



EU News

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Dear readers,

This September serve to illustrate that, when it comes to the behaviour of economic and financial processes during unfavourable times, the European dimension can almost be too narrow and too small. In a world that is becoming more and more globalised, an infection from another of its regions has fully hit home, even in Europe, over the course of September.

The close of the past month started out full of news about the problems faced by a number of banks and financial institutions in several European countries – some of them are finding it difficult to pull themselves out of the situation on their own and are pleading to their governments for financial assistance. As the condition some of them are facing became incontrovertible and highly evident, not only did the governments of the individual countries come into play, but even the European Commission and a specifically focused group of states.

The proposals that could be seen include the one from the French, which proposes the possibility of establishing a European Rescue Fund. Ireland, Greece and Germany (the possibility of others joining in as well cannot be excluded) decided to provide a guarantee for all bank deposits much to the dislike of other EU member states. Britain raised the ceiling for the insurance they provide. Even the word nationalisation was mentioned with regard to some institutions in Britain, the Netherlands and other countries. This was all accompanied by reports from the USA on the approval of a bailout plan in the amount of 700 billion dollars that will be outlaid from public support resources.

Nevertheless, it still seems that the external margin of this crisis runs parallel to the borders of the Central European region, in which the recently proven measure of caution and aversion to risk on the part of the banking houses seemingly exceed that which exists at the core of the Western world. At the same time, it also seems that the consequences of the existing situation on the domestic economy will not be immediate, but will rather subsequently develop from the fact that the Czech economy and the other economies of the region display an enormous level of their external openness.

At the start of October, as has become tradition, we can look forward to the most important forum of regions – EU Open Days in Brussels, while this September was the first time that Open Days were held directly on the base of authentic domestic environments in a number of European regions. And what is the main topic? The form that EU cohesion policy will take after 2013.

Unfortunately, even this serious and well-meant debate might be fundamentally influenced by the impacts of the financial crisis and its fiscal consequences. Public budgets have their limits and the concurrent rescue operation for financial predicaments and generous financing for the European future might not always be compatible.

Petr Zahradník

The European Commission's economic forecast confirmed that the economic crisis is rapidly moving from overseas to the "Old Continent". The ministers of finance from the member states agree that the European Investment Bank should provide more credit to small and medium-sized enterprises. The European Parliament has requested that the Commission prepare new proposals aimed at better regulation and a higher level of financial market stability.

ECONOMY AND EURO

Union Economy Nears Recession Due to Large Countries

The European economy is facing a further slowdown, as it is anticipated that **Germany, Spain and Great Britain will most likely enter a recession**. This is based on estimates published by the European Commission.

The European Commission once again decreased its estimates for economic growth this year. According to its latest forecast, the **growth rate for the entire European Union is expected to be 1.4%** (1.3% for the countries of the Eurozone). As recently as April, the Commission was forecasting a growth rate of 2% for the EU-27 and 1.7% for the Eurozone. The greatest doubts are raised by Germany – the largest European economy, which, according to estimates, will experience a slowdown for the second consecutive quarter. The next few months should then reflect a slight recovery.

Great Britain and Spain are expected to be in a similar situation, while **France and Italy should be somewhat better off**. Economic growth even in these latter countries is, however, not convincing enough to scatter doubts of a threatening recession, as was commended by Luxembourg's Minister of Finance Jean-Claude Juncker, who presides over the regular meetings of the Eurozone ministers of finance.

Real GDP growth

	q-on-q growth				y-on-y growth
	1Q/08	2Q/08	3Q/08*	4Q/08*	2008
Germany	1.3	-0.5	-0.2	0.2	1.8
Spain	0.3	0.1	-0.1	-0.3	1.4
France	0.4	-0.3	0.0	0.1	1.0
Italy	0.5	-0.3	0.0	0.1	0.1
Netherlands	0.4	0.0	0.3	0.4	2.2
Euro area	0.7	-0.2	0.0	0.1	1.3
Poland	1.4	1.5	0.7	0.6	5.4
UK	0.3	0.0	-0.2	-0.2	1.1
EU	0.6	-0.1	0.0	0.1	1.4

Source: European Commission, *) EC's outlook

"The economic slowdown will be **more pronounced and longer than originally foreseen**," said Juncker during the speech he made to members of the European Parliament.

Joaquín Almunia, European Commissioner for Economic and Monetary Affairs, described **external conditions as "complex and uncertain"**. The turmoil in the financial markets and "the near doubling of energy prices over the same period" must have had "an impact on the economy". Almunia asked for the speeded up implementation of last October's plan, which is intended to help renew stability and confidence on the financial markets and lead to further consolidation of public finances in a manner whereby the burden for future generations is not increased.

At the current time of a global highly-interlinked economy, it was illusionary to hope that the financial problems in the United States would remain on the other side of the Atlantic; **sooner or later they would have to appear even on the "Old Continent"**. The aforementioned report published by the European Commission focused only on the European Union's largest economies. It does not mention that other member states, such as Ireland, Estonia, Denmark and Latvia are also heading towards a recession – or are already in one.

A gradual recovery cannot be expected until some time at the end of this year and the start of the next.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1305>

FINANCE

EU Allows Banks to Increase Fees in Order to Support SEPA

The European Commission will allow banks to temporarily charge higher fees for certain financial transactions. It hopes that this will **stimulate the smooth transition to the Single Euro Payments Area (SEPA)**, which aims to unify cross-border and intrastate payments made in euros.

The first phase in the establishment of SEPA started in January 2008 and pertains to **direct payments made in euros**. The second phase is scheduled to start in November 2009 and is intended to bring the creation of a common **SEPA instrument for direct debit transactions**. By the end of 2010, payment card transactions should also be governed by SEPA rules.

The European Commission's decision presents financial institutions, which are still running into turmoil on the financial markets, with an incentive to implement SEPA more quickly. The fact is that allowing direct debit payments across the borders of member states will require **large investments to modernise payment systems** and



the return on these investments is unclear. Brussels obviously listened to the arguments submitted by the banks, as it has allowed them to initially implement “transitional” interchange (interbank) fees for providing direct debit services.

In practice, the European Commission’s approval for implementing interchange fees will mean that the bank that provides its customer with direct debit services will **pay the receiving party’s bank a fee**, which at the current time ranges between 3 and 90 eurocents. As a rule, banks pass these fees on to their customers. In the case of business customers it is highly likely that they then transfer their expenses into the price of their products.

The fees for SEPA transactions should not be higher than fees that banks charge each other within the existing systems that SEPA will gradually replace.

Implementing the Single Euro Payments Area is a logical step. There are however several unknown factors as to whether there will be sufficient interest amongst customers for the new SEPA products to justify large investments into implementing the complete system. The European Commission’s accommodating step is thus a rational decision towards the easier advancement of SEPA.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1290>

Parliament Calls for New Legislation to Ensure Financial Stability

The European Parliament has requested the Commission to present some **new proposals directed at improving regulation** and ensuring a higher level of stability for the financial markets.

The MEPs are primarily interested in increasing the transparency of financial markets. Specifically, they want to see **clearer criteria for the valuation of financial instruments** and a greater level of transparency with regard to hedge fund functionality. The interests of investors and originators (investment banks that create packages of receivables) should be brought into alignment. For this purpose, originators of securitised products should retain a certain level of exposure through owning a representative share.

The proposal for creating a “European Private Placement Regime” is also intended to **lead to greater transparency**, as it would simplify cross-border trading with financial products.

Rating agencies have also come into the sights of the MEPs, according to whom they should **strictly separate their consulting and rating activities in order to avoid conflicts of interest**. According to Parliament, the Commission should also concentrate on examining the relations that rule on the financial services market and determine if there are any violations of fair competition principles. In conclusion, the MEPs request the Commission to perform a “wide-ranging review” of existing legislation pertaining to financial institutions (especially with regard to private capital and hedge funds) in order to discover any deficiencies that might exist.

One of the causes of the current financial crisis is **insufficient supervision of the financial sector** (primarily American banks) and the failure of ratings agencies in performing their role. It is obvious that the reaction will result in stricter regulation of the financial sector. The responsible authorities face a very difficult task however, as they must determine the level of regulation that can be allowed while ensuring that there is no unjustifiable negative impact on the entrepreneurial environment when it comes to financial services. Charlie McCreevy, the European Commissioner for the Internal Market and Services, also issued a warning against this threat.

