Infocentre&artid=6813)

## 17 MARCH

DG EMPL: Working longer, living better—Europe's coming of age: [http://ec.europa.eu/employment\\_social/emplweb/news/news\\_en.cfm?id=378](http://ec.europa.eu/employment_social/emplweb/news/news_en.cfm?id=378)

Commission launches major control campaign to clamp down on overfishing of bluefin tuna: [http://ec.europa.eu/fisheries/press\\_corner/press\\_releases/2008/com08\\_27\\_en.htm](http://ec.europa.eu/fisheries/press_corner/press_releases/2008/com08_27_en.htm)

## 18 MARCH

2860th Agriculture and Fisheries Council meeting: [http://www.consilium.europa.eu/cms3\\_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/agricult/&fileName=99475.pdf](http://www.consilium.europa.eu/cms3_applications/applications/newsroom/loadDocument.ASP?cmsID=221&LANG=en&directory=en/agricult/&fileName=99475.pdf)

## 19 MARCH

EU project prototypes methanol fuel cell for ships: [http://ec.europa.eu/research/infocentre/article\\_en.cfm?id=research/headlines/news/article\\_08\\_03\\_18\\_en.html&item=Environment&artid=6873](http://ec.europa.eu/research/infocentre/article_en.cfm?id=research/headlines/news/article_08_03_18_en.html&item=Environment&artid=6873)

## 20 MARCH

India - Country Strategy Paper 2007-2013 & Multi-annual Indicative Programme 2007-2010: [http://ec.europa.eu/external\\_relations/india/csp/index.htm](http://ec.europa.eu/external_relations/india/csp/index.htm)

Antarctic fish take to bed for winter:

[http://ec.europa.eu/research/infocentre/article\\_en.cfm?id=research/headlines/news/article\\_08\\_03\\_19\\_en.html&item=Infocentre&artid=6874](http://ec.europa.eu/research/infocentre/article_en.cfm?id=research/headlines/news/article_08_03_19_en.html&item=Infocentre&artid=6874)

## 21 MARCH

Economic Partnership Agreements could threaten ACP regional integration, warns EU-ACP Assembly: [http://www.europarl.europa.eu/news/expert/infopress\\_page/028-24361-075-03-11-903-20080317IPR24360-15-03-2008-2008-false/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/028-24361-075-03-11-903-20080317IPR24360-15-03-2008-2008-false/default_en.htm)

President Luc Van den Brande welcomes EU efforts to reduce the administrative burdens faced by EU companies: <http://www.cor.europa.eu/pages/PressTemplate.aspx?view=detail&id=ea331141-c126-4e86-8f3a-7a2870c263ab>

## 25 MARCH

Joint evaluation report EU-Ukraine action plan: [http://ec.europa.eu/external\\_relations/ukraine/docs/ukraine\\_eu\\_joint\\_evaluation\\_2008\\_en.pdf](http://ec.europa.eu/external_relations/ukraine/docs/ukraine_eu_joint_evaluation_2008_en.pdf)

## 26 MARCH

European Agency for Reconstruction: Improving and protecting competitiveness in the Serbian economy: <http://www.ear.europa.eu/news/news.htm>

European Training Foundation: Mediterranean countries learn together, a good example of dialogue without frontiers: [http://www.etf.europa.eu/web.nsf/opennews/AF1A57ED2345D2B2C12574180056822C\\_EN?OpenDocument](http://www.etf.europa.eu/web.nsf/opennews/AF1A57ED2345D2B2C12574180056822C_EN?OpenDocument)

## 27 MARCH

Energy: Oil Stock position - Last available data: [http://ec.europa.eu/energy/oil/stocks/index\\_en.htm](http://ec.europa.eu/energy/oil/stocks/index_en.htm)

Budgets Committee approves funding from globalisation fund for Portugal and Malta: [http://www.europarl.europa.eu/news/expert/infopress\\_page/034-24947-087-03-13-905-20080326IPR24946-27-03-2008-2008-false/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/034-24947-087-03-13-905-20080326IPR24946-27-03-2008-2008-false/default_en.htm)

