EU News
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under the auspices of Pavel Kysilka
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Dear readers,

In the month of September, pupils and students return to the classrooms and it is also the end of vacation and holidays for the key European Union institutions – even though they only enjoy their holidays during August as opposed to schools.

The first day of September already brought about issues to be solved. French President Nicolas Sarkozy convened a special meeting of the Council of the EU where the leaders of the Member States were expected to present their opinions on the Russia-Georgia conflict. The main outcome of the summit is a requirement that Russia complies with the two remaining points of the six-point peace plan. Until Russia fully complies with the conditions stipulated in the truce agreement, the EU puts further negotiations on strategic partnership on hold.

In August, Ireland started opening the door to another referendum on the rejected Lisbon Treaty. The Irish Minister for European Affairs presented “his personal view” according to which the referendum would represent “the appropriate response” to the position in which Ireland finds itself after it rejected the Treaty in June. He however added that this is solely his personal view. If Ireland does not want to be isolated from the Union – provided the Treaty will be ratified by the two remaining Member States: Sweden and the Czech Republic – this seems to be one of the most probable options.

There is not much optimism for the future in the most recent Eurostat’s demographic projection according to which the description of Europe as “an old continent” will be ultimately sealed by 2060. Statisticians believe that due to migration from third countries there will be approximately 10 million more people in the European Union (while the Czech Republic, as opposed to this trend, expects a decrease in its population by 830 thousand to 9.5 million), but their age structure is expected to be highly unfavourable. By 2060, every third European citizen will be older than 65 years. There is no need to emphasise related negative impacts on public finance, pension systems, health systems etc.

In our Topic section we again focused on the labour market where numerous innovations have been recently introduced in the form of employment relationships and working hour organisation due to globalisation and demographic challenges.

I would like to thank you for your participation in the survey on the quality of our reports. The information collected, positive as well as negative, represent a valuable feedback which we intend to use in the future. The first alterations to the content of the EU Monthly Journal will be presented in the next issue in October, and also our website www.csas.cz/eu will undergo a significant change by the end of this year.

We wish you a pleasant and enjoyable return from your holidays. Yours sincerely,

Petr Zahradník

Discussions have slowly started in Ireland regarding further procedures related to the ratification process of the rejected Lisbon Treaty. Irish politicians started preparing the public for a second referendum. Eurostat outlined a gloomy outlook in its demographic projection: by 2060, every third citizen in the EU will be over 65 years of age.

POLITICS

Ireland commences discussions on second referendum on the Lisbon Treaty

According to **Irish Minister for European Affairs Dick Roche**, the referendum would be "the appropriate response" to the position in which Ireland find itself after their "No" in June. He, however, emphasised, that this is solely his personal view.

Ireland became the focus point after the **Irish voters rejected the Lisbon Treaty**, in the referendum on 12 June 2008, the objective of which is among others to make the decision-making processes in the European institutions more efficient and to strengthen the voice of the EU in relation to third countries. Although the Lisbon Treaty is supported by all political parties represented in the Parliament, except the Sinn Féin, politicians have so far rejected to comment on the option of organising a second referendum due to their concern that the public would understand such support as disregard of their attitude shown in the referendum.

During the weekend, Minister Roche told the Irish media that if Ireland is not to remain isolated in the company of "dogmatic Eurosceptics", a **new referendum should be held**. He believes that first it is essential to commence an "informed political debate" on the options currently available for Ireland. Roche, however, pointed out to the Lisbon Treaty opponents that the Member States are in no mood to renegotiate the Treaty.

The European Union **awaits comments from Ireland on further procedure** in the Lisbon Treaty ratification process during the October summit of the Council of the European Union. This should not be a final plan. The final plan should be presented to the EU in December.

Ireland has already rejected an essential EU treaty when **they rejected the Nice Treaty in a referendum in June 2001**, though the Treaty was adopted in a second referendum in October the following year. Another referendum in Ireland is however subject to an approval of the Lisbon Treaty in all 26 remaining Member States. Only Sweden and the Czech Republic have not yet decided on the Treaty; the other Member States said "Yes". In the Czech Republic, we await the statement of the Constitutional Court on whether or not any provisions of the Treaty are in conflict with the Czech Constitution. We believe that even if the referendum takes place in Ireland next year, its outcome is rather uncertain.

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

Ratification of the Lisbon Treaty

Country	Status of ratification
Hungary	Yes, 6.2.2008
Malta	Yes, 6.2.2008
France	Yes, 14.2.2008
Romania	Yes, 11.3.2008
Poland	Yes, 2.4.2008
Slovakia	Yes, 10.4.2008
Portugal	Yes, 23.4.2008
Slovenia	Yes, 24.4.2008
Bulgaria	Yes, 28.4.2008
Latvia	Yes, 8.5.2008
Lithuania	Yes, 8.5.2008
Austria	Yes, 13.5.2008
Germany	Yes, 23.5.2008
Denmark	Yes, 29.5.2008
Luxembourg	Yes, 29.5.2008
Estonia	Yes, 11.6.2008
Finland	Yes, 11.6.2008
Greece	Yes, 11.6.2008
Ireland	No, 12.6.2008
Spain	Yes, 15.7.2008
Cyprus	Yes, 3.7.2008
The Netherlands	Yes, 8.7.2008
Belgium	Yes, 10.7.2008
UK	Yes, 16.7.2008
Italy	Yes, 8.8.2008
Sweden	in progress
Czech Republic	in progress

Source: European Commission

Population aged 65 or more is projected to double in EU by 2060

From 2015 the number of deaths is projected to outnumber the number of births in the European Union. Moreover, **every third European citizen will be over 65 years** by 2060. As the life span grows and the birth rate is steadily low in European countries, the natural population growth will cease in 2015, and from 2035 this change would no longer be counterbalanced by migration. These projections come from a report issued by Eurostat, the Statistical Office of the European Communities.

According to current trends, the actual proportion of four persons of working age to every pensioner will be reduced

to only two persons to one within the coming fifty years. This represents a **time bomb for the pension systems** in Europe, states the report.

The situation will be **the worst in the new Member States including the Czech Republic**. On the other hand, the demographic shock should be mitigated by countries such as Denmark, Ireland, Cyprus, Luxembourg and the United Kingdom, where growth remains high, particularly due to high immigrant influx.

Total population in EU member countries at 1 January

in 1000s	2008	2060	Change
United Kingdom	61 270	76 677	25,1%
France	61 876	71 800	16,0%
Germany	82 179	70 759	-13,9%
Italy	59 529	59 390	-0,2%
Spain	45 283	51 913	14,6%
Poland	38 116	31 139	-18,3%
Romania	21 423	16 921	-21,0%
Netherlands	16 404	16 596	1,2%
Belgium	10 656	12 295	15,4%
Portugal	10 617	11 265	6,1%
Greece	11 217	11 118	-0,9%
Sweden	9 183	10 875	18,4%
Czech Republic	**10 346**	**9 514**	**-8,0%**
Austria	8 334	9 037	8,4%
Hungary	10 045	8 717	-13,2%
Ireland	4 415	6 752	52,9%
Denmark	5 476	5 920	8,1%
Bulgaria	7 642	5 485	-28,2%
Finland	5 300	5 402	1,9%
Slovakia	5 399	4 547	-15,8%
Lithuania	3 365	2 548	-24,3%
Slovenia	2 023	1 779	-12,1%
Latvia	2 269	1 682	-25,9%
Cyprus	795	1 320	66,0%
Estonia	1 339	1 132	-15,5%
Luxembourg	482	732	51,9%
Malta	410	405	-1,2%
EU-27	**495 394**	**505 719**	**2,1%**

Source: Eurostat

The population in the **United Kingdom is estimated to become the highest** in the EU, i.e. 77 million, and in Germany, the current most populated country, it is expected to drop to 70.7 millions by 2060.