At the current level of economic and financial interdependency between the EU and the USA, **all future measures should be mutually coordinated**.

http://www.europarl.europa.eu/news/expert/infopress_page/042-37772-266-09-39-907-20080922IPR37771-22-09-2008-2008-false/default_en.htm

ENTERPRISE

Will the EIB Mitigate the Impact of the Recession on SMEs?

The EU’s ministers of finance have agreed that the European Investment Bank (EIB) should **provide more credit to small and medium-sized enterprises (SMEs)**. Entrepreneurs would thus have easier access to finances at a time that strict credit requirements on the market might plunge the European economy into a recession. The EIB’s role in coordinating financing for large energy-related projects should also increase.

The EIB is the investment authority of the European institutions and its task is to **finance projects pertaining primarily to infrastructure**. The source of the financing comprises primarily resources which the member states



Minister of Social Affairs Petr Nečas does not agree with the implementation of “blue cards”, which are intended to help qualified workers from third countries enter the EU labour market. The minister argues that citizens of the Czech Republic still do not have free access to certain Western European countries.

have deposited into the EIB and who are also the bank's shareholders. Until now, the EIB has provided resources to small and medium-sized enterprises to only a limited degree.

According to the ministers of finance, the credit capacity of the European Investment Bank (EIB) should increase by 30 billion euro. The new loans that are provided up to 2011 should serve primarily for financing small and medium-sized enterprises. **The 30 billion euro increase in financial resources** is approximately twice the amount that the bank is currently providing to the SME sector.

The Council of the EU also **assigned the bank the task of establishing a workgroup** whose task is to find a manner in which European investments into infrastructure, particularly with regard to energy, can be better coordinated. The workgroup should comprise investors from a number of public financial institutions such as the French Caisse des Depot and the Hungarian Development Bank.

The ministers also addressed the issue of finding a **common standpoint with regard to monitoring financial groups**. The French presidency sent out a document to all the participants calling for a greater level of coordination between national supervisory bodies when monitoring banks and insurance companies that are active in more than one member state. A number of primarily new member states are either sceptical about these measures or fear that their national supervisory bodies will lose their jurisdiction. According to officials who participated at the meeting of ministers, the discussion was however led in more of an “amicable spirit”.

http://www.ue2008.fr/PFUE/site/PFUE/lang/en/Informelle_ec_ofin_resultats

EMPLOYMENT AND SOCIAL AFFAIRS

Nečas Has Reservations about “Blue Cards”

Petr Nečas, the Czech Minister of Labour and Social Affairs, **does not agree with the implementation of the “blue cards”** that the Union wants to use for the purpose of luring qualified workers from third countries. The European Commission presented a proposal for establishing these cards last October.

For quite a long time, Europe has been facing an outflow of qualified workers to countries such as the United States, Canada and Australia and **is not all that appealing to qualified labour from countries like China and India**. The blue cards would help improve this unfavourable status.

According to the Commission's original proposal, the cards would **apply only to highly-qualified workers**. Applicants would obtain them on the basis of university diplomas, proven work experience in the field and an employment contract for a period of at least one year together with a salary higher than the average wage in the applicable member state (according to the most recent proposals, this would be 1.5 times the average wage).

Blue card holders would receive a **two-year renewable work and residence permit** and these rights would also apply to their family members. After five years, a blue card holder would automatically receive a permanent residence permit. The proposal for establishing the blue card system also relies on the fact that each member state would have the right to establish quotas as to how many workers from third countries would be allowed to search for employment in their territories. Thus far, Germany and Austria have voiced their intent to implement quotas for the number of qualified employees.

Although we believe that systems for luring qualified immigrants would help increase the competitiveness of the European economy, we consider the **viewpoint presented by Minister Nečas to be correct**. It would truly be absurd to consider opening the employment market to citizens from third countries in a situation wherein the employment markets in certain member states remain closed to a certain segment of EU citizens. Negotiations on the blue cards can serve as a useful tool for repealing the economically senseless limitations that are placed on Czech citizens with regard to accessing the labour markets in Germany and Austria.

http://www.eu2008.fr/PFUE/lang/en/accueil/PFUE-09_2008/PFUE-25.09.2008/Resultats_JAI_250908

TRANSPORT AND ENERGY

Transport Ministers Support Optional Road Tolls

At the informal Transport Ministers Council meeting held in La Rochelle, the ministers of transport expressed a certain amount of scepticism about the European Commission's proposal to **impose fees for truck transport based on expenses** ensuing from traffic congestion, excessive noise and air pollution. French Transport Minister Dominique Bussereau said that the Council has agreed on the fact that road tolls “should rather be optional and that revenues should be allocated as European states want them to be”.



Events

Spain led the opposition against the Commission's proposal, as it believes that this is an inappropriate time to incorporate the costs of congestion, accidents, noise and air pollution in road tolls because increasing crude oil prices are already disproportionately **increasing transport operator expenses in an unsustainable manner**. A number of the new member states, together with Finland and Portugal, also voiced their fears that the plans could damage their economies, which are highly dependent on road transport.

Antonio Tajani, the European Commissioner for Transport, attempted to reassure the ministers that the road toll directive does not impose a "new tax" on transporters but rather a tool that will help them **decrease expenses by limiting traffic congestion**.

The ministers also addressed measures that would create new incentives for developing "**motorways of the sea**". According to its original intentions, this project should have resolved problems with transport in Europe, but, for the meantime, no specific steps have been taken with regard to this issue. The ministers would like the project to be more practicable. According to them, a higher level of cooperation with manufactures is required as well as simplification of financing rules with the assistance of the European Investment Bank.

http://www.eu2008.fr/PFUE/lang/en/accueil/PFUE-09_2008/PFUE-02.09.2008/reunion_informelle_des_ministres_des_transports

AGRICULTURE

What to do with Agricultural Policy? Dissent Continues.

At their September meeting, the EU ministers of agriculture **started off the debate on the future common agricultural policy after 2013**. According to the French presidency, the first step is to agree on the basic principles that should guide common agricultural policy in the future. Once the actual discussion starts though, stormy negotiations are expected between the traditional supporters of direct subsidies and intervention, as represented primarily by France, and reformers, led by Great Britain.

Differing opinions have already come to light during the **debate on the "health check"** for the existing Common Agricultural Policy (CAP), within the framework of which the Commission came up with a proposal for limiting direct payments to farmers in several sectors and using them in other areas, namely for rural development.

Marianne Fischer-Böel, the European Commissioner for Agriculture and Rural Development, also outlined the objectives of the European executive branch at the Council Summit. In the first place, the **direct payment system, which is not effective in its current form, must be better defined** according to the Commissioner. Independent of the fact of how high the CAP budget will be after 2013, the Commission's main priority will be rural development.

Average Utilised agricultural area per farm in hectares

Slovakia	143.0	Spain	24.8
CR	131.7	Netherlands	23.9
UK	81.6	Bulgaria	21.1
Estonia	57.0	EU-27	20.7
Luxembourg	54.5	Austria	19.6
Denmark	53.8	Lithuania	18.2
France	52.1	Portugal	16.0
Sweden	46.7	Poland	12.1
Germany	45.7	Italy	9.0
Ireland	33.2	Romania	8.4
Finland	32.3	Slovenia	7.4
Latvia	29.0	Greece	5.8
Belgium	27.9	Cyprus	4.8
Hungary	26.0	Malta	1.2

Source: European Commission

According to France, stepping back from intervention is not appropriate at this time, namely back to back with this year's food crisis, **Great Britain and other member states, including the Czech Republic**, are striving to ensure that farmers react to market stimuli to a higher degree and are compensated on the basis of market prices.

Ultimately, the ministers successfully agreed only on the declaration whereby the member states concur that, in the future, **CAP must reward those farmers whose production is higher and of a better quality** while still remaining environment friendly. There is, however, dissent amongst the member states as to how this goal should be attained.