## 28 MARCH

2009 EU budget: Parliament's priorities: [http://www.europarl.europa.eu/news/expert/infopress\\_page/034-24941-087-03-13-905-20080326IPR24940-27-03-2008-2008-false/default\\_en.htm](http://www.europarl.europa.eu/news/expert/infopress_page/034-24941-087-03-13-905-20080326IPR24940-27-03-2008-2008-false/default_en.htm)

## 31 MARCH

EU-US "Open Skies" Air Transport Agreement takes effect: [http://ec.europa.eu/transport/air\\_portal/international/pillars/global\\_partners/us\\_en.htm](http://ec.europa.eu/transport/air_portal/international/pillars/global_partners/us_en.htm)



In Slovakia, they are already plotting the demise of the Slovak crown. Our neighbour to the north – Poland – has also announced its desire to enter the Eurozone. The Czech Republic and its decision makers are in no rush to get anywhere. The Hungarian economy is still drowning in problems. Which country in our Central European region will be the last to adopt the euro as the common European currency?

## WILL WE REMAIN AN ISOLATED ISLAND IN THE MIDDLE OF THE EURO-SEA?

Next year, the euro will celebrate ten years of successful existence. The Slovaks will most probably be right there – as the only ones from the Central European region. This will confirm the fact that, although the creation of a currency union and a common currency is an economic project, primarily political interests play the main role in deciding on its implementation. If purely economic reasons were applied to the decision-making process, the Slovaks would never have beaten the Czechs to accepting the euro. However the final decision is in the hands of the politicians... and the Czech ones aren't rushing to join the Eurozone.

It is highly probable that the euro will start being used in Poland earlier than in the Czech Republic as well, in spite of the fact that that country's economy is also less prepared for entering the Eurozone. The largest Polish government party – the Civic Platform party – made the speedy implementation of the euro its highest priority in its election programme. Prime Minister Donald Tusk and Minister of Finance Jacek Rostowski, has already expressed its determination to implement the euro in 2012.

The gasping, inflation-afflicted and indebted Hungarian economy “fortunately” has its own set of problems and thoughts of the speedy implementation of the euro are not on the daily agenda. Five yards down the road however, everything might be different.

What are the measuring sticks that are used to determine preparedness for the euro and how do they sum up in the individual countries? On the part of European institutions, fulfilment of the Maastricht Criteria is required. Slovakia has met them all. The Czech Republic is currently not meeting only one criterion – specifically the one on pricing, which was influenced by this year's single jump in inflation. This issue should fade away next year.

The real criteria, which indicate the preparedness of the country to survive in the Eurozone, are no less important. In this area the Czech Republic is the best off. Its economic level is the highest, as it is the least distant from the EU (Eurozone) average. The process of actual convergence should thus be the shortest in the Czech Republic. It is important to also monitor price levels. Of the countries of Central and Eastern Europe, prices in the Czech Republic, together with those in Poland, are nearing the union average. Adapting price levels through higher inflation should thus be the least painful here. On the other hand, the differences between the four countries being examined are minimal as they are in the range of a few percentage points,

which, taking the overall difference in price levels as compared to the EU average (approximately 40%), does not play all that much of a significant role.

An important role is played by a number of additional indicators and characteristics, such as the type of economic structure, flexibility of the employment market, ability to react to external economic shocks, and stability of the financial system, in which the Czech Republic definitely does not lag in comparison with its eastern neighbours.

On the basis of a critical view, it seems that neither Slovakia nor Poland is fully prepared for implementing the euro. Their economies are still far behind the core of the Eurozone, which is led by Germany and France. Rather than taking a conservative approach though, both Bratislava and Warsaw have selected exactly the opposite course. They are not waiting until the expenses related to implementing the euro decrease on their own (primarily resulting from the loss of currency autonomy and pressure for adapting prices through faster inflation), but instead are attempting to take advantage of the benefits of a common currency as soon as possible. The main benefit is the elimination of exchange risks, which will be valued primarily by Slovakia as its economy's dependence on exports is very low.