Although the European Commission points out that the estimates may be inaccurate, at the same time **it warns about the burden the ageing population** will represent for economy, budget, health and pension systems. “We are concerned with finding out whether our Member States will be able to pay for the costs linked to ageing”, said the Commission spokesperson in a press conference.

The description of Europe as the “old continent” is gradually sealed. Ageing population **will become one of the most demanding challenges**. Its solution will combine pro-population measures, further immigration encouragement (a good example is the recently approved controversial Green Cards project in the CR) from third world countries and adoption of instruments increasing the employment rate of the elderly.

http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/08/119

ECONOMY AND EURO

France calls for further discussions with the European Central Bank

French Economy Minister Christine Lagarde said that separate **steps taken by the ECB should be negotiated** at the European level.

The European economy has been living through bad times – the **slowing dynamics of economic growth balancing at the edge of recession** is followed by rather high levels of inflation. In August, this was 3.8 %, i.e. by 1.8 % more than what is acceptable according to the ECB.

It is high inflation that makes it impossible for Frankfurt banks to reduce the basic interest rate. It has reached its seven year peak and is at 4.25 %. And a vast majority of **analysts do not expect any change** in the near future.

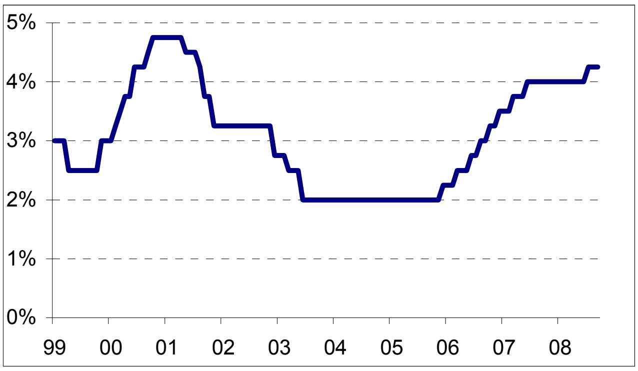
The ECB policy is a thorn in the side of some European politicians, particularly French President Sarkozy. President Sarkozy requires more transparency from the ECB that would **allow politicians to get more involved in its operation**.

New proposals adjusting the ECB role will be presented soon at the meeting of the Ministers of Finance of EU-27 that take place in Nice on 12 and 13 September. Its future direction was indicated by Minister Lagarde in an interview for La Tribune: “I will propose to our partners a **renovation in relations with the ECB and the European Investment Bank**. We must, particularly in the current period, be able to deepen our dialogue with European monetary authorities.”

The German government plans to push through a controversial law under which it could block foreign acquisitions of German companies by foreign state sovereign funds. The wine sector reform commenced in the EU at the beginning of August and it aims to boost the competitiveness of European wines in the global market without the need for more subsidies. The majority of European car manufacturers are far from achieving the maximum limit of CO2 emissions of vehicles in the amount of 130 gr/km.

In nearly ten years of its existence, the European Central Bank gained a **decent reputation as an independent trustworthy banking institution**. Any efforts to have it controlled by politicians would be counterproductive as the loss of its trustworthiness for financial markets would result in the future increase of monetary policy related costs. We believe that the French initiative will not be supported by sensible states including Germany, and that the ECB will keep its autonomy.

ECB - main refinancing operations rate



Source: ECB

INTERNAL MARKET

Germany introduces law to block foreign takeovers

A law aimed at **protecting strategic domestic industries from foreign takeovers** was approved by the German government, despite insistence by German business associations that this is against EU rules on the free movement of capital.

The legislative initiative is principally **directed against state-controlled sovereign wealth funds** originating in locations such as Abu Dhabi, Saudi Arabia, Russia and China, amid fears that they could be used to take over strategic German industries, such as in the telecommunications, energy or banking sectors.

Should the law be adopted, it would give the German government the **right to veto any investment amounting to 25 % or more** of a German company's stakes by any non-EU or European Free Trade Association (EFTA), if it deems that national security is at risk.

Industry groups are concerned that the new law will scare off investors and discourage them from investments in Germany, but Economy Minister Michael Glos stressed that the mechanism would be used only in extremely rare cases and that the **majority of foreign investments will not be affected**.

The German case is in fact **in breach of the EU legislation on the free movement of capital**. On the other hand, more and more states require instruments that would limit the influence of sovereign wealth funds owned by Asian states as they may not always apply clear business criteria in their companies' management.

In the future, there will be pressure to adopt **similar protectionist standards applicable to the EU as a whole**. The first attempt in this respect is the proposal of the European Commission from February last year according to which sovereign funds would publish their investment objectives and relationships with government authorities, as well as the size and structure of their assets.

http://www.bmwi.de/BMWi/Navigation/Presse/pressemitteilungen,did=266018.html

AGRICULTURE

Reform of the EU wine sector started at the beginning of August

The long-**discussed wine sector reform** started in the EU in the beginning of August this year. The reform is to boost the competitiveness of European wines within the global market.

The proposed reform included replacement of inefficient and unprofitable measures and an **increase of the competitiveness of European wines** without any budget increase. According to the proposal, the funds were not to be used for subsidies of various types of "crisis distillation" of residues and for the use of wine to produce industrial alcohol, but rather for the promotion of European wines in third world countries.

The new principles also included the **prohibition to enrich wine with sugar**, to abolish subsidies to enrich wine, and other measures that resulted in objections from countries which would be disadvantaged due to their geographical position.

The Czech Republic, together with other countries (e.g. Austria or Germany), opposes the prohibition of sugar enrichment. The result of the December meeting of Ministers of Agriculture that lasted three days was that the **enrichment of wine with sugar will remain legal**, and be only slightly limited. Furthermore, the Czech Republic managed to negotiate nearly a double subsidy from the EU for Czech winegrowers. Instead of the original EUR 1.6

million planned for winegrowers in 2009, they will receive EUR three million.

The Commission's proposal also included the **grubbing-up of unprofitable vineyards**. This was opposed especially by France and Italy. Under their pressure, a smaller number of vineyards are supposed to be grubbed-up ("only" 175,000 ha compared to 400,000 ha).

Planting rights will be liberalised after the completion of the reforms, which may result in an increased area of vineyards in the CR. Regardless of the expected low interest, the CR needs to introduce support for the grubbing-up of vineyards within the ongoing reform. Applications may be filed by 15 September 2008.

The reform of one of the agricultural markets in the EU is a step in the right direction because it introduces some market principles to an excessively regulated and limited sector.

http://www.mze.cz/Index.aspx?ch=270&typ=1&val=41882&ids=0

EXTERNAL RELATIONS

EU getting ready for Kosovo administration

The UN commenced clearing its mission in Kosovo so that civil administration and **peacekeeping forces can be assumed by the EU led EULEX units**. Russia and Serbia criticise this step as illegitimate.

In 1999, after months of NATO bombardment, which prevented further ethnic cleansing, **UNMIK (the United Nations Mission in Kosovo) took over the administration** of the Serbian province, which is inhabited mainly by Albanians, i.e. Kosovo. UNMIK forces remained in Kosovo even after it declared independence at the beginning of this year. Up to now, Kosovo has been recognised by 20 states of EU-27 and another 25 states worldwide including the United States. Serbia and Russia have always vehemently opposed the independence of Kosovo.

After more than a month of hesitation, this June UN Secretary General Ban Ki-moon announced that there would be a significant "reconfiguration" of the UN mission in Kosovo. As planned, the actual powers in Kosovo administration will pass from UNMIK to the EULEX shortly, but the EULEX mission will remain "legally covered" by the authority of the UN. The number of EULEX staff should **increase from the current 300 to 2,200 by the end of this year**.