The future form of the Common Agricultural Policy is difficult to predict due to the sizable differences of opinion between individual states. We believe that, in the end, rational arguments will be victorious and **more market principles will be introduced** into the European Union's rules for agricultural production. Redirecting



Events

European Commission President José Barroso indicated that if Belgrade continues cooperating with the criminal tribunal (ICTY) in The Hague, Serbia might acquire official status as a European Union candidate country next year. Brussels will start talks on a new Partnership and Cooperation Agreement with Russia in October, according to François Fillon, the prime minister of France. The only condition is the withdrawal of Russian troops from Georgia by 10 October as promised by Russia.

subsidies to rural development is certainly a step in the right direction.

http://www.eu2008.fr/PFUE/lang/en/accueil/PFUE-09_2008/PFUE-23.09.2008/reunion_informelle_des_ministres_de_l_agriculture_a_annecy

ENLARGEMENT

Union Offers Serbia Candidate Status in 2009

According to the message that European Commission President José Manuel Barroso passed on to Serbian representatives, the European Union could **grant Serbia candidate status as early as in 2009** under the condition that the country does not cease exerting sufficient efforts. At the same time, he emphasized that there is no obligation on the part of the Union. According to him, "it depends on Serbia, it depends on the conditions on the European Union side".

Barroso defined the most important condition that Serbia should meet as being **cooperation with the International Criminal Tribunal for the Former Yugoslavia (ICTY)**. The imprisonment of Radovan Karadzic, who is charged with war crimes, is, according to Barroso, a historic moment and a milestone on the path to membership in the European Union.

In relation to this fact, Barroso proposed rewarding Serbia with the implementation of a **Stabilisation and Association Agreement (SAA), which was signed this April**. Serbia ratified this agreement in September and all that remains in order for it to enter into force is its ratification by all of the EU member states. On the European side, the only hurdle to the implementation of this agreement is the stand taken by the Netherlands government, who has made its consent conditional upon the transfer of a second war criminal – Ratko Mladic – to the tribunal in The Hague.

The agreement, which ensures closer business ties with the Union and easier movement throughout the territories of the European Union, is understood to be a **fundamental step towards the country's accession to the EU** and is also one of the Serbian government's main priorities. The next priority then becomes obtaining the status of a candidate country and the implementation of better visa procedures with the EU.

The Serbian representatives do not however intend to step back with regard to the Kosovo issue. "**Serbia will never**

give up Kosovo," emphasised Serbian President Boris Tadić.

We believe that the future of the countries of the Western Balkans, including Serbia, lies in European Union membership. This will, however, **be a longer-term process**. In our opinion, Serbia will not expand the ranks of EU member states during the current programme period, which ends in 2014.

http://ec.europa.eu/commission_barroso/president/pdf/Press_points_Barroso_Tadic_080903.pdf

EXTERNAL RELATIONS

EU to Start New Strategic Partnership Talks with Russia in October

The EU will start **negotiations with Russia in October for a new Partnership and Cooperation Agreement**. This statement was made by French Prime Minister François Fillon after meeting with his Russian counterpart Vladimir Putin.

The validity of the **Partnership and Cooperation Agreement that the EU signed with Russia in 1997 expired last year**. The start of negotiations for a new agreement was blocked until this June by Poland and subsequently Lithuania. Warsaw did not like the Russian veto on the import of meat and vegetables from Poland. Lithuania was against the Russian decision to close down the crude oil pipeline leading to the only refinery located on Lithuanian soil and also criticised Russia for its stand with regard to the conflict in Moldova.

By June however, there was no longer anything preventing the start of talks. After the Russo-Georgian conflict in August however, the leading representatives of the member states and governments made a decision to cease the negotiations at a special EU summit held on 1 September. One week later, Russia finally agreed to **withdraw all of its troops from Georgia by 10 October**.

The military withdrawal truly started and the EU has already approved **sending an observer mission to replace the Russian military units as of 1 October**. The observers are not armed and will monitor the withdrawal of Russian troops from the buffer zones located around the borders of South Ossetia and Abkhazia and from which the Russian army should depart. The members of the mission come from twenty-two of the EU member states and include policemen, as well as experts in human rights and legal issues.

Moscow intends to deploy over seven thousand of its soldiers in the territories of South Ossetia and Abkhazia on the basis of friendship treaties that have been concluded with the separatist provinces. It will not consult their deployment with either Georgia or the representatives from the West. Russia acknowledged South Ossetian and Abkhazian independence and **established diplomatic relations with them**.

On the basis of a two-day meeting between French Prime Minister François Fillon and Russian Prime Minister Vladimir Putin, it was decided that **EU will renew talks on a strategic partnership with Russia in October** under the condition that Moscow stands by its obligation to withdraw its troops from Georgia. Both prime ministers also discussed the possibility of expanding bilateral cooperation between France and Russia with respect to space research.

http://ec.europa.eu/external_relations/russia/index_en.htm

INFORMATION SOCIETY

Will SMS Messages from Abroad Cost Less Than Three Crowns?

Based on a European Commission proposal, the cost of text messages sent from abroad **might go down to one-third of the current average price** by next summer. The plan is also directed at further decreasing amounts charged for calling and data transfers. The majority of MEPs and member states are inclined in favour of the proposal.

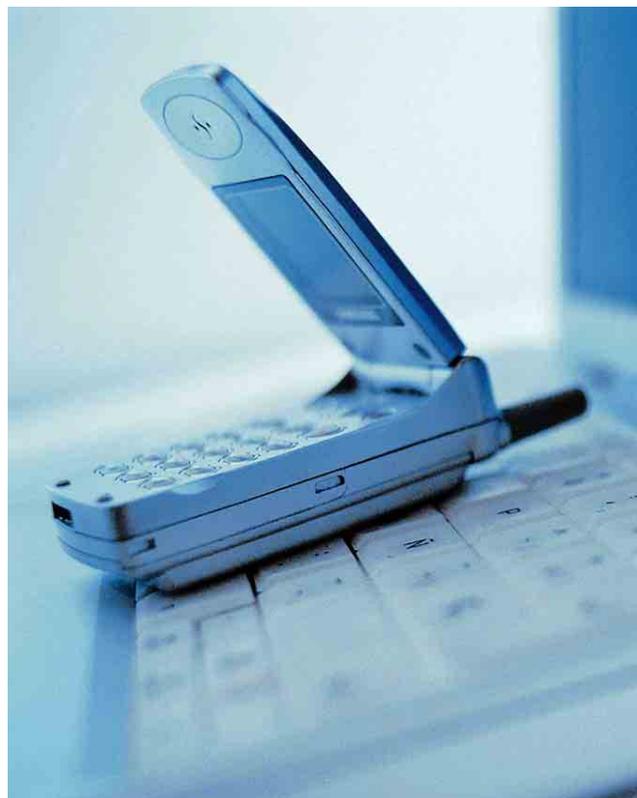
Last year, the European Commission put through a proposal that set ceilings for the prices charged for calls made from abroad. However, Viviane Reding, the European Commissioner for Information Society and Media, already called upon mobile operators in February to voluntarily decrease the prices for additional services or face regulation. Reding gave telecommunications companies until the end of June. She was not satisfied with the results however and **thus went on with the pricing regulation**.

The Eurocomissioner has **now focused on text messages**. On the basis of the new regulation, their price should go down from the current 29 cents (the average from the EU-27) to a maximum of 11 cents, not including tax (i.e., about CZK 2.60). The Commission's proposal does not pertain only to final prices, but also to those charged between mobile operators. In this case, the ceiling for fees is set at 4 cents. The new regulation should enter into force starting next June.

The proposed EU legislation also includes a **plan for further decreases to the prices charged for calls and data transfers** performed abroad. In the case of voice services, the per-minute charge for outgoing calls should be reduced to 0.34 euro (from the current 0.46) and for incoming calls to 0.10 euro (currently 0.22) by the summer of 2012. In addition, the Commission will also prescribe that operators charge customers for their call on a per-second basis and not per minute. As far as data transfers are concerned, Viviane Reding proposed measure that would limit high amounts for downloading large files.

We acknowledge that the visible difference in prices between intrastate and cross-border use of mobile telephones is **in conflict with the principles of a common EU internal market**. However, we consider direct price regulation to be too strong of a move in the case of mobile telephoning, and its use as unjustified given the current situation on the telecommunications market. A more effective tool than the designation of uniform pricing **would be to open the door to more competition**.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1386>





In mid-September, with the first meeting of its administrative board, the European Innovation and Technological Institute started its activities. Fans of European policy and the European Parliament in particular will come into their own – September also saw the start of broadcasts by EuroParlTV, the European Parliament's internet television channel, which is intended to provide information about European policy events in more than twenty languages.