Not only domestic exporters whose goods are directed at key European markets will benefit from an environment without any currency exchange risks. The absence of currency risks will be a significant advantage in the competition that exists amongst Central European countries in their efforts to attract large foreign investors. This type of investor will be fundamental in these economies that are striving to establish foundations for their expansion into western Europe, but the fluctuations of a domestic currency in relation to the euro is a significant point of insecurity on their part. Who can say how the management of the Hyundai automobile manufacturer would be deciding right now if they suspected that the euro will become the payment currency in the Czech Republic significantly later than in Slovakia and, in all likelihood, in Poland as well.

It can also not be excluded that similar large investors just might be currently analyzing their options for locating to production capacity in Central Europe. In spite of the Czech Republic's advantageous geographic position and the good proportionate relationship between the price and quality of the work force, this hesitation with implementing the euro is consistently becoming a stronger argument as to why investments should be made in neighbouring countries.

The agenda for the meeting of the transport ministers includes, amongst other things, the approval of a proposal to make bus transport accessible on the international markets and a directive on airport fees. The Council of the EU's main point with regard to agriculture and the fishing industry consists of common fishing policy, specifically measures to battle illegal fishing activities. The ministers of the environment from the member states will hold an informal meeting dedicated to issues related with the use of biofuels.

## Meeting of the key EU institutions

<b>4.-5.4.2008</b>	<b>Brdo, Slovenia</b>	- Informal Meeting of Ministers for Economic and Financial Affairs (ECOFIN)
<b>7.4.2008</b>	<b>Luxembourg, Luxembourg</b>	- Transport, Telecommunications and Energy Council (TTE) - Transport
<b>11.-13.4.2008</b>	<b>Brdo, Slovenia</b>	- Informal Meeting of Environment Ministers
<b>14.4.2008</b>	<b>Luxembourg, Luxembourg</b>	- Agriculture and Fisheries Council
<b>14.-16.4.2008</b>	<b>Brdo, Slovenia</b>	- Informal Meeting of Ministers for Competitiveness
<b>17.-18.4.2008</b>	<b>Brdo, Slovenia</b>	- Informal Meeting of Ministers for Health
<b>17.-18.4.2008</b>	<b>Luxembourg, Luxembourg</b>	- Council Justice and Home Affairs (JHA)
<b>28.-29.4.2008</b>	<b>Luxembourg, Luxembourg</b>	- General Affairs and External Relations Council (GAERC)

## Public consultation on EU legislation

<b>Topic of the consultation</b>	<b>Organiser</b>	<b>Deadline</b>
<a href="#">EU Budget Reform</a>	DG BUDG	15.4.2008
<a href="#">Radio Frequency Identification</a>	EC	25.4.2008
<a href="#">Reform the control system of the Common Fisheries Policy</a>	DG FISH	5.5.2008
<a href="#">Regional integration for development in ACP countries</a>	DG DEV	9.5.2008
<a href="#">Combat counterfeit medicines and protection of patients</a>	DG ENTR	9.5.2008
<a href="#">VAT - Review of existing legislation on reduced rates</a>	DG TAXUD	12.5.2008



In the European Union, the audiovisual sector employs more than one million inhabitants. In addition to its economic significance, it also plays a key social and cultural role. Television is the most significant source of information and entertainment in European countries: 98% of all households own a television and the average citizen watches more than 200 minutes each day.