The legality of the **transfer of competences is however denied by Serbia**, supported by Russia and China. These two countries blocked a UN resolution recognising Kosovo independence, and their representatives today claim that Ban Ki-moon is not entitled to forward the powers to the EU mission without an approval of the UN Security Council.

ENVIRONMENT

Car manufacturers far from complying with European emission targets

Car manufacturers reduced the CO2 emissions in newly produced cars by only 1.7 % in the current year. However, according to planned European legislation, **the reduction should reach on average 17 %** in the coming four years.

With regard to the performance of the emission target of 130 g of CO2 per kilometre by 2012 introduced by the European Commission last December, **French and Italian car manufacturers are closest to the target**. However, manufacturers from those countries reduce the average annual emissions of CO2 by less than 2 % and are closely followed by manufacturers from Japan, USA and Germany.

According to the non-profit association Transport & Environment, the progress achieved by BMW is proof that companies can reduce emissions under the threat of regulations and fines.

The proposed legislation to reduce the CO2 emissions of vehicles has not yet been approved and **there is a question mark hanging over its final version**. In June this year, German Chancellor Angela Merkel and French President Nicolas Sarkozy agreed behind closed doors that manufacturers could gain more time for the introduction of emission measures, and that the fines for failing to keep the emission targets up to the amount of eight grams should be milder.

The proposed regulation which should solve the situation is now being negotiated by the relevant committees of the European Parliament. The preliminary version of the report by Member of the European Parliament Guido Sacconi, who is the rapporteur on the regulation, supports the "integrated approach" according to which manufacturers would have to **reduce the emissions of new cars on average to 130 g/km**. Further emission reduction would be achieved by other measures such as the use of biofuels or more fuel-efficient tires. The report however also introduces the target of 95 g/km by 2020.

It is clear that the adoption of the regulation **will increase the costs of car manufacturers** both in the form of investments to adjust more strict standards and in the form of fines in case the targets stipulated in the regulation are not met. It is highly probable that this will affect also the dominant domestic car manufacturer Škoda Auto. The

Commissioner Viviane Reding likes her role in determining retail prices so much that after the adoption of a regulation stipulating maximum prices for cross-border mobile phone calls last year she considers a similar regulation of charges for text messages. The Commissioner also opposes that operators may charge prices for calls per minute and she intends to legalise the duty to charge per second. In order to reduce the risk of fires, the European Commission intends to introduce self-extinguishing cigarettes.

average emission of Škoda cars is 148 g/km of CO2 which is clearly above the target value.

http://ec.europa.eu/environment/air/transport/co2/co2_home.htm

Commission proposes to revise regulations on ozone layer protection

The proposal of the European Commission to revise the obsolete regulation 2037/2000/EC regulating gradual phasing out of ozone-depleting substances from the EU market **is intended to simplify and adjust to the current legislation**.

The EU Member States are the **signatories of the Montreal Protocol from 1987** (Czechoslovakia joined in 1990) that focuses on the preservation of the ozone layer, the existence of which was discovered as early as at the beginning of the last century. In the 1970s, however, it was discovered that some chemicals might destroy the ozone layer. The ozone hole was discovered the following decade. Destruction of the protective ozone layer of the Earth has a negative impact on fragile eco-systems as well as on human health, as it lets the harmful ultraviolet rays from the sun enter the atmosphere freely.

The damage to the ozone layer is so serious that the EU expects the ozone layer **to recover to pre-1980 levels by 2050-2075**. This should be supported by the newly adopted measures for the withdrawal of unhealthy chemicals ("hard freons" – CFC, "soft freons" – HCFC) from production and consumption.

The Commission has proposed a **new regulation intended to simplify** the current legislation, to reflect the progress made so far and to put it face to face with the new challenges.

One of the proposed changes is the simplification of certain definitions and provisions such as the stipulation of exemptions related to freon use and trade. The new regulation **should reflect recent international agreements**, in particular those on "soft freons", and agreements aiming at the ultimate replacement of harmful chemicals that may already be substituted by less harmful substances. Furthermore, the new regulation should efficiently prevent illegal freon trade within the EU.

Although freons are used very rarely nowadays, there are a number of appliances in European households that were bought some time ago (fridges, other cooling systems, some insulation materials). One of the objectives of the proposed legislation is to **prevent any possible freon leakage from such appliances** and materials into the atmosphere.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1235

JUSTICE AND HOME AFFAIRS

EU still divided by national borders

Journalists from EurActiv discovered that crossing borders between the EU-27 countries that have officially eliminated **border controls remains problematic**. The main reason for the long queues at borders is not border checks but rather the aim to get cheaper fuel. Queues of drivers who want to get cheaper fuel sometimes obstruct parts of the adjacent motorways in border areas.

The border between Austria and Hungary is particularly difficult to cross. Queuing at the last petrol station in Nickelsdorf, Austria, takes many minutes. Moreover, the **cars block the way for other drivers** because the queues often spread to the motorway.

Although the price of petrol does not differ massively between the EU-27 countries, many drivers **are willing to sacrifice their time to save a few Euros**. For instance, the commonly used Super Euro 95 fuel costs roughly €1.39 in Austria and €1.50 in Germany. In Hungary, petrol prices are more expensive due to disadvantageous exchange rates and fees in local exchange offices. Although Hungarian petrol stations accept Euros, the usurious exchange rate discourages a considerable amount of foreign drivers.

Another factor that stops drivers at the borders is the **need to buy a "vignette"** for the respective motorways. In the summer season, in Austria and Hungary the queues to buy a vignette cause long queues due to the lack of points of sale where the vignettes could be bought. Many drivers therefore wonder if borders were not in fact being reintroduced.

According to the German server clever-tanken.de, Czech drivers pay more for their fuel than the EU average. For petrol the difference compared to the average is only 24 helers while diesel is nearly 2 crowns more expensive than the EU average. The diesel price in the Czech Republic is the eighth highest out of EU-27.

http://www.euractiv.com/en/transport/eu-divided-national-borders/article-174747

INFORMATION SOCIETY

EU to further regulate mobile phone services

The European Commission believes that **tariffs charged per minute needlessly increase the price for phone calls** and it considers introducing a pan-European regulation under which operators would be bound to charge phone calls per second. Moreover, Brussels

reduced the price ceiling for roaming calls from 1 September and a price ceiling for text messages is to be introduced as well.

The European Commission **commenced the regulation of cross-border calls** provided by mobile phone operators last year in July. The second phase of the roaming regulation commenced on 1 September when the Eurotariff was reduced from the existing 49 cents to 46 cents for making a call and from 24 cents to 22 cents for receiving a call (excluding VAT).

The Commission also considers **introducing price ceilings for text messages** and there have been discussions regarding similar price ceilings for data services.

Commissioner Viviane Reding, however, **opposes that operators have a chance to decide on the manner** of phone call charges – per minute or per second. The European Commission has already pointed out its dissatisfaction with tariff charges per minute which increase the prices of cross-border calls.

If calls are billed per minute, consumers pay the same price for a call lasting one minute 20 seconds as for a call lasting two minutes, argues the Commission. Consumers **therefore pay also for seconds that they do not use**.

In our opinion a strong instrument of direct price regulation **should be used only sporadically in market economies**, in case there is a monopoly in the market. This, however, is not the case for mobile telecommunications. Price regulation may put the ITC sector in Europe behind the rest of the world in both the medium and long-term horizons. It is better to **open the door to competition** and attract more phone operators to the market.

The swimming pool in Podolí, Praha, charges its customers per 90 minutes. We hope that no pan-European regulation will be introduced regulating prices for swimming pools in order to protect customers who leave the pool in one hour.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1276

HEALTH AND CONSUMER PROTECTION

Europe attracted by self-extinguishing cigarettes

The European Union considers similar measures as the ones taken by Finland where tests were made for all cigarettes sold in the country to det**ermine the extent burning cigarettes cause fires**. Strict rules for cigarettes could apply across Europe from 2011.