1 SEPTEMBER

Cities of Europe: Athens:

http://www.europarl.europa.eu/news/public/story_page/008-35430-245-09-36-901-20080825STO35403-2008-01-09-2008/default_en.htm

Economic Sentiment Indicator (ESI) declines further in both the EU and the euro area in August:

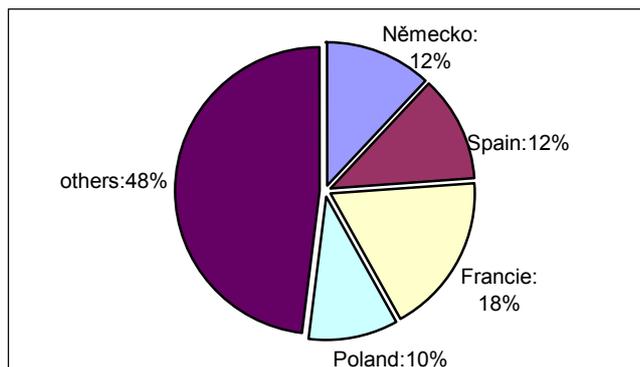
http://ec.europa.eu/economy_finance/thematic_articles/article13028_en.htm

2 SEPTEMBER

Statistics: Agricultural Statistics - Main results - 2006-2007:

http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073_46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-ED-08-001

Arable area by EU Member State



Source: Eurostat, figures for 2005

The quality of public finances and economic growth:

http://ec.europa.eu/economy_finance/publications/publication13101_en.pdf

3 SEPTEMBER

MEPs move towards cross-border motor insurance:

http://www.europarl.europa.eu/news/expert/infopress_page/063-35825-245-09-36-911-20080901IPR35823-01-09-2008-2008-false/default_en.htm

5 SEPTEMBER

European Parliament welcomes release of Palestinian prisoners: http://www.europarl.europa.eu/news/expert/infopress_page/030-36109-245-09-36-903-20080903IPR36107-01-09-2008-2008-true/default_en.htm

First International Energy Agency (IEA) Review of the EU's Energy Policy now published:

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1293>

8 SEPTEMBER

The European Ombudsman adopts a new style of decision:

<http://www.ombudsman.europa.eu/decision/cs/structure.htm>

9 SEPTEMBER

Culture: European Capital of Culture for Slovakia 2013:

http://ec.europa.eu/culture/news/news1688_en.htm

EU funds for Research: Lost in translation? New guide to help better use of European research, innovation and cohesion funding:

http://ec.europa.eu/dgs/jrc/index.cfm?id=1410&obj_id=5630&dt_code=NWS&lang=en

Commission to reinforce co-operation with European Paralympic Committee to foster social inclusion of people with disabilities:

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1295>

10 SEPTEMBER

Traffic offences: effective cross-border enforcement:

http://www.europarl.europa.eu/news/expert/infopress_page/062-36580-252-09-37-910-20080908IPR36579-08-09-2008-2008-false/default_en.htm

EU in the world: Enlargement : New projects on Civil Society dialogue between EU and Turkey launched:

http://ec.europa.eu/enlargement/index_cs.htm

EU in the world: External relations : EU - Ukraine Relations:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/556>

11 SEPTEMBER

Transport: Europe seeks global partnerships for ATM

modernisation: http://ec.europa.eu/transport/air_portal/sesame/press_releases_en.htm

12 SEPTEMBER

Environment : Climate change: Strong public support for EU targets on climate change:

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1314>

Symbols of the Union to be adopted by Parliament:

http://www.europarl.europa.eu/news/expert/infopress_page/008-36657-254-09-37-901-20080909IPR36656-10-09-2008-2008-false/default_en.htm

15 SEPTEMBER

TRANSPORT SAFETY-Smart technologies, smarter cars:

http://ec.europa.eu/research/headlines/news/article_08_09_12_en.html

16 SEPTEMBER

General Affairs and External Relations Council:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/fr/gena/102753.pdf

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/fr/gena/102752.pdf

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http://www.europarl.europa.eu/news/expert/infopress_page/



019-37249-259-09-38-902-20080915IPR37248-15-09-2008-2008-false/default_en.htm

Education : European Institute of Innovation and Technology (EIT) begins its work:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1318>

17 SEPTEMBER

EuroparlTV is here:
http://www.europarl.europa.eu/news/public/story_page/039-37237-350-12-51-906-20080911STO36948-2008-15-12-2008/default_en.htm

EU celebrates 7th European Mobility Week: 'Clean Air for All': <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1324>

Commission gives green light to Mediterranean Regional Advisory Council:
http://ec.europa.eu/fisheries/press_corner/press_releases/2008/com08_59_en.htm

18 SEPTEMBER

Commission proposes to expand food programme for the most deprived persons in the European Union:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1335>

19 SEPTEMBER

Commission acts to ensure that 12 Member States implement EU laws:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1368>

22 SEPTEMBER

Italian textile workers to get help from EU Globalisation Fund: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=395&furtherNews=yes>

International Cooperation: Trilateral cooperation EU-US-China Cooperation:
http://ec.europa.eu/consumers/safety/int_coop/trilateral_en.htm

The European Ombudsman Annual reports:
<http://www.ombudsman.europa.eu/report/en/default.htm>

23 SEPTEMBER

MEPs adopt written declaration on the proclamation of 23 August as European Day of Remembrance for Victims of Stalinism and Nazism:
http://www.europarl.europa.eu/news/expert/infopress_page/017-37663-266-09-39-902-20080919IPR37662-22-09-2008-2008-false/default_en.htm

European Central Bank: Statement by G-7 finance ministers and central bank governors on global financial market turmoil:
<http://www.ecb.eu/press/pr/date/2008/html/pr080922.en.html>

24 SEPTEMBER

Mountain farming: MEPs call for special strategy:
http://www.europarl.europa.eu/news/expert/infopress_page/032-37793-266-09-39-904-20080922IPR37792-22-09-2008-2008-false/default_en.htm

MEPs call for new legislation to ensure financial stability:
http://www.europarl.europa.eu/news/expert/infopress_page/042-37772-266-09-39-907-20080922IPR37771-22-09-2008-2008-false/default_en.htm

Combating terrorism / protection of personal data - MEPs underline freedom of expression:
http://www.europarl.europa.eu/news/expert/infopress_page/019-37806-266-09-39-902-20080922IPR37805-22-09-2008-2008-true/default_en.htm

25 SEPTEMBER

Fair competition and flexible spectrum allocation to boost new wireless services:
http://www.europarl.europa.eu/news/expert/infopress_page/052-37899-266-09-39-909-20080923IPR37898-22-09-2008-2008-false/default_en.htm

Daytime Running Lights for all new vehicles from 2011 to increase road safety:
http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=1800

26 SEPTEMBER

Environment Committee insists on 2012 target for reducing CO2 from new cars:
http://www.europarl.europa.eu/news/expert/infopress_page/064-37756-269-09-39-911-20080922IPR37755-25-09-2008-2008-false/default_en.htm

Eurojust: Successful co-operation in arrest of a serious criminal:
http://www.eurojust.europa.eu/press_releases/2008/25-09-2008.htm

Environment : Commission welcomes adoption of legislation to ban EU mercury exports:
http://ec.europa.eu/dgs/jrc/index.cfm?id=1410&obj_id=5760&dt_code=NWS&lang=en

29 SEPTEMBER

Commission welcomes Council support for plans to combat counterfeiting and piracy more effectively:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1416>

European Central Bank: Publication of the Euro Money Market Survey 2008:
http://www.ecb.eu/press/pr/date/2008/html/pr080926_1.en.html

30 SEPTEMBER

EU in the world: Enlargement : Commission adopts planning of assistance to Western Balkans and Turkey:
http://ec.europa.eu/enlargement/index_en.htm



Information service

The global financial crisis will influence the meetings of the EU's key bodies. The representatives of the EU's largest states already met on the first Saturday in October to launch a debate on the possible European-wide reaction to the financial crisis. The topic of the financial crisis will also dominate the ECOFIN Council meeting of the ministers of finance. One of the key points at the Council of the EU on transportation and energy will be the liberalisation of the energy markets and climate-energy package.