## AUDIOVISUAL AND MEDIA POLICY AS UNDERSTOOD BY THE EU

For the EU's audiovisual and media policy and its implementation, four types of activities are used:

1. Regulatory Framework consisting of the Audiovisual Media Services Directive (AVMSD), which was passed in December 2007 and is focused on implementing an efficient common broadcasting market. This new directive amends and renames the Television without Frontiers Directive. Recommendations for protecting minors in real life and Europe's film heritage are also included within the framework of the regulations for the EU's audiovisual sector.
2. Support (MEDIA Programme) at the European level, which supplements the systems existing at the national levels.
3. Support of additional activities with regard to the distribution of audiovisual contents on electronic networks (Content Online, Media Literacy) and media pluralism.
4. External measures, primarily for providing protection for Europe's cultural interests within the context of the World Trade Organization (WTO).

The European Commission will also participate in the activities of the European Audiovisual Observatory.

### 1. REGULATORY FRAMEWORK

#### a) Television without Frontiers Directive

This directive was first adopted in 1989 and first updated in 1997. It focuses on creating the conditions required for allowing the free movement of television broadcasting within the framework of the Union. (The scope includes all the methods in which television programmes are transmitted to the public, with the exception of communications services that provide individual items of information entries or other on-demand messages.) It achieves this free movement by ensuring that member states cannot restrict reception or retransmission of broadcasts from other member states for reasons that are included within the areas coordinated by this directive.

These cover support and promotion of awareness about European works and works by independent producers, advertising, the protection of minors and public order, and the right to receive a reply. The directive also ensures that events which are regarded by any of the member states as being of major importance for society cannot be broadcast in a manner that would result in the fact that a substantial

part of that member state's population is deprived of seeing them.

The development and application of digital technologies, combined with additional development of the broadcasting markets, have changed the reality of the European broadcasting environment.

Consequently, the European Commission proposed a revision of the current directive and its amendment into an Audiovisual Media Services Directive (AVMSD). The AVMSD was published on 18 December 2007 and will have to be incorporated by member states within a period of two years.

The first attempts to shape a Community audiovisual policy were triggered by the development of satellite broadcasting and the rapid increase of the deficit with the United States in audiovisual trade. These factors prompted initiatives on the part of the Community, which started being adopted at the start of 1984. In that year, the European Commission presented a Green Paper on "Establishing a Common Broadcasting Market", on the basis of which the Television without Frontiers Directive was developed.

#### b) The Treaty on the European Union

The Treaty on the European Union, which entered into force on 1 November 1993, establishes specific provisions for the audiovisual sector:

- It ensures that the Community will encourage co-operation between Member States and, if necessary, supplement their activity in fields such as artistic and literary creation, including in the audiovisual sector.
- It also specifies that the Community will take cultural aspects of its activities into consideration on the basis of other contained in the Treaty.
- In addition, the Protocol on the System of Public Broadcasting, attached to the Treaty of Amsterdam clarifies how the Treaty rules are applied in this area.

Additional important elements for the development of the European Commission's audiovisual and media policies include the Green Paper on "The Convergence of the Telecommunications, Media and Information Technology Sectors" and the document titled "Principles and Guidelines for the Community's Audiovisual Policy in the Digital Age". As a regulatory instrument, the directive is complemented by softer law instruments with regard to things such as the distribution of audiovisual content



## Main topic

through electronic networks (Film Online, Media Literacy and Cinematographic Heritage).

### c) Audiovisual Media Services Directive (AVMSD)

This Directive, specifically Directive 2007/65/EC, amends the Television without Frontiers Directive and renames it on the basis of analogous contents. The amending directive was adopted on 11 December 2007 and entered into force on 19 December 2007, one day after its publication.

As has been already mentioned, member states have two years to incorporate the new measures into their national legislation in order to ensure that the modernized legal framework for audiovisual media services is valid in each of the states by the end of 2009.

The AVMSD provides a comprehensive legal instrument that covers all audiovisual media services (including on-demand audiovisual media services), ensures less detailed and more flexible regulation and modernizes rules on TV advertising intended to improve financing for audiovisual content.

These new rules, which were requested especially on the part of the European Parliament, are a response to technological developments and create a new field of competence in Europe for the developing area of audiovisual media services.