Last month, the Finnish government suggested adopting the international standard ASTM E2187. Cigarettes that comply with this standard **reduce the risk of fire in the event that smokers drop burning cigarettes**. The European Commission estimates that a minimum of 1,000 fatalities are caused by such fires. Burning cigarettes are also responsible for many forest fires, it adds.

On 25 March 2008, the European Commission adopted a decision which defines a fire-safe cigarette as "**a cigarette that self-extinguishes when not actively puffed**, before it has burnt through its full length". However, there is currently no single European standard for testing cigarettes. This task is left to competent national authorities.

The European Committee for Standardisation (CEN) started work in August to develop a safety standard that would apply across the entire EU. A spokesperson for Meglena Kuneva, EU Commissioner for Consumer Protection, said that such committees usually take two to three years to develop a standard. It would be realistic to expect the **new rules to enter into force in 2011**, she added.

It is indeed ludicrous that at the time when basic foodstuff prices have been growing, efficient reform of the Common Agricultural Policy has not yet been solved, the climate change related problems have been growing and there is no common energy policy, EU authorities are dealing with self-extinguishing cigarettes. Decisions regarding similar insignificant issues only **provide arguments to the European integration opponents**.

http://pr.euractiv.com/?q=system/files/08%2008%20RIP%20cigarettes.pdf

We would like to point out the Commission's decision to reserve a part of the radio specter across Europe for intelligent car communication systems. These are based on wireless communication technology and enable cars to communicate with other cars and with road infrastructure providers. Six hundred employees of a Latvian textile factory will receive support from the Anti-globalisation Fund following the bankruptcy of their employer last year due to Chinese competition.

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High prices on agricultural commodity markets: situation and prospects: http://ec.europa.eu/agriculture/analysis/tradepol/worldmarkets/outlook/2008_2017_en.pdf

http://ec.europa.eu/agriculture/analysis/tradepol/worldmarkets/high_prices_en.pdf

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Commission publishes analyses of world agricultural commodity markets:
http://ec.europa.eu/agriculture/newsroom/en/300.htm

Agreement reached to liberalise trade in Agricultural and Fishery Products between the EU and Israel:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1233

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Three agricultural product names registered:
http://ec.europa.eu/agriculture/newsroom/en/304.htm

Cars that talk: Commission earmarks single radio frequency for road safety and traffic management:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1240

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Agriculture and Rural : Call for tender for an evaluation of the Farm Advisory System within the context of the CAP:
http://ec.europa.eu/agriculture/newsroom/en/305.htm

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New Satellites for Europe: Commission starts selection procedure for operators of pan-European mobile satellite services: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1250

The impact of Structural Funds on coastal tourism:
http://ec.europa.eu/maritimeaffairs/studies/coastal_tourism/en.pdf

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EU Member States are making a remarkable contribution to global efforts to tackle organised crime and terrorism:
http://ec.europa.eu/justice_home/news/intro/news_intro_en.htm

Aviation security rules: European Commission to increase transparency: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1253

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Opening soon: a digital library for Europe:
http://ec.europa.eu/information_society/activities/digital_libraries/index_en.htm

18 AUGUST

Cracking open pearl fraud:
http://ec.europa.eu/research/headlines/news/article_08_08_18_en.html

19 AUGUST

Russia and Georgia: European destinies:
http://www.iss.europa.eu/index.php?id=214&no_cache=1&tx_ttnews[tt_news]=1096&tx_ttnews[backPid]=1&cHash=c22d325738

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German bank KfW joins forces with the JASPERS programme:
http://ec.europa.eu/regional_policy/newsroom/index_en.htm

21 AUGUST

EU provides extra €40 million to the Palestinian Authority:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1261

Women still earn less than men in Europe:
http://www.eurofound.europa.eu/press/releases/2008/080821.htm

22 AUGUST

People, food and environments: global trends and European strategies: http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj_id=226&dt_code=HLN&lang=en

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Third maritime safety package:
http://www.consilium.europa.eu/cms3_fo/previousFocus.ASP?lang=en&focusID=301&s1=go&keyWord=

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A joint effort is crucial in the fight against international organised crime:
http://www.europol.europa.eu/index.asp?page=news&news=pr080826.htm

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Should cloned animals be used for food?:
http://www.europarl.europa.eu/news/public/story_page/032-35495-245-09-36-904-20080827STO35494-2008-01-09-2008/default_en.htm

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Will the EU ever field a single team for the Olympics?:
http://www.europarl.europa.eu/news/public/story_page/041-35427-245-09-36-906-20080825STO35400-2008-01-09-2008/default_en.htm

September is again full of meetings of the key European institutions. The most important was the special summit of the Council of the Europe Union on the Russia-Georgia conflict. The main outcome is a requirement that Russia meets the remaining two points of the six-point peace plan. Until Russia fully complies with the conditions stipulated in the truce agreement, the EU puts further negotiations on strategic partnership on hold.

Meeting of the key EU institutions

1.9.2008	**Brussels, Belgium**
- Extraordinary European Council meeting on the situation in Georgia	
1.-2.9.2008	**La Rochelle, France**
- Informal meeting of the transport ministers	
5.-6.9.2008	**Avignon, France**
- Informal Foreign Ministers' Meeting	
8.-9.9.2008	**Angers, France**
- Informal meeting of the ministers for health	
12.-13.9.2008	**Nice, France**
- Informal meeting of the finance ministers	
15.-16.9.2008	**Brussels, Belgium**
- General Affairs and External Relations Council	
21.-23.9.2008	**Annecy, France**
- Informal meeting of the agriculture ministers	
22.-25.9.2008	**Strasbourg, France**
- EP Plenary	
25.-26.9.2008	**Brussels, Belgium**
- Justice and Home Affairs Council	
25.-26.9.2008	**Brussels, Belgium**
- Competitiveness Council	
29.-30.9.2008	**Brussels, Belgium**
- Agriculture and Fisheries Council	
29.-30.9.2008	**Bordeaux, France**
- Informal Meeting of Development Ministers	

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
VAT - Review of existing legislation on invoicing	DG TAXUD	19.9.2008
Classifying and reporting consumer complaints across EU	DG SANCO	3.10.2008
Towards a comprehensive post-2012 climate change agreement	DG ENV	10.10.2008

Demographic changes characterised by an ageing population, and a population decrease in some countries, makes the labour market use the flexicurity concept more extensively. The concept combines a required flexibility with an appropriate level of security. One of its currently used forms includes flexible working hours or a flexible employment arrangement. These issues, as well as the general analysis of the EU labour market are the main focus of the current EU Monthly Journal.

CURRENT EMPLOYMENT TRENDS IN THE EU ACCORDING TO CONTRACTUAL ARRANGEMENT AND WORKING HOURS

WORKING HOURS AND TYPICAL ARRANGEMENT OF WORKING TIME

Working hours and working time arrangements are becoming significant topics for labour markets, particularly in relation to productivity, labour market flexibility and the quality of working conditions. Generally, they bring benefits for both employers and employees: on one hand, they assist companies to adjust the labour force to production needs, while on the other hand they enable employees to balance their work and private life (child care or care for other dependent persons) – a so called work-life balance.

At the same time, certain working procedures and activities related to excessive working hours, night or weekend work, could be in conflict with the goal of achieving higher productivity and quality of work in relation with, for instance, less favourable working conditions and increased health problems in direct relation to work. Such thoughts are of key importance in the current debate on the need to increase the adaptability of workers and companies, particularly in the context of Employment Guidelines 21 which encourage support to flexibility by assessing various contractual arrangements and working hour arrangements in the Member States, and the support and extension of innovative and adaptable forms of organisation of work.