Meeting of the key EU institutions

2.10.2008	Deauvill, France
- EP Plenary Session	
2.-3.10.2008	Luxembourg, Luxembourg
- Employment, Social Policy, Health and Consumer Affairs Council	
4.10.2008	Paris, France
- Summit on the international financial crisis	
6.10.2008	Luxembourg, Luxembourg
- Eurogroup Meeting	
6.10.2008	Luxembourg, Luxembourg
- Economic and Financial Affairs Council	
6.-9.10.2008	Brussels, Belgium
- Open Days	
9.-10.10.2008	Luxembourg, Luxembourg
-Transport, Telecommunications and Energy Council	
15.-16.10.2008	Brussels, Belgium
- European Council	
16.10.2008	Marseilles, France
- Ministerial meeting on poverty and social exclusion	
20.-23.10.2008	Strasbourg, France
- EP plenary	
27.-28.10.2008	Luxembourg, Luxembourg
- Agriculture and Fisheries Council	

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
Future relations between the EU and the overseas countries	DG DEV	17.10.2008
Shaping the ICT research and innovation agenda	DG INFSO	7.11.2008
Freedom, Security and Justice: priorities for years 2010-2014	DG JHA	20.11.2008
Consultation on the future of youth policy	DG EAC	25.11.2008



Main topic

The Czech Republic will preside over the Council of the EU and its bodies during the first half of 2009. After Slovenia, which held the function this year, our country will be the second of the 2004 “newbies” to take over this demanding position. This contribution was inspired and is contextually based on the document of the same name prepared by the Office of the Government of the Czech Republic.

MAIN PRIORITIES OF THE CZECH EU PRESIDENCY IN 2009: UPDATED VIEW

During the first half of 2009, the Czech Republic will preside over the Council of the EU and its bodies. After Slovenia, which held the EU Presidency this year, our country will be the second of the 2004 “newbies” to take over this demanding position. This contribution was inspired by and is contextually based on the document of the same name prepared by the Office of the Government of the Czech Republic.

2009 will see the fifth anniversary of our accession to the EU. We joined the Union as part of what has been up until now the largest enlargement of the institutional framework of European integration and primarily together with other countries that ended their affiliation with a communist social system twenty years ago. In addition, 2009 is important from an economic perspective, as it will be the tenth anniversary of the introduction of the Euro as the common European currency. These and other “milestone” anniversaries in 2009 will significantly influence the spirit in which the Czech presidency is carried out.

OBJECTIVES, AGENDA AND PRIORITIES

Assuming the role of the presidency also requires ensuring the requisite level of co-responsibility with regard to complying with the main principles of EU functionality. In addition, the presidential tasks are significantly influenced by the responsibilities and obligations that are specified in the conclusions from the Council of the EU and European Council summits held during the preceding period. The contextual framework for the presidency will also comprise of strategic documents prepared by the Commission as well as decisions passed down by the European Parliament or contained with the case law of the European Court of Justice.

Objectives

The objective of the EU is to create conditions that ensure sustainable development, which will allow continual improvements in economic prosperity, social justice and cohesion whilst still remaining compatible with maintaining a high level of quality for the living environment. This is combined with the goal of promoting and defending the values on which European civilisation are based – freedom, democracy, justice and human rights. The objectives also include ensuring internal and external security for the citizens of the member states, actively participating in

resolving global conflicts and remaining in solidarity with disadvantaged areas of the world.

Agenda

In order to meet framework objectives, the presidency’s agenda has also been expanded to include the EU’s strategic concepts focused on: completing the environment for a common internal market; the Lisbon Strategy for supporting growth and employment; reforms to the Union budget; adopting common policies to meet new needs and bringing them up to date; preparing a new approach to economic policy and social cohesion; supporting the basic principles for climate protection; specific steps to support competitiveness; implementing measure in the battle against international terrorism, organised crime and illegal migration; and building strategic pillars for common foreign, security and defence policies.

Priorities

The obligations of each presidency, including the future Czech one, include stepping up to the full agenda in relation to any new needs. Nevertheless, each country selects its own set of priorities, to which it pays special attention over the course of fulfilling the overall agenda. These priorities are usually in the general interest of the entire EU; however the presiding country approaches them in a privileged manner.

Motto for the Czech Republic’s Presidency

Fulfilment of the EU’s long-term challenges is still prevented due to the existence of a number of obstacles. The Czech Republic’s specific preference is to focus on removing these senseless barriers, which provide short-term advantageous protection against competition at the expense of long-term performance and growth. The motto of the Czech Presidency, covering both the real as well as symbolic levels of the existing obstacles to the European integration process, has thus become the concept “Europe Without Barriers”. One of the key motivations behind establishing the modern European integration process consisted of the removal of barriers.

The removal of barriers does not in any sense mean increased susceptibility to risk, weakness or limited resistance. Certain rules of the game, a distinct legal framework and efforts to maintain basic values will all still



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remain a subject of interest during the process of creating and cultivating the European area.

Specific Circumstances for the Czech Republic's Presidency

The specific circumstances of the Czech Republic's presidency are linked to such items as the procedural issues related to the Lisbon Treaty. This was to have entered into force on 1 January 2009 and significantly have changed the institutional and procedural aspects of the Union's functionality. If the treaty were in fact to enter into force, it would add a new task to the Czech presidency from the very start and it would also create an entire new situation for both the Czech Republic as well as for the entire Union. The fact that the Lisbon Treaty was refused by voters in Ireland meant that the task of starting its implementation was removed from the Czech presidency's list of tasks. The basic legal framework remains unchanged. The EU will continue to function according to the regime set forth by the Treaty of Nice. The negative results from the Irish referendum do nevertheless create a different new situation which will leave marks on the Czech presidency's performance. The fact that the Lisbon Treaty will most likely not enter into force as of 1 January 2009, means that the Czech Republic will bear a significant portion of co-responsibility for handling the political results of the new situation in the territory of the EU and which are definitely not insignificant. With regard to this aspect, while preparing for its presidency the Czech Republic will work on the basis of the results from June's European Council summit and in anticipation of the conclusions of the summit that will be held in October 2008.

The end of our presidency will also mark the end of the current Commission's mandate as well as the functional term of the European Parliament. To all intents and purposes, this means that, over the course of the Czech presidency, the EU's legislative activities will be concentrated during the first months of the year and the political situation in the member states and in the Union overall will be influenced by the pre-election campaigns that will be underway.

This is the first time that the Czech Republic will be exercising its presidential role and after only five years of experience with EU membership. While performing its presidential role, the Czech Republic will be proceeding in coordination with two other member states: France, whose term of office precedes the Czech presidency and Sweden, whose presidency will follow that of the Czech Republic. The joint programme prepared by these three presidencies was accepted by the General Affairs Council this June.

A COMPETITIVE EUROPE

Maintaining the current position that European countries have with regard to the global economy and politics no longer seems as certain as it has until now. The ability to continue with the current advances in economic growth and social development to which Europe is accustomed appears in a similar light. European demographic trends and the pressure of foreign immigration are raising doubts. Indications of radical climate changes at the planetary level and proof of additional changes in the global environment are multiplying. Fluctuations in world prices for raw materials, energy sources and foodstuffs over the past several years are raising insecurities with regard to easy access to them in the future. A question has been raised as to how prepared the European countries and their societies are for this new situation – its threats, risks and opportunities. This does not pertain only to the frequently amended contractual base for its societies, but also specific policies and other decisions that are based on this contractual foundation.

A key challenge for the EU, which deserves long-term priority attention, is maintaining and developing the competitiveness of its economy.

In the rapidly changing global world we live in at the start of the twenty-first century, competitive economic potential is not only a prerequisite for further development – or even simply maintaining the current status – of the current offering of material and social conveniences and a guarantee for the internal political and social cohesion of European society. It is also a condition that must be met in order to ensure that the EU is capable of resolving the new problems that are appearing with regard to environmental threats and that it maintains uninterrupted access to the global economy's limited resources. If the economy of the EU's common internal market and its member states lags over the long-term within the framework of global competition, it would gradually lose its ability to resolve these problems in an adequate manner.

The basic framework for resolving issues pertaining to the Union's competitiveness is presented in the revised Lisbon Strategy – a multi-year plan defining measures for increasing growth and employment in the European Union. Its impact on competitiveness will however also be influenced by decisions made in relation to several areas of the Union's agenda – ranging from science and education, through energy, the environment and the protection of intellectual rights, and up to cooperation in justice and home affairs. One of the main goals the presidency of the Czech Republic has set for itself is to change the focus that

member states have when making decisions pertaining to EU policies in a manner whereby they always consider the impact that each decision will have on competitiveness and carefully weigh the effects that all regulative acts under preparation might have in relation to other monitored objectives.