The new directive strengthens the pillars of Europe's audiovisual model, which are cultural diversity, protection of minors, consumer protection, media pluralism, and the fight against racial and religious hatred. In addition, the new Directive aims at ensuring the independence of national media regulators.

### d) European Film Heritage

The area of European film heritage is covered in relation to this area through softer legal standards within the Community.

The first is state assistance for cinematography, resolved in the form of a communication which has been extended up through 31 December 2009. The European Commission sets the legal framework for the compatibility of national state aid systems with Community law. The general and specific compatibility criteria are defined in the "Cinema Communications" from 2001, which were extended in 2004 up through the end of June 2007. On 13 June 2007, the European Commission adopted a Communication extending the application of the existing regulations for state aid to

cinematographic and other audiovisual works until 31st December 2009 at the latest.

The solutions that are found between now and mid-2009 will take into consideration the results from an extensive independent study on the economic and cultural impact of the existing requirements imposed by member states in relation to "territorialisation". The study will look particularly at their impact on co-productions. The final study results are expected in spring 2008.

The second area is the protection of film heritage. The European Union has the goal of encouraging cooperation between Member States and supporting and supplementing their activities in the area of conservation and safeguarding cultural heritage of European significance (as provided in Article 151.2 of the Treaty on the EU). Cinema constitutes part of this common cultural heritage.

At the end of 2005, the European Parliament and Council of the EU adopted a Recommendation to Member states on Film Heritage. This Recommendation highlights that the European film heritage has to be methodically collected, catalogued, protected and restored, in order to ensure that it is passed down to future generations.

The Commission is also adopting specific activities in favour of protecting film heritage, such as facilitating and supporting the work of experts from all of Europe's film archives. In working groups chaired by the Commission, experts exchange their best practical experiences and search for common solutions to the problems they face. The European Commission is also in support of European standardization for facilitating the mutual transferability and compatibility of film databases and film catalogues throughout Europe.

Promotion of the film industry makes up the third section in this area and is based on the fact that the European film industry is a significant sector of the audiovisual industry. The European Union has specific and general instruments it can use for supporting the European film industry.

First, the MEDIA Programme has been specifically designed to promote European film in the pre-production phase (professional training and development) and the circulation of European films (distribution, promotion, support) both across the EU as well as outside the Union.

Article 4 and 5 the Television without Frontiers Directive provide a general framework for the production and distribution European works, including cinema and television films.

## 2. SUPPORT MECHANISMS

The MEDIA Programme is a support programme for the European audiovisual industry. MEDIA co-finances training initiatives for professionals from the audiovisual industry, development on production projects (feature length films, television dramas, documentaries, animation, and new media) and support for audiovisual works.

Over the past sixteen years, the MEDIA Programme has supported the development and distribution of thousands of films and training activities, festivals, and other support and during the 2001-2006 timeframe, over EUR 500 million were allocated to the benefit of approximately eight thousand projects in more than thirty countries.

The new MEDIA 2007 Programme (for the 2007-2013 timeframe) is the fourth multi-annual programme since 1991. Its budget for the current period is in the volume of EUR 755 million. As compared to the previous period, it definitely has simplified aspects related to programme administration but has not in any way simplified its objectives:

- to support a stronger European audiovisual sector, reflecting and respecting Europe's cultural identity and heritage;
- to increase the circulation of European audiovisual works inside and outside the European Union
- to strengthen the competitiveness of the European audiovisual sector by facilitating access to financing and supporting the use of digital technologies

The MEDIA programme is implemented through annual work programmes.

MEDIA 2007 is separated into five lines according to the type of activities that are supported:

- training and educating professionals;
- developing production projects and companies
- distributing cinematographic works and audiovisual programmes
- supporting and promoting cinematographic works and audiovisual programmes, including providing support for film festivals and
- horizontal activities and pilot projects.

MEDIA 2007 can be considered as the successor to four preceding programmes (MEDIA I, II, PLUS, and TRAINING).