Long-term trends in working hours

Generally, there is a long-term trend to reduce the average number of annual working hours per employee in the EU. Over the last two decades, the average number of working hours per employee dropped in nearly all EU-25 (except for Sweden) although the reduction differs in individual countries. Compared to 1983, extensive reductions of working hours occurred in France, Ireland and the Netherlands (and in Germany compared to 1994), while in all the remaining Member States (for which long-term assessments are available) the average reduction of working hours per employee reached 5 % and more, except for Sweden and the United Kingdom. Outside Europe, however, average working hours were reduced in a much more moderate manner for example in Australia, Canada and the United States, while there was a significant reduction in Japan similar to the majority of the European countries.

Working hours across the EU Member States

At the beginning of the second half of this decade, the average weekly working hours (main job) for all employees in the EU was between 29.6 hours in the Netherlands and 41.2 hours in Latvia, i.e. the EU average of 36.6 hours. The low average in the Netherlands, nearly 5 hours less than in Germany, i.e. the second lowest average, reflects the high rate of part time employment. The average weekly working hours remain generally higher in the new Member States than in EU-15 (except for Greece and Portugal), and in general it is 2 to 5 hours more than the EU-15 average.

This mainly results from the fact that the average working hours of women in the new Member States are similar to the working hours of men, which is unusual in EU-15. Considering that part- time jobs are mainly taken by women, men in principle work longer than women on average; the difference is 7 hours for the entire EU on average, but over 10 hours for the United Kingdom and the Netherlands. The gender difference, however, is much lower in the new Member States.

Considering contractual differences between full-time and part-time jobs, weekly working hours in the main job for full-time employees show considerably less differences among the Member States, i.e. 38.8 hours in the Netherlands and 42.6 hours in the United Kingdom. Gender differences in full-time job working hours are less significant for those employees (on average 2 hours across the EU), although in Ireland, Italy, Poland and the United Kingdom women with full-time jobs work on average by 7 – 10 % less hours (i.e. approximately 3 – 4 hours less) per week. Only slight differences between the usual working hours for all employees and for full-time employees in the new Member States generally results from low levels of part time jobs in those countries.

Among part-time employees, women work more hours on average, especially in Denmark and Sweden but also in Austria and Germany. On average, part-time employed women in the EU work 20.1 hours per week compared to 19.0 hours for men. In some Member States, however, men actually work longer in part-time jobs, particularly in Greece, Latvia, Luxembourg and Poland. In this respect there is a significant variety among the Member States regarding the average working hours in part-time jobs. The shortest

working hours are in Germany (17.4 hours), significantly less than the average of 25.3 hours in Sweden.

Currently, for nearly 12 million full-time employees in the EU, working hours exceed 48 hours per week, which is the legal maximum of weekly working hours in the majority of the EU Member States. It is approximately 9 % of full time employees and their share grew only slightly during the decade (in 2000, the estimate was 8.5 % of such employees). The growth reflects the fact that their share was reduced in nearly all new Member States and generally it was increased in the large continental Member States except for Germany. Working excessive working hours is relatively common practice for full-time employees in Austria and Latvia, and particularly in the United Kingdom, where this applies to nearly one fifth of full-time employees. On the other hand, it is relatively rare for full-time employees to work more than 48 hours per week in Lithuania, Luxembourg, the Netherlands and Sweden.

In terms of changes to weekly working hours (in full-time jobs, based on data in the survey on the labour force in the EU) of all employees from 2000 until now, the average working hours have been reduced for employees in the majority of the Member States, as well as in the entire EU. For some (particularly new Member States, Ireland and the United Kingdom), this reflects the reduction of working hours in general, for instance working hours for full-time employees in the Czech Republic and in Slovakia were reduced by approximately 2 and 1.5 hours, respectively, and therefore it leads the overall reduction of the average working hours for all employees in those countries. In other Member States (particularly in EU-15) the average reduction of weekly working hours results from an increase in part-time employment (especially in Germany and Spain).

The average working hours have been reduced the most in the Czech Republic, Germany, Malta and Slovakia. Generally, such changes were more significant for women than men, although the reduction is higher for men in the Czech Republic, Denmark, Cyprus, Hungary, the Netherlands, Sweden and the United Kingdom. As opposed to this general tendency, Belgium and France actually noted an increase in the average working hours per employee, and in both cases the increase was more pronounced for men.

Working hours per sector

Working hours differ significantly per economic sector. At the EU level, the average weekly working hours of full-time employees range from 36.5 hours in the education sector to 43 hours in the hotel and restaurant sector. Other sectors with relatively long average working hours include transport, warehousing and communication, wholesale and retail, automotive and home appliance repair, real estate, leases, and business activities in terms of services, mining activities, and civil engineering in industry. Generally, the working hours for full-time jobs in agriculture are also higher than the EU average. The total average working hours for full-time jobs in the services sector is slightly lower than the average in industry, as results from relatively shorter working hours in sectors like public administration, defence and compulsory social security, education, and health service and social works. This may also partially explain the continuing reduction of working hours in Europe, as the employment structure in the EU has been moving towards services while the employment in industry and agriculture has been declining.

In nearly all Member States the shortest average working hours for full-time jobs are in the education sector; the main exceptions occur in countries where the average working hours are slightly shorter in the health services and social works sectors (Denmark, Germany, the Netherlands, the United Kingdom and mostly Sweden, where the working hours in education are the longest out of all the sectors). Except for agriculture, the longest full-time working hours are in the hotel and restaurant sector in the majority of the Member States (nearly half of them) and the longest working hours are in mining activities and civil engineering for several other countries. The biggest difference in working hours across those sectors in the Member States can be found in the Southern states, and in Ireland, Poland and the United Kingdom. On the other hand, there are much smaller differences between those sectors in Austria, Germany, Hungary, Luxembourg and Sweden, particularly with respect to comparable working hours in education in those countries.

ATYPICAL WORKING ARRANGEMENTS

With regard to the arrangement of working hours, a significant portion of employees in the EU work flexible working hours or outside the usual working hours, for instance at night or during weekends.

Application of flexible working hours seems to be a common feature in the new states in Central Europe, as over 25 % of employees generally work flexible working hours in the Czech Republic, Poland, Slovakia and Slovenia. This is probably related to the relatively high employment rate in industry in those countries. It is also very similar for the Northern states of Finland and Sweden, where nearly one quarter of employees works flexible hours which is in contrast with Denmark where flexible working hours are traditionally not as common compared to the rest of Europe.

Generally, flexible working hours are more common for men than women, although relatively more women than men work flexible hours in Finland and Sweden, and out of the new Member States in Estonia, Lithuania and Slovenia.

Working outside standard working hours is not an unusual feature in the EU labour market (definitions of evening and night work differ significantly among the Member States). For example, 10 – 20 % of employees in the Member States generally declare that they work at night at least occasionally. In some Member States (namely Austria, the Czech Republic, Malta, Poland, Slovakia, the United Kingdom), the share of employees working at night exceeds 20 %. This occurs most commonly in Slovakia where 22 % of employees work at night and 15 % on a regular basis. The share of employees working at night in Slovakia is relatively high compared to other Member States although these numbers also exceed 10 % in Malta and the United Kingdom. On the other hand, regular work at night is relatively unusual in Belgium, Cyprus, Greece, Lithuania and Spain where 5 % and less of employees work at night regularly.