An ongoing task that must be undertaken to ensure the efficient functionality of a common internal market is to remove the continuing technical and organisational barriers that exist and prevent the free movement of goods and services. For example, some real obstacles that currently exist on the internal retail market should be removed through appropriate revisions to consumer legislation. These include such things as building a trans-European transportation network, communication infrastructures, and energy transmission networks – primarily those that still limit the interconnection of national markets. The rapid development of the free movement of goods within the European area brings an increasing burden on the existing road network, which ultimately impacts the environment negatively and is in conflict with other interests of the inhabitants. The Czech Republic intends to continue searching for a solution in this area over the course of its presidency.

Competitiveness is always conditional on human resources – their education, flexibility and adaptability with regard to new trends. The Czech presidency will thus focus on issues pertaining to developing education in a manner whereby it will provide all individuals with the ability to acquire the necessary skills and thus improve their position in the labour market.

The Czech presidency intends to pay a high level of attention to all EU activities that are underway for supporting competitiveness and take care to ensure that they fulfil their purpose. The Czech Republic, however, considers it to be far more important that the member states be led by true political will towards liberalising system reforms at both the community as well as national levels. Community and national legislation must be reviewed with the goal of consistently looking for a balance between the required flexibility and competitiveness of the European economy on the one side, and other objectives on the other. Each side of the scale has its own political value and its own political and economic expenses, immediate – visible, and long-term – not visible at this time.

The presidency's priority tasks: Competitiveness

The Lisbon Strategy

During the spring of 2009, the European Council will address national reform programmes for the 2008 to 2010

timeframe and, for the first time, will also evaluate fulfilment of the Lisbon Agenda. The Czech Republic will also contribute to the debate on the form that the Lisbon Strategy should take after 2010, which will affect the EU's ability to react to the challenges of a global economy. Moderation of these discussions falls within the competency of the presiding country.

- **Small and Medium-Sized Enterprises:** The Czech presidency will continue with the implementation of political obligations and legislative measures in relation to the Small Business Act for Europe, which aims to support the growth and competitiveness of SMEs, place entrepreneurial activities at the forefront of society and irrevocably entrench the principle of “think of the small first” when preparing policies at all levels of the EU.
- **A Better Regulatory Environment:** One of the first tasks the Czech Republic will undertake is to strive and implement the initiative set forth in the European Commission's Report on the Evaluation of Administrative Burden that it will present during the autumn of 2008 together with a proposal for specific changes. The Czech Republic will also play an important role in defining the EU's position on the Third Strategic Review of the Better Regulation initiative. At the time that the directive on evaluating the impact of EU legislation is being approved, the Czech Republic will focus on perfecting the system for assessing the economic, social and environmental impacts of new legislation.
- **Research and Development:** The Czech Republic will support further development of the European Research Area (ERA). It will primarily focus on large research infrastructures, which form the backbone of research leading to innovation and a convergence point for universities, research and enterprise. The Czech Republic will promote more involvement in building these infrastructures on the part of the new member states as well as a higher level of participation in other activities within the ERA framework. At the same time, the Czech Republic will support the transfer of research results into practise through monitoring and promoting the rapid implementation of the Competitiveness and Innovation Programme (CIP).
- **Education:** The Czech Republic will focus on negotiating and adopting a new strategic framework for education and professional preparation for 2010, which should, amongst other things, contribute towards the development of Europe's human potential. Schools of all levels will be supported in cooperation with



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employers in order to ensure that the needs of current economies are reflected.

The Four Freedoms of the Internal Market:

In accordance with the intentions of the Revised Internal Market Strategy, the Czech Republic will promote the expansion of initiatives that contribute towards removing barriers, both those of a legal nature as well as those that are applied in practice, which limit taking advantage of the four basic freedoms of the internal market: the free movement of persons, goods, capital and services.

- **Free Movement of Labour:** In 2009, the citizens of ten new member states will have access to the job markets throughout the entire EU, with the exception of two of the older member states. The Czech Republic will work towards ensuring that this access is complete. The Czech Republic will request the European Commission to prepare an up-to-date report on the functionality of transitional measures pertaining to the free movement of labour forces. This report, together with the EC's report on employment in the European Union in 2008, which will be devoted to, amongst other things, the mobility of workers within the context of EU competitiveness, will comprise the main supporting materials for the informal Council meeting that will be held on employment and social policies.
- **Liberalisation of Services:** As of January 2010, national measures implementing the directive on services will come into effect, which aim to simplify the provision of cross-border services – thus far the largest most underutilised resource for EU economic growth. The Czech presidency will monitor the timely and proper implementation of the directive into practice.
- **Free Movement of Goods:** Certain legislative proposals that are under discussion promise to improve the conditions for doing business in the defence industry, for both large companies as well as small and medium-sized enterprises. The Czech Republic will continue with the activities started by the Slovenian and French presidencies that are directed at improving the conditions for transfers and announcing public tenders for defence products on the European Union's internal market (the "Defence Package").

EU Budget Reform

If the European Commission publishes its White Paper on Budget Reform at the start of 2009, the Czech Republic will initiate a debate on the future semblance of the income and

expense sides of the budget with the objective of directing European expenses towards policies that contribute to increasing European competitiveness.

Legal Migration

The Czech presidency will focus on developing policies pertaining to legal migration within the context of changing demographic conditions in Europe. The European Commission presented a proposal for two of five directives in relation to this area at the end of 2007. The remaining three directives should be submitted by the end of 2008 or during the first half of 2009. If the proposals for the first two directives are not approved during the French presidency, the Czech Republic will attempt to complete the process while it holds the presidential seat. The Czech Republic will support instruments for the legal migration of qualified workers (e.g., in the form of "Blue Cards") once the free movement of labour is liberalised within the Union. Special attention will also be paid to the related issue of the integration of foreigners and cooperation with the country of origin.

Liberal Business Policies

The Czech presidency will monitor the implementation of the "Global Europe: Competing in the World" strategy, which is the EU's main conceptual document in the area of business policy. With respect to WTO multilateral negotiations, the Czech Republic will promote the speedy implementation of their conclusions into practice or at least strive to move the negotiations as far forward as possible.

EU Enlargement and Competitiveness

On the basis of the Commission's analysis of the economic impacts of the EU's enlargement to include new member states, the Czech presidency will demonstrate the benefits that enlargement contributed to EU competitiveness. The Czech Republic will organise an international conference titled "Five Years After" on this topic.

Trans-European Network (TEN-T)

At the end of 2008, the European Commission will present a Green Paper on the future of TEN-T Policy. The conclusions that the Council reaches with regard to this document, and which will be accepted over the course of the Czech presidency, will establish the future guidelines for the European Commission's mid-term evaluation of the TEN-T programme (2010). The Czech presidency will strive to ensure that the programme for developing the trans-European network takes the transportation aspects of expanding the European Union into Central and Eastern Europe into consideration.

Galileo

The Czech Republic is greatly aware of the strategic importance and enormous potential of the European satellite navigation system – the Galileo Programme – in the global world, both from the perspective of opportunities for European industry as well as from the perspective of using it in a number of Europe's economic sectors. The Czech Republic will build onto the efforts put forth by the previous presidencies in order to continue with the successful implementation of this programme.

ENERGY AND CLIMATE CHANGE

From the long-term perspective, one of the most important factors for European competitiveness is energy and the closely linked environmental issues and climate change.

The most significant energy-related aspect is the fact that there is an imbalance between growing global demand for energy and energy sources on one side, and their limited availability on the world's markets given available technical possibilities on the other. This is primarily reflected in very visible growth trends in the world's long-term energy prices.

The requirement to sustain and strengthen the competitiveness of economies over the long-term through the secure and reliable provision of flexible and affordable energy is partially in conflict with the necessity of ensuring that activities within the energy sector do not interfere with the environment and also make it possible to face the global demands that result due to climate change.

In Europe, the environment has traditionally been held in great regard by the population, and Europe most likely also perceives the challenges of climate change most sensitively. On the other hand, when compared to other developed countries and the rapidly growing economies in Asia and certain other states, Europe faces the problem of maintaining its current position on the world's economic ladder and the level of its competitiveness to a much higher degree. At the same time, Europe is sensitively aware of the question of security with regard to the energy offer at the political and technical levels and the international problematic implications. For these reasons, this discord in the perspectives and requirements placed on the energy industry become more apparent in a concentrated form.