As was already mentioned, the programme budget is limited. The synergetic effect from the use of these resources for investments in the audiovisual sector is significant. It is estimated that each euro spent towards

meeting MEDIA 2007 programme goals generates approximately EUR 6 of private investments within the framework of the entire industry.

MEDIA 2007 is thus viewed as an instrument that interlinks efficiently outlaid private and public financial resources within a dynamically growing industry built on new technologies, new "players" and participating countries on a market that is significantly fragmented and thus very competitive.

MEDIA 2007 does not finance the actual production of films. In the area of training, it focuses on techniques for screenwriting, economic and financial management within the cinematographic sector, and digital technologies.

In the area of development, it concentrates on individual projects, catalogues, searching out and working with new talent, co-production, and other forms of financing.

In the area of distribution, it is devoted to distributors, sales agents, broadcasting companies, cinematographic exhibit and trade fair operators, and digital processing for various works. In the area of support and promotion, it is focused on access to the market, festivals, common events, and film heritage.

Dividing the total budget along five lines visibly demonstrates that the distribution of European works represents a definite priority, with the goal of increasing film circulation not only in the country of origin but also in the widest worldwide scope possible.

### Percentile break-down of the total financial amounts of the MEDIA 2007 Programme

Distribution	55 %
Development	20 %
Support and Promotion	9 %
Training	7 %
Horizontal Activities	5 %
Pilot Projects	4 %

The volume of the budget available within the programme framework is gradually increased on an annual basis.

### Annual allocation of the MEDIA 2007 Programme

Year	mil. EUR
2007	75
2008	93
2009	97
2010	100
2011	103
2012	105
2013	107



## Main topic

Some examples of the projects supported by the MEDIA Programme in the past include:

- Cinema NetEurope: <http://www.cinemaneteurope.com>
- EuropaCinemas; <http://www.europa-cinemas.org>

The more than one-hundred film festivals supported in the past through the MEDIA Programme are identified and more information is available at the following Internet address:

[http://ec.europa.eu/information\\_society/media/festiv/list/index\\_en.htm](http://ec.europa.eu/information_society/media/festiv/list/index_en.htm).

In relation to the MEDIA Programme, it is appropriate to also acknowledge the activities performed by a significant institution – the Education, Audiovisual and Culture Executive Agency (EACEA):

<http://eacea.ec.europa.eu/index.htm>.

### 3. SUPPORT FOR OTHER ACTIVITIES AND MEDIA PLURALISM

#### Content Online

On 3 January 2008, the European Commission adopted a communication on creative content online, which starts off another series of activities for supporting the development of innovative entrepreneurial models and expanding cross-border deliveries of the most varied online services with creative content.

The goal of the initiative is to attain the following:

- accessibility to creative content;
- multi-territorial licensing for creative content;
- accessibility and transparency for Digital Rights Management systems (DRMs); and
- legal offers to eliminate piracy.

#### Media Literacy

The Media Literacy activities are focused on increasing the amount of information available on a number of forms of media messages and outputs, which people are confronted by and face on a daily basis. It is also focused on increasing the efficiency of working with outputs that are generated on an ever-changing and expanding number of media resources.

#### Media Pluralism

Media Pluralism activities monitor the need for transparency, freedom and diversity within the European media environment. These activities are a response to the continuing political concerns with regard to media concentration and media power and the possible impacts

these might have on pluralism and the freedom of expression in the EU.

### 4. EXTERNAL MEASURES AND ASPECTS

The EU and its member states have developed legal instruments and support mechanisms for the audio-visual sector at national and community levels. The international (external) dimension of these policies is however just as important, as the globalization of audio-visual services over the most recent period has significantly advanced resulting in the need to agree on common rules and resolution at various levels and within different structures:

[http://ec.europa.eu/avpolicy/ext/index\\_en.htm](http://ec.europa.eu/avpolicy/ext/index_en.htm)

The external aspects of these policies are apparent in five primary areas:

- EU expansion;
- trade relations (primarily within the competence of the WTO and OECD);
- support for cultural diversity (UNESCO);
- cooperation in the area of audio-visual policies; and
- world organization for the protection of intellectual property rights (WIPO).