Working on Sundays is also a distinct common feature on the current labour market. In several Member States (the Czech Republic, Denmark, Lithuania, Poland, Slovakia and the United Kingdom), more than one third of employees occasionally work on Sundays. It is the most common in the United Kingdom and Poland where there are nearly 36 % of such employees, although the share of employees regularly working on Sundays is relatively low in those countries. In fact, the share of employees regularly working on Sundays is the highest in Austria, Denmark and Slovakia with 18 – 19 %. On the other hand, regular work on Sundays is relatively unusual in the Czech Republic, Cyprus and Hungary with less than 10 %.

Considering regular work at night and on Sundays together, Slovakia is obviously the Member State with the highest share of employees regularly employed with such an atypical work arrangement, and with the highest share in both types. Other countries with relatively high shares in regular work at night and on Sundays are Austria, Finland and Malta. On the other hand, countries like Belgium, Cyprus and Hungary have relatively low shares of employees employed with such atypical work arrangements.

Recent trends in flexible and night work and work on Sundays are relatively varied among the Member States. Generally, the occurrence of flexible working hours has been less common in the majority of the Member States, particularly in the majority of the new Member States and especially in Lithuania, Poland and Slovakia. This development is probably related to the decrease of employment in the industry sector where flexible working hours are generally more common. Only in the Czech Republic and Sweden is there a significant increase in flexible working hours.

There is no general model of the development in regular work on Sundays across the Member States. In Estonia, Malta and Sweden (all of them with relatively high rates of regular work on Sundays in 2000), a relatively significant decrease of employees working regularly on Sundays was noted, while there was an increase in Austria, France, Italy, Luxembourg and Slovakia (countries with low share in 2000). There is a similar situation in terms of trends regarding night work in those Member States that record a strong increase of working on Sundays, and vice versa. In some new states (Cyprus, Estonia, Hungary, Malta, Slovenia), a decrease of all three types of the working hours arrangement was noted. Another model noted a decrease of flexible working hours in some Member States combined with an increase of prevailing work on Sundays and at night (i.e. France, Italy, Luxembourg, Poland and Slovakia). However, none of the Member States noted an increase in all three types of working hour arrangements.

QUALIFICATION AND EMPLOYMENT

Europe needs to invest more widely and efficiently into human capital in order to improve access to employment for all age groups, to increase productivity and the quality of work and to create a labour force able to adjust to changes. Too many people still fail when entering or remaining in the labour market due to a lack of qualification and working abilities and skills, or generally due to discrepancies of working skills. At the same time, economies based on knowledge and services require various abilities and skills compared to traditional industrial sectors, i.e. abilities and skills that also require regular improvement and adjustment in terms of changes and innovations of technology. The significance of the need to increase education and professional skills is fully reflected in the Employment Guidelines adopted by the Council in 2005. This area is specifically covered by two of the guidelines:

- Guideline 23 that requires extension and improvement of investments in human capital by means of specific measures including lifetime education strategies;
- Guideline 24 that invites the Member States to implement educational and training systems in response to the new competence requirements.

Structure of working population

The skills and abilities of productive-age populations in the EU have been systematically increasing and improving, and therefore the labour force becomes more available for employment and more flexible, and the employment rates and rates of working activities also grow. Since the employment rates are generally higher a higher level of education is achieved, a change in the qualification structure of the productive-age population may be deemed positive in terms of employment.

In the middle of the decade, highly skilled workers (i.e. those who completed tertiary education) represented nearly 20 % of the productive-age population, while workers with a low qualification (i.e. those with lower secondary education or less) represented just below 33 %. When compared to 17.6 % and 36.2 %, respectively, for 2000, there is an ongoing improvement of the human capital in the EU. This results particularly from an improved qualification structure for women at a productive-age where the share of highly skilled workers increased by 3 percent and the share of workers with low qualification decreased by 4.3 percent, compared to 1.7 percent and 2.5 percent, respectively, for men.

There are significant differences between the Member States in the qualification structure of the productive-age population. Regardless of general trends to increase qualification, workers with low qualification still represent a relatively extensive share of the productive-age population in several Member States. In Malta and Portugal, workers with low qualification represent nearly three quarters of the productive-age population, and in Italy and Spain it is more than half. The highest share of highly skilled workers is in Finland (28.5 %); in eight other Member States the share exceeds 25 %. On the other hand, the share of highly skilled workers in the Czech Republic, Italy, Hungary, Malta, Poland, Portugal and Slovakia is only between 10 and 15 % although all those Member States have been showing an increase recently. The overall improvement of qualification of the productive-age population since 2000 represents an important trend noted in all Member States except Germany.

In the middle of this decade, the qualification structure of the productive-age population across the EU was rather similar for both men and women, which reflects a relatively high increase of qualification among women in the recent years. In the middle of the decade, the probability that women with a tertiary education would be employed was two times higher (79 %) when compared to women with secondary or lower education (36 %).

There are, however, rather significant differences in the gender structure among the Member States. In Austria, the Czech Republic, Germany, Hungary and Malta, the share of women with a low qualification is much higher (by more than 5 percent) than the share of men, but the situation in some other Member States, particularly Estonia, Ireland, Latvia and Portugal is just the opposite. Similarly, extensive differences are noted in the Member States regarding the share of highly skilled men and women. For instance, the share of highly skilled women is significantly lower than the share of men in Austria and Germany, while the situation in Estonia, Latvia, Lithuania, Slovenia, Finland and Sweden is just the opposite.

Qualification and employment development

There is a significant relation between the level of qualification and the employment rate when the rate is generally higher; the level of education is higher. In the middle of this decade, the average employment rate among highly skilled workers in the EU was 82.5 %, among workers with a secondary education (persons with a completed higher secondary education) it was

68.7 %, and among workers with low qualification it was only 46.4 %. The most distinctive differences between the employment rates of workers with low and high qualifications within one country are in the new Member States from Eastern Europe, where the differences exceed 50 percent for the majority of them, and reach up to 70 percent in Slovakia. The impact and significance of qualification levels to the employment of workers is the most pronounced in those countries.

The differences in the employment rates among the Member States are markedly higher for persons with a low qualification. The employment rates for highly skilled workers range from 76.9 % in France to 87.5 % in Latvia, Portugal and the United Kingdom; the difference is only 10 percent while the difference for workers with a low qualification ranges from 13 % in Slovakia to approximately 66 % in Portugal. Countries where the employment rates for workers with a low qualification are very low (less than 30 %) include all new Member States in Central and Eastern Europe; this reflects the relatively low level of activity of workers with a low qualification in the labour market in those countries. At the same time, the share of workers with a low qualification in the productive-age population in those countries is significantly below the EU average.

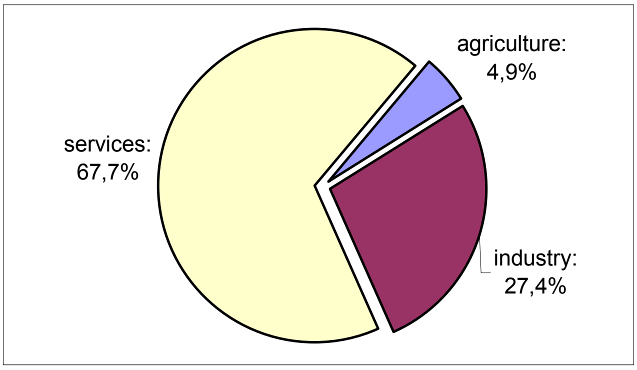
Considering the unemployment rate, the average unemployment rate for workers with a low qualification in the EU is more than twice as high as for highly skilled workers. The differences in the unemployment rate between those two groups are particularly distinctive in the Czech Republic and Slovakia, as well as in Poland. The unemployment rate for workers with a low qualification is more than ten times higher than the rate for highly skilled workers in the Czech Republic and Slovakia. This is in contrast with the situation in Cyprus, Denmark, Greece, Italy, Luxembourg, the Netherlands, Portugal and Spain where the unemployment

rates for workers with a low qualification and highly skilled workers differs by less than 5 percent.