Given the above-specified challenges, the EU has adopted an ambitious plan in the form of the conclusions from the European Council's spring summit in March 2007 and, at the current time, specific proposals for a climate and energy package are under discussion. Thanks to the reduction obligation it has resolutely selected to meet by 2020, the EU has the requisite argumentative advantage on the

international stage when it comes to the framework of negotiations for the regime that should be adopted in the post-2012 period. It is therefore of key importance to complete the climate and energy package prior to the European Parliament elections and thus by no later than over the course of the Czech presidency in 2009.

The Czech presidency will have to act as the Union's authorised representative and perform the task of leading discussions on worldwide measures to lessen the impact of climate change during the post-Kyoto period (after 2012), including reaching a global agreement on the participation of all the world's major economies (USA, China, Russia, etc.). The Czech presidency will play a fundamental role during the first half of 2009, during which time it will be preparing the final version of the majority of significant legal documents (proposals for the Copenhagen Summit). Attaining these goals will not be easy, as their impact on the economy and its competitiveness are not entirely obvious and the will of the world's leading actors to reach these goals is not guaranteed.

As far as the positive influence that energy has on supporting the competitiveness of European economies is concerned, there are a number of paths that have been embarked upon which are entirely compatible with the requirements for protecting the environment and the climate. One such path comprises the measures of the third energy package, specifically the liberalisation of the Union's energy market and completion of its technical infrastructure through ensuring the long-term secure deliveries of primary energy resources by searching out new energy sources and the efficient and sustainable use thereof. Another consists of programmes of relative savings in consumption and looking for non-traditional effective energy sources. An integrated approach to policies with regard to energy and climate, which are focused on limiting the impact of energy production on the global climate and mutual support of these policies were also supported by the European Council in March 2007.

The primary path to resolving the complex set of problems is undoubtedly the completion of a common internal energy market, i.e., electricity and natural gas, which can possibly lead to significant energy savings together with slowing down the increase in prices, and to a higher level of security with regard to deliveries. As far as energy is concerned, the EU internal market remains segmented according to national borders. This pertains to both regulatory conditions and technical options for connecting national energy transmission systems, as well as to the positions of the main national energy producers and operators of the transmission systems and special relationships with significant foreign



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suppliers. The manner in which these obstacles can be removed is known. The unknown factor lies in the speed with which it can be implemented and the actual form the results will take. It is difficult to name any other area in which there are also such concurrent significant national interests, including legitimate strategic and security interests. Completing a common internal energy market will thus be difficult and sufficient joint solutions will be difficult to find.

One other path consists of opening critical discussions on reviewing existing technologies for obtaining energy. This pertains to the consequences of their use, namely the environmental and social acceptability of the renewable nuclear energy and its potential for solving issues related to climate change and energy security. It also concerns the secondary consequences of biofuel production on the European and global food markets, the situation in developing countries and climate changes, as well as the impact of wind power on voltage stability in the transmission network, i.e., energy security.

Another option is to continue dialogue with the main foreign (non-EU) energy suppliers with regard to a mutually advantageous architecture for future long-term relationships. The rapid globalisation of the world's economy, given that it leads to extensive interdependence between suppliers and consumers on the energy market, forces us to significantly change our interpretation of the terms "energy independence" and "security of deliveries".

The presidency's priority tasks: Energy and Climate Change

Strategic Energy Review

The Czech presidency's task will be to discuss the Strategic Energy Review which is being prepared by the Commission. The Czech presidency will oversee its discussion by the Council, which will subsequently be reflected in the conclusion of the European Council. One of the components of the document will consist of issues pertaining to energy security at both the internal as well as external levels. The review will be supplemented by, amongst other things, reviews of regulations pertaining to crude oil supplies, evaluations of legislation pertaining to natural gas deliveries and the Green Paper on the trans-European energy network.

Energy Action Plan

The Czech Republic will be fulfilling the Energy Action Plan 2007-2009 and will start preparing the second action plan

for the 2010 to 2012 timeframe on the basis of the conclusions from the Strategic Energy Review.

EU Energy Security

The Czech Republic is considering organising an informal Council of Ministers on the topic of energy security with the participation of the EU member states that would be held in February 2009 and eventually a summit with selected energy suppliers.

Post-Kyoto Structure

The Czech Republic will lead discussions on establishing obligations after the first control period for the Kyoto Protocol. It will also represent the EU within the framework of negotiations between the contracting parties to the United Nations Framework Convention on Climate Change and the Kyoto Protocol. It will also be promoting the EU common position at other international fora (e.g., within the framework of MEM – Major Economies Meeting on Energy Security and Climate Change). The preparations for key discussions between the contracting parties in Copenhagen (COP 15) will require the Czech presidency to prepare the mandate in a manner whereby it can be approved by the European Council in spring 2009.

Climate-Energy Package

The Czech presidency will more than likely be completing the final version of the "Climate-Energy Package", which intends to implement measures for reducing greenhouse gas emissions in the EU by 2020 to 20% below 1990 levels. The instruments that will be used to attain the specified goal consist primarily of a review of the Emissions Trading Scheme (EU ETS), a proposal for dividing the effort for decreasing emissions in sectors not included in the EU ETS amongst the member states, establishing goals for the production of electricity from renewable energy sources (RES), and supporting the pilot phase of a project for the geological storage of CO₂ (Carbon Capture and Storage – CCS). The objective of the Czech presidency will be to find a balance between competitiveness, environmental protection and security. Support for using contemporary non-emission energy sources will play quite a sizable role. The Czech Republic will support discussions pertaining to the options for clean coal technology and a system for capturing and storing emissions.

Energy Efficiency

The Czech Republic will continue discussions on proposals to review the directive on labelling appliances that use energy as well as the directive on building energy efficiency,



both of which should be submitted to the Council over the course of 2008.

New Energy Technologies

The implementation of the European Strategic Energy Technology Plan (SET-Plan) will be the subject of intense discussions over the course of the Czech presidency. This plan is aimed at creating an environment for the faster implementation of innovative energy technologies in order to meet objectives in the areas of efficiency, climate protection and secure and reliable deliveries of energy. The Czech Republic will support the transformation of the SET-Plan into practical steps and initiatives, including the strengthening of the related research, development and expansion of new forms of cooperation.

Internal Energy Market

It is most likely the Czech presidency will see the culmination of the legislative process for the third energy package, which is intended to complete the liberalisation of the electric energy and natural gas markets, including the strengthening of network interconnections and operator coordination and the creation of a predictable and stable environment that is necessary for investments and cross-border cooperation.

Transmission System Network Interconnection and Operator Coordination

The goal of the Czech presidency will be to interconnect the European energy infrastructure, which is required in order to ensure that the European market can function on the basis of supply and demand. The Czech Republic will promote the creation of a new coordinating mechanism for European transmission network operators, which will enable operators to communicate on a daily basis and thus avoid outages in deliveries of energy.

Financing Adaptation and Mitigation Measures in Developing Countries

On the basis of the conclusions reached by the European Council in June 2008, the Czech presidency will have the task of implementing these measures in real life. The Czech Republic will therefore engage in balanced financial activities related to climate change, both at the level of the Framework Convention on Climate Change (e.g., the Adaptation Fund) as well as at EU level (e.g., the Global Climate Change Alliance – GCCA).

Developmental Cooperation

One of the Czech presidency's priority topics in the area of developmental cooperation will consist of discussion on EU

steps leading to support for sustainable energy sources at a local level in developing countries.

A SECURE AND FREE EUROPE

The EU must devote attention to caring for internal security within the framework of its own jurisdiction and within the framework of cooperation amongst the member states in the areas of justice and home affairs. This primarily pertains to providing protection against illegal migration, protecting external borders and the battle against crime and the international drug trade. A solution to these complicated problems can be found through appropriate EU policies with regard to areas that are a source of security risks for EU citizens.

Eastern Europe

Eastern Europe is a significant EU partner with regard to energy, as it is an important energy supplier and ensures the transit of energy deliverers. This is, however, only one of the many reasons why the comprehensive relationships between the Union and Eastern Europe are one of the main priorities of the Czech presidency.