In relation to this fact, it is also appropriate to consider the legal power and competency of the European Council and UNCTAD (United Nations Conference on Trade and Development).





# 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		
	2005	2006	2007	2004	2005	2006	XII-07	I-08	II-08	XII-07	I-08	II-08
Belgium	1.7	2.8	2.7	3.8	3.0	3.3	7.0	7.0	6.9	3.1	3.5	3.6
Bulgaria	6.2	6.3	6.2	-6.6	-12.0	-15.8	5.9	6.1	6.0	11.6	11.7	12.2
CR	6.4	6.4	5.8	-5.5	-2.3	-3.1	4.7	4.7	4.6	5.5	7.9	7.6
Denmark	2.5	3.9	1.8	3.1	3.6	2.4	3.1	na	na	2.4	3.0	3.3
Germany	0.8	2.9	2.5	4.5	4.7	5.2	7.8	7.6	7.4	3.1	2.9	2.9
Estonia	10.2	11.2	7.1	-12.4	-10.1	-15.7	4.5	5.2	5.3	9.7	11.3	11.5
Ireland	6.0	5.7	4.9	-0.3	-3.5	-4.2	4.6	4.7	4.9	3.2	3.1	3.5
Greece	3.8	4.2	4.0	-9.3	-9.0	-11.1	7.9	na	na	3.9	3.9	4.5
Spain	3.6	3.9	3.8	-5.9	-7.5	-8.8	8.7	8.8	9.0	4.3	4.4	4.4
France	1.7	2.0	1.9	-0.6	-1.7	-2.2	7.9	7.8	7.8	2.8	3.2	3.2
Italy	0.6	1.8	1.5	-0.5	-1.2	-2.0	6.1	na	na	2.8	3.1	3.1
Cyprus	3.9	4.0	4.4	-5.0	-5.6	-5.9	3.8	3.7	3.6	3.7	4.1	4.7
Latvia	10.6	11.9	10.2	-12.9	-12.6	-21.1	5.4	5.4	5.3	14.0	15.6	16.5
Lithuania	7.9	7.7	8.8	-7.5	-7.2	-10.5	4.3	4.5	4.5	8.2	10.0	10.9
Luxembourg	5.0	6.1	5.2	11.6	10.9	10.3	4.6	4.6	4.7	4.3	4.2	4.2
Hungary	4.1	3.9	1.3	-8.4	-6.8	-6.5	7.9	7.6	7.6	7.4	7.4	6.7
Malta	3.4	3.4	3.8	-6.0	-8.8	-6.7	5.8	5.8	5.8	3.1	3.8	4.0
Netherlands	1.5	3.0	3.5	8.6	7.1	7.6	2.8	2.8	2.7	1.6	1.8	2.0
Austria	2.0	3.3	3.4	2.4	3.0	3.5	4.2	4.1	4.1	3.5	3.1	3.1
Poland	3.6	6.2	6.5	-4.4	-1.7	-1.8	8.2	8.3	8.0	4.2	4.4	4.6
Portugal	0.9	1.3	1.9	-7.8	-9.6	-9.9	7.6	7.5	7.5	2.7	2.9	2.9
Romania	4.2	7.9	6.0	-5.0	-8.7	-10.3	6.2	na	na	6.7	7.3	8.0
Slovenia	4.1	5.7	6.1	-2.6	-2.0	-2.8	4.5	4.5	4.4	5.7	6.4	6.4
Slovakia	6.6	8.5	10.4	-2.5	-7.9	-7.7	10.3	10.1	9.9	2.5	3.2	3.4
Finland	2.8	4.9	4.4	7.7	4.9	4.7	6.5	6.4	6.2	1.9	3.5	3.3
Sweden	3.3	4.1	2.6	6.5	5.8	6.9	5.7	5.6	5.6	2.5	3.0	2.9
UK	1.8	2.9	3.1	-1.6	-2.5	-3.2	5.0	na	na	2.1	2.2	na
EU	1.9	3.0	2.9	0.4	-0.3	-0.7	6.8	6.8	6.7	3.2	3.4	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	121.2	121.3	120.0	106.7	106.0	106.2