SECTOR STRUCTURE OF EMPLOYMENT AND TRENDS

In the middle of this decade the overall sector structure in EU-25 included 4.9 % of the overall employment in agriculture, 27.5 % in industry and 67.7 % in services. This issue is dominantly characterised by an increasing significance of the employment rate in services together with decreasing rates in agriculture and industry.

Sector structure of employment in EU-25



Source: Eurostat

There have been significant differences in the Member States in terms of the relative importance of the employment rate in the main sectors. For example in Poland and Lithuania, agriculture still represents 17 % and 15 %, respectively, of the overall employment and this share remains relatively high in Greece, Latvia and Portugal. On the other hand, in Luxembourg, Malta and the United Kingdom, the employment in agriculture is less than 2 % of the overall employment. The share of industry in the overall employment ranges from 17 % in Luxembourg to approximately 39 % in the CR and Slovakia. The services sector is by far the most important employer in all Member States; the employment rate in services ranges from less than 55 % in Poland and Slovenia to over 75 % in the Netherlands, Sweden and the United Kingdom and over 80 % in Luxembourg.

REGIONAL DIFFERENCES IN LABOUR MARKET

Concerns regarding regional differences represent a long-term key element of European policies, including the employment policy, aimed at increasing the ability of regions with low performance to achieve the Lisbon employment objectives. The key objective of the Lisbon Strategy therefore is to enhance territorial cohesion, which results in the need for determined activity aimed at reducing regional differences in employment, unemployment and productivity of work.

In the middle of this decade, the regional employment rates still showed rather significant differences across the EU, as well as in individual states. Regardless of certain improvement in reducing the differences in regional employment, Italy has been the Member State with the most distinctive differences since 2000.

On the other hand, the employment rate in Bedfordshire and Hertfordshire in the United Kingdom, reaches up to 78.2 % (a difference of up to 35 percent). While the differences in regional employment rates in the majority of the Member States have decreased (on the NUTS 2 level) since 2000 (as noted particularly in Spain, Italy, Finland and the United Kingdom), the differences have increased in some other countries (particularly in Austria, Belgium and Germany).

Big differences in regional employment development in Italy have had a significant impact on the overall employment rate in the EU. In nine of the 22 NUTS 2 regions in Italy, the employment rate is below 60 % and in five it is actually less than 50 %, although some of those regions showed also the highest improvement. Regional differences remain relatively high in Belgium, Hungary, Slovakia and Spain.

On the other hand, in Austria, the Netherlands and Portugal the regional employment rate differences are the lowest with an employment rate of 63 % in all regions. In Poland, where the overall employment rate is the lowest in the EU, the regional differences are smaller than in a number of other Member States which indicates that the relatively low employment rate in Poland, when compared to Italy, is a general and not just a regional problem.

From the perspective of underdeveloped regions (regions with an employment rate less than 90 % of the national average) the development of regional differences is rather similar to the first half of this decade. While in the majority of Member States the number of underdeveloped regions remained the same, in some cases (Spain, Italy) the situation improved when the average employment rate in the underdeveloped regions came close to the national average.

Moreover, the situation has improved even more significantly in France and the United Kingdom.

DEMOGRAPHIC TRENDS AND MIGRATION

In the beginning of 2006, there were nearly 462 million citizens in the EU-25 (currently in EU-27 it is approximately 493 million), i.e. approximately 2 million more than in the previous year. The population growth results particularly from

net migration, out of which around 1 million was in Italy and Spain. However, both those Member States further develop due to the “regularisation” programmes under which they include persons who have entered their country prior to the monitored date and later made their stay in the country legal.

In the middle of the decade, the EU Member States experienced very different rates of population growth. Population grew annually on average by 3 % in Cyprus and 2 % in Ireland, but Latvia and Lithuania noted a decrease. The natural increase in the EU population was the main component of the overall population growth only in Denmark, France, Luxembourg, the Netherlands and Finland. In all the remaining Member States the growth resulted from net migration (except for the three Baltic states and Poland, where the net migration was negative). Recent trends confirm the importance of international migration for population changes. This is reflected especially in the Czech Republic, Italy and Slovenia, where the population would decrease otherwise. While the majority of the Member States has evidenced an overall population growth, there was a decrease noted in Germany, Hungary and Poland and particularly in Estonia, Latvia and Lithuania.

Migration

After a relatively strong decrease during the 90s, the net influx of international immigrants to the EU increased in the first half of this decade and then it slightly dropped, but in long-term comparison it remains on high levels. Spain, Italy, Germany and the United Kingdom together represent nearly three quarters of the net influx while Cyprus is the country with the highest net migration rate.

According to the official national statistics and estimates of Eurostat, the total number of persons who are immigrants and live in a Member State is approximately 25 million, i.e. around 5.5 % of the overall EU population. In absolute numbers, the highest numbers of immigrants live in France, Germany, Italy, Spain and the United Kingdom. In all Member States except for Belgium, Cyprus, Ireland and Luxembourg, the majority of immigrants are citizens of non-EU countries.

The structure of citizenship of immigrants in the EU Member States differs significantly. The geographic similarities and the structure of immigrants in each country strongly reflect its history, particularly the historical trends of migration for work purposes, recent political developments and other historical contexts. For example, the most extensive groups of immigrants include Turks in Germany, Denmark and the Netherlands, citizens from the former colonies in Portugal and Spain, immigrants from Albania in Greece, citizens from the ex-Yugoslavia in Slovenia, and citizens from the former Soviet Union in Estonia, Latvia and Lithuania. Generally, immigrants form about 2 – 8 % of the overall population in the majority of Member States; more than 8 % in Austria, Belgium, Cyprus, Estonia, Germany, Greece, Latvia and Luxembourg. On the other hand, immigrants form less than 2 % of the population in the Czech Republic, Hungary, Lithuania, Poland and Slovakia.

Labour market for immigrants in the EU

At the EU level, the results in the labour market for non-EU citizens are obviously worse compared to EU citizens. While their rate of economic activity (67 %) is relatively similar to the rate of economic activity of EU citizens (around 71 %), their employment rate is significantly lower (55 %, compared to around 65 % for EU citizens). This is reflected in the unemployment rate that was nearly double for non-EU citizens (17 %) compared to EU citizens in the middle of this decade. It is, however, not common in the Member States, that the employment rate for non-EU citizens is lower than the unemployment rate for EU citizens.

In many new Member States as well as in Greece, Spain and Portugal, the employment rate for non-EU citizens was higher than for EU citizens in the middle of the decade. In the majority of Member States however, the market integration for non-EU citizens remains a significant problem, particularly in Belgium, Denmark, Finland, the Netherlands and Sweden where the differences in employment rates compared to EU citizens exceed 20 percent and, at the same time, there are strong disparities in the unemployment rates. For instance, the difference in the employment rate reaches 33 % in the Netherlands and the employment rate for non-EU citizens is the lowest in Belgium with only 35 %.

At the EU level, the differences related to the position of non-EU and EU citizens in the labour market are even more distinctive for highly skilled workers. This reflects the significant failure to use important human capital. The employment rate for highly skilled EU citizens was around 83 % in the middle of the decade while it was only 67 % for highly skilled non-EU citizens. Differences between the employment rates for workers with intermediate qualifications (69 % compared to 63 %) and with low qualifications (46 % for both groups) are much less distinctive at the EU level.

In terms of the gender structure, non-EU women in particular faced difficulties and complications compared to EU women. The employment rates are low for all qualification levels and the difference is clearly visible in the case of highly skilled women where the difference between employment rates for non-EU and EU women exceeds 20 %.