Four years ago, Eastern European, including Russia, became the Union's immediate neighbour, sharing a common border that is several thousands of kilometres long. This is not a matter of the Union being neighbours with another continent, but rather with other European countries, which have their own original yet nevertheless European cultures. It is in the eminent common interests of the Union to ensure that this region does not remain at the halfway point on the path to democracy and that the capacity of the region's governments that provide justice and guarantee human rights is strengthened. It is in our interest that Eastern Europe should have a strong market economy and set out in a direction that will rid the region of open, frozen and latent international political conflicts, as well as become compatible with today's EU in all respects while still retaining its own national and regional characteristics. The European Neighbourhood Policy (ENP) is the principle instrument for Union policy with regard to Eastern Europe.

EU – Russia

The significance of Eastern Europe as a priority for the Czech presidency is augmented by the fact that the region includes Russia – a large power with strong regional and global interests, global responsibilities and significant geopolitical ambitions. On one hand, Russia agrees with the opinions on developing the Eastern European region (which is the subject of the European Neighbourhood Policy) and



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the Balkan region (which has started along the European integration path). On the other, Russia and the EU have a number of common partnership interests: without cooperation on the part of Russia, the EU will not be able to effectively resolve a number of sizable challenges pertaining to energy, climate change, security, migration and other issues.

At this point, the EU is not yet sufficiently prepared for effectively forming its relations with Russia. For centuries, Russia has been able to identify its own interests and push them forward in a coherent and disciplined manner as well as think like a global player on the world's real political arena. The EU is just in the learning stages in this regard. The main danger that exists in the relationship between the EU and Russia is thus the risk of their inequality. The weaker position of the EU provides more space for initiatives and pressure, and indirectly motivates certain EU member states to search for a way out of this situation by establishing their own special bilateral relations with Russia.

The Balkans

The Union has its own separate policy with regard to the Western Balkans. The progress of this region through the Stabilisation and Association Processes, which should develop into the accession process, will of course depend on how it meets the required criteria. Proof of the EU's credibility in the region would be the speedy entry of Croatia into the EU once accession negotiations are completed.

The presidency and the Western Balkans

- **Liberalised Visa Procedures:** The Czech Republic will support fulfilment of the roadmap leading to visa facilitation agreements between the countries of the Western Balkans and the member states of the EU, which is considered to be an important impulse for continuing the internal reform process.
- **EU – Western Balkan Relations:** The main EU policy mechanism with regard to the Western Balkan countries is the Stabilisation and Association Process (SAP), which gradually merges into the accession process.
- **Croatia's Accession:** The Czech Republic will support the completion of accession negotiations with Croatia in a manner whereby the accession agreement might even be signed in 2009. The Czech presidency's task will be to search for a solution that would allow Croatia's membership in the EU and its further expansion in the event that the validity of the Treaty of Nice is extended.

Turkey is one of the EU's long-term strategic partners and its European prospects play an important role in the stability of the entire region. Over the course of its presidency, the Czech Republic will continue accession negotiations with Turkey, which provides an important stimulus for continuing the country's transformation process.

EU – Israel

The Czech Republic will support efforts to elevate relations with countries that meet the obligations negotiated with the EU within the framework of the European Neighbourhood Policy on the basis of the differentiation principle. Israel is one of the countries that have this characteristic. The action plan that Israel has concluded with the EU expires at the start of April 2009 and thus the Czech Republic will make an attempt to hear out Israel's wishes with regard to concluding a contractual document that would underline Israel's position as a significant EU partner.

Transatlantic ties

Europe has only a few options when it comes to influencing international events. The EU thus faces two general imperatives that have practical consequences. Firstly, without firm transatlantic ties the "fighting power" of Union policies and the EU's role as a global player would be limited. The significance of these ties and specific forms of cooperation is intensified as a result of the global challenges that the first decade of the new millennium has brought – whether they are of a security, humanitarian, economic or environmental nature, which call upon both partners in the relationship in a similar manner. Secondly, in relation to strengthening the role of the European Union as an important actor on the global stage, which is capable of effectively participating in resolving crises anywhere in the world, it is necessary for the European Union to have effective mechanisms and credible security and defence policies. The Czech Republic will support the development of European defence capabilities, which will serve to perform the tasks set forth in the European Security Strategy. The Czech presidency will be led by an effort to influence the removal of political obstacles that continue to block mutual effective cooperation between NATO and the EU.

Human Rights

Following the traditional lines of its own foreign policies, the Czech presidency will take care to ensure that the EU's approach to international political problems is firmly based on respecting and supporting human rights and democracy.



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	2005	2006	2007	VI-08	VII-08	VIII-08	VI-08	VII-08	VIII-08
Belgium	1.7	2.8	2.7	3.0	3.3	3.3	6.6	6.6	6.6	5.8	5.9	5.4
Bulgaria	6.2	6.3	6.2	-11.5	-16.3	-22.0	5.8	5.7	5.6	14.7	14.4	11.8
CR	6.4	6.4	5.8	-2.3	-3.1	-2.4	4.4	4.4	4.3	6.6	6.8	6.2
Denmark	2.5	3.9	1.8	4.4	2.6	1.1	3.1	2.9	na	4.2	4.4	4.8
Germany	0.8	2.9	2.5	4.7	5.2	6.9	7.4	7.3	7.2	3.4	3.5	3.3
Estonia	10.2	11.2	7.1	-10.1	-15.7	-15.7	3.8	3.9	4.0	11.5	11.2	11.1
Ireland	6.0	5.7	5.3	-3.5	-4.2	-5.0	5.6	5.9	6.2	3.9	3.6	3.2
Greece	3.8	4.2	4.0	-13.4	-14.4	-16.2	7.5	na	na	4.9	4.9	4.8
Spain	3.6	3.9	3.8	-7.5	-8.8	-10.0	10.8	11.0	11.3	5.1	5.3	4.9
France	1.7	2.0	1.9	-1.7	-2.2	-2.6	7.7	7.8	8.0	4.0	4.0	3.5
Italy	0.6	1.8	1.5	-1.2	-2.0	-1.7	6.8	na	na	4.0	4.0	4.2
Cyprus	3.9	4.0	4.4	-5.9	-5.9	-7.3	3.7	3.7	3.6	5.2	5.3	5.1
Latvia	10.6	11.9	10.2	-12.5	-22.5	-22.9	6.1	6.3	6.5	17.5	16.5	15.6
Lithuania	7.9	7.7	8.8	-7.2	-10.5	-13.8	4.8	5.1	5.1	12.7	12.4	12.2
Luxembourg	5.0	6.1	5.2	10.9	10.3	9.1	4.1	4.1	4.2	5.3	5.8	4.8
Hungary	4.1	3.9	1.3	-6.8	-6.5	-5.0	7.8	7.8	7.9	6.6	7.0	6.4
Malta	3.4	3.4	3.8	-8.8	-8.3	-5.5	5.7	5.7	5.7	4.4	5.6	5.4
Netherlands	1.5	3.0	3.5	7.1	7.6	8.4	2.6	2.6	2.6	2.3	3.0	3.0
Austria	2.0	3.3	3.4	3.0	3.5	4.7	3.5	3.4	3.3	4.0	3.8	3.6
Poland	3.6	6.2	6.5	-1.6	-3.1	-3.7	7.1	6.8	6.7	4.3	4.5	4.4
Portugal	0.9	1.3	1.9	-9.8	-9.8	-9.8	7.6	7.5	7.5	3.4	3.1	3.1
Romania	4.2	7.9	6.0	-8.9	-10.4	-13.9	5.9	na	na	8.7	9.1	8.1
Slovenia	4.1	5.7	6.1	-2.0	-2.8	-4.8	4.3	4.3	4.2	6.8	6.9	6.0
Slovakia	6.6	8.5	10.4	-8.5	-7.7	-5.4	10.1	10.0	9.9	4.3	4.4	4.4
Finland	2.8	4.9	4.4	3.9	4.9	4.4	6.3	6.3	6.3	4.3	4.3	4.6
Sweden	3.3	4.1	2.6	6.1	8.5	6.5	5.6	5.6	5.8	4.0	3.8	4.1
UK	1.8	2.9	3.1	-2.5	-3.9	-4.2	5.4	na	na	3.8	4.4	na
EU	1.9	3.0	2.9	-0.4	-0.9	-0.9	6.9	6.9	6.9	4.2	4.4	4.2

in %	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
	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

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