Bulgaria	2.3	2.0	3.2	37.9	29.2	22.8	33.9	35.4	36.8	42.0	43.1	44.8
CR	-3.0	-3.5	-2.9	30.4	30.2	30.1	75.4	76.7	78.7	55.4	58.4	61.5
Denmark	1.9	4.6	4.6	44.0	36.3	30.3	126.1	126.8	126.0	139.6	139.6	139.2
Germany	-3.8	-3.4	-1.6	65.6	67.8	67.5	116.8	115.3	114.3	104.7	103.7	103.3
Estonia	1.8	1.9	3.6	5.1	4.4	4.0	57.0	63.0	68.5	63.0	64.6	66.5
Ireland	1.3	1.2	2.9	29.5	27.4	25.1	142.1	143.9	145.7	125.9	124.8	124.9
Greece	-7.3	-5.1	-2.5	98.6	98.0	95.3	94.0	96.3	97.4	87.6	88.4	89.1
Spain	-0.3	1.0	1.8	46.2	43.0	39.7	101.4	103.1	105.1	91.0	92.0	93.3
France	-3.6	-2.9	-2.5	64.9	66.7	64.2	110.5	112.1	111.1	109.9	107.4	107.3
Italy	-3.5	-4.2	-4.4	103.8	106.2	106.8	107.1	105.3	103.5	104.9	104.0	104.1
Cyprus	-4.1	-2.4	-1.2	70.2	69.1	65.2	90.6	92.7	92.1	91.2	89.7	90.1
Latvia	-1.0	-0.4	-0.3	14.5	12.5	10.6	45.8	50.0	54.2	56.1	57.1	60.6
Lithuania	-1.5	-0.5	-0.6	19.4	18.6	18.2	50.6	53.2	56.2	53.5	55.1	56.6
Luxembourg	-1.2	-0.1	0.7	6.4	6.2	6.6	253.6	264.6	279.6	103.0	102.7	103.2
Hungary	-6.5	-7.8	-9.2	59.4	61.6	65.6	63.4	64.3	65.0	62.0	63.5	60.0
Malta	-4.9	-3.1	-2.5	72.7	70.8	64.7	76.9	77.5	77.0	73.2	73.1	73.4
Netherlands	-1.7	-0.3	0.6	52.4	52.3	47.9	129.7	131.3	130.8	106.1	104.5	103.9
Austria	-1.2	-1.6	-1.4	63.8	63.4	61.7	129.0	128.9	127.7	103.3	101.9	101.2
Poland	-5.7	-4.3	-3.8	45.7	47.1	47.6	50.8	51.3	52.5	53.2	61.3	62.1
Portugal	-3.4	-6.1	-3.9	58.3	63.7	64.8	74.9	75.5	74.6	87.4	85.3	85.7
Romania	-1.5	-1.4	-1.9	18.8	15.8	12.4	34.1	35.5	38.9	43.3	54.3	57.0
Slovenia	-2.3	-1.5	-1.2	27.6	27.4	27.1	85.4	87.0	88.0	75.5	75.8	75.3
Slovakia	-2.4	-2.8	-3.7	41.4	34.2	30.4	57.3	60.6	63.8	54.9	55.8	58.3
Finland	2.3	2.7	3.8	44.1	41.4	39.2	116.7	115.3	117.1	123.8	123.3	121.7
Sweden	0.8	2.4	2.5	52.4	52.2	47.0	125.2	123.9	124.8	121.4	117.9	117.5
UK	-3.4	-3.3	-2.7	40.4	42.1	43.2	122.2	119.4	118.1	108.5	110.2	110.8
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

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