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

Key macroeconomic indicators

	GDP growth y-on-y			Current account to GDP*			Unemployment rate			Inflation y-on-y average		
in %	2005	2006	2007	2005	2006	2007	V-08	VI-08	VII-08	V-08	VI-08	VII-08
Belgium	1.7	2.8	2.7	3.0	3.3	3.3	6.9	7.0	7.1	5.1	5.8	5.9
Bulgaria	6.2	6.3	6.2	-11.5	-16.3	-22.0	5.6	5.5	5.3	14.0	14.7	14.4
CR	6.4	6.4	5.8	-2.3	-3.1	-2.4	4.4	4.4	4.3	6.8	6.6	6.8
Denmark	2.5	3.9	1.8	4.4	2.6	1.1	2.7	2.6	2.3	3.6	4.2	4.4
Germany	0.8	2.9	2.5	4.7	5.2	6.9	7.5	7.4	7.3	3.1	3.4	3.5
Estonia	10.2	11.2	7.1	-10.1	-15.7	-15.7	3.9	3.9	4.0	11.4	11.5	11.2
Ireland	6.0	5.7	5.3	-3.5	-4.2	-5.0	5.5	5.7	5.9	3.7	3.9	3.6
Greece	3.8	4.2	4.0	-13.4	-14.4	-16.2	n/a	n/a	n/a	4.9	4.9	4.9
Spain	3.6	3.9	3.8	-7.5	-8.8	-10.0	10.4	10.7	11.0	4.7	5.1	5.3
France	1.7	2.0	1.9	-1.7	-2.2	-2.6	7.5	7.5	7.3	3.7	4.0	4.0
Italy	0.6	1.8	1.5	-1.2	-2.0	-1.7	n/a	n/a	n/a	3.7	4.0	4.0
Cyprus	3.9	4.0	4.4	-5.9	-5.9	-7.3	3.5	3.6	3.7	4.6	5.2	5.3
Latvia	10.6	11.9	10.2	-12.5	-22.5	-22.9	5.6	5.7	5.7	17.7	17.5	16.5
Lithuania	7.9	7.7	8.8	-7.2	-10.5	-13.8	4.5	4.4	4.6	12.3	12.7	12.4
Luxembourg	5.0	6.1	5.2	10.9	10.3	9.1	4.1	4.1	4.2	4.8	5.3	5.8
Hungary	4.1	3.9	1.3	-6.8	-6.5	-5.0	7.6	7.6	7.6	6.9	6.6	7.0
Malta	3.4	3.4	3.8	-8.8	-8.3	-5.5	5.8	5.8	5.7	4.1	4.4	5.6
Netherlands	1.5	3.0	3.5	7.1	7.6	8.4	2.8	2.7	2.6	2.1	2.3	3.0
Austria	2.0	3.3	3.4	3.0	3.5	4.7	4.2	4.1	4.2	3.7	4.0	3.8
Poland	3.6	6.2	6.5	-1.6	-3.1	-3.7	7.5	7.3	6.8	4.3	4.3	4.5
Portugal	0.9	1.3	1.9	-9.8	-9.8	-9.8	7.6	7.6	7.5	2.8	3.4	3.1
Romania	4.2	7.9	6.0	-8.9	-10.4	-13.9	n/a	n/a	na	8.5	8.7	9.1
Slovenia	4.1	5.7	6.1	-2.0	-2.8	-4.8	4.3	4.2	4.2	6.2	6.8	6.9
Slovakia	6.6	8.5	10.4	-8.5	-7.7	-5.4	10.4	10.4	10.3	4.0	4.3	4.4
Finland	2.8	4.9	4.4	3.9	4.9	4.4	6.3	6.3	6.3	4.1	4.3	4.3
Sweden	3.3	4.1	2.6	6.1	8.5	6.5	5.4	5.3	5.3	3.9	4.1	4.1
UK	1.8	2.9	3.1	-2.5	-3.9	-4.2	5.3	n/a	n/a	3.3	3.8	4.4
EU	1.9	3.0	2.9	-0.4	-0.9	-0.9	6.8	6.8	6.8	4.0	4.3	4.4

	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
in	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Belgium	-2.3	0.3	-0.2	92.1	88.2	84.9	121.0	119.6	118.1	106.0	106.2	105.4
Bulgaria	1.8	3.0	3.4	29.2	22.7	18.2	35.3	36.7	38.1	43.1	44.8	46.0
CR	-3.6	-2.7	-1.6	29.7	29.4	28.7	76.5	78.5	82.0	58.4	61.5	62.6
Denmark	5.0	4.8	4.4	36.4	30.4	26.0	126.5	125.6	122.8	139.6	139.2	136.9
Germany	-3.4	-1.6	0.0	67.8	67.6	65.0	115.0	114.0	113.2	103.7	103.3	103.2
Estonia	1.8	3.4	2.8	4.5	4.2	3.4	62.8	68.3	72.1	64.6	66.5	71.3
Ireland	1.6	3.0	0.3	27.4	25.1	25.4	143.6	145.3	146.3	124.8	124.9	126.0
Greece	-5.1	-2.6	-2.8	98.0	95.3	94.5	96.1	97.2	97.9	88.4	89.1	88.6
Spain	1.0	1.8	2.2	43.0	39.7	36.2	102.9	104.8	106.9	92.0	93.3	93.0
France	-2.9	-2.4	-2.7	66.4	63.6	64.2	112.3	111.8	111.3	107.4	107.3	106.7
Italy	-4.2	-3.4	-1.9	105.8	106.5	104.0	105.1	103.2	101.4	104.0	104.1	102.9
Cyprus	-2.4	-1.2	3.3	69.1	64.8	59.8	92.5	91.8	92.7	89.7	90.1	87.7
Latvia	-0.4	-0.2	0.0	12.4	10.7	9.7	49.9	53.6	58.0	57.1	60.6	65.0
Lithuania	-0.5	-0.5	-1.2	18.6	18.2	17.3	53.1	56.1	60.3	55.1	56.6	59.7
Luxembourg	-0.1	1.3	2.9	6.1	6.6	6.8	264.0	278.9	276.4	102.7	103.2	105.1
Hungary	-7.8	-9.2	-5.5	61.6	65.6	66.0	64.1	64.9	63.5	63.5	60.0	65.7
Malta	-3.0	-2.5	-1.8	70.4	64.2	62.6	77.4	76.9	77.1	73.1	73.4	73.2
Netherlands	-0.3	0.5	0.4	52.3	47.9	45.4	131.0	130.4	130.9	104.5	103.9	103.1
Austria	-1.5	-1.5	-0.5	63.5	61.8	59.1	128.7	127.4	128.2	101.9	101.2	100.0
Poland	-4.3	-3.8	-2.0	47.1	47.6	45.2	51.2	52.4	53.6	61.3	62.1	63.4
Portugal	-6.1	-3.9	-2.6	63.6	64.7	63.6	75.4	74.4	74.7	85.3	85.7	84.6
Romania	-1.2	-2.2	-2.5	15.8	12.4	13.0	35.4	38.8	40.7	54.3	57.0	64.7
Slovenia	-1.5	-1.2	-0.1	27.5	27.2	24.1	86.8	87.7	88.8	75.8	75.3	76.9
Slovakia	-2.8	-3.6	-2.2	34.2	30.4	29.4	60.5	63.6	68.6	55.8	58.3	63.0
Finland	2.9	4.1	5.3	41.3	39.2	35.4	115.1	116.8	116.2	123.3	121.7	121.4
Sweden	2.2	2.3	3.5	50.9	45.9	40.6	123.6	124.4	126.2	117.9	117.5	116.4
UK	-3.4	-2.6	-2.9	42.1	43.1	43.8	119.1	117.8	115.9	110.2	110.8	112.3
EU	-2.5	-1.4	-0.9	62.6	61.3	58.7	100.0	100.0	100.0	100.0	100.0	100.0

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