



EU News

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Dear readers,

In October, European integration events were entirely focused on and influenced by the circumstances linked with the financial crisis, which is having serious repercussions on the economies of Europe. At the same time, it seems that searching out recourse and resolutions to the consequences of this crisis will keep EU politicians and experts, among others, busy for at least the next several months.

Even the agendas of key EU institutions are devoting their primary, if not exclusive, attention to the economic crisis and its consequences. From the domestic perspective, it is most likely that the topic of the crisis will also influence the content of our presidency over the EU Council during the next half-year. In October, the crisis hit the financial and banking sectors, and the governments and central banks in the USA, and the EU adopted unprecedented measures in order to ensure this sector's credibility.

Currently we are seeing, amongst other things, the liberalisation of an enormous number of public instruments that provide crippled financial systems with sufficient liquidity and which will, without a doubt, significantly degrade the fiscal discipline of all the states in which these forms of financial assistance are being applied.

For the EU as a whole, this means that the average level of the fiscal deficit, which in 2007 was less than 1% of the GDP, will increase in the member states up to a level of around 3% of GDP by 2010 (which, by coincidence, is the upper threshold allowed for this indicator within the framework of the Maastricht convergence criteria). In addition, if we were to calculate the financial volume of all the assistance that has been politically promised and declared over the course of approximately the last three weeks in the interest of calming this stormy situation, we would attain deficit levels that are of even more fundamental significance. Even this fact might raise a question pertaining to the degree to which standards and intended investments will be implemented in the coming years with regard to the transport infrastructure, environment, education, and social affairs.

There is one more thing that might cause anxiety: In the current crisis atmosphere, the EU's political leaders have repeatedly assured themselves that it is not all that necessary to comply with the rules of the Stability and Growth Pact as the basic conditions for sustainable fiscal discipline in the Eurozone countries. As a result, the strict requirements for the functioning of the Eurozone might continue to become softer and more relaxed.

In closing, we cannot forget to mention another key event that occurred in October – the effort to create a new financial architecture for Europe, as well as for the entire world. This plan might take on the form of a new regulatory framework and could create conditions for the operation of entities active in the financial markets.

It thus seems that current economic developments have influenced the activities of European governments and EU institutions to such a degree which is unprecedented in modern EU integration history.

Petr Zahradník



Events

Under the influence of the ongoing financial crisis, Finance Minister Kalousek and ČNB Governor Tůma stated that the timeframe for the CR's adoption of the euro will not be set this year. The European Commission decided to start infringement proceedings against the Czech Republic for not implementing the Reinsurance Directive in national legislation. As a reaction to the financial crisis, the European Commission introduced proposed measures for stricter regulation of the banking sector.

POLITICS

Parliament Adopts EU Symbols

The European Parliament formally recognised the following symbols of the European Union:

- the **European flag** with its circle of twelve stars on a blue background;
- the **anthem** based on the "Ode to Joy" from Ludwig van Beethoven's Ninth Symphony; and;
- the **motto** "United in Diversity".

These symbols, which were originally included in the European Constitutional Treaty and the **Lisbon Treaty**, **were removed** due to fears that the text might not be ratified by the member states; they have now been recognised by the majority of the Members of European Parliament (503 in favour as compared to 96 against).

The initiative to revive the European flag, anthem and motto arose from a proposal put forth by the European Parliament's Committee on Constitutional Affairs. The MEPs wanted to send "European citizens a clear political message".

In practice, the results of the voting will result in the following:

- The **flag will be displayed** in all rooms where the MEPs meet and during all official European Parliament events;
- The **anthem**, based on Beethoven's "Ode to Joy", **will be performed** at the celebratory opening ceremony for European Parliament activities following each EP election and at formal meetings; and
- The European motto "**United in Diversity**" will appear on every official document issued by the Parliament.



In addition, the celebration of **Europe Day on 9 May** will also be incorporated in Parliament's Rules of Procedure.

A number of members of the European Parliament expressed their disagreement with the recognition of these symbols given the "**sensitivity of the topic**" at a time when the fate of the Treaty of Lisbon is being decided after its rejection by Irish voters.

http://www.europarl.europa.eu/news/expert/infopress_page/001-39025-282-10-41-901-20081008IPR39024-08-10-2008-2008-false/default_en.htm

ECONOMY AND EURO

No Date for Adopting the Euro in the CR

Minister of Finance Miroslav Kalousek, together with Zdeněk Tůma, who is the governor of the Czech Republic's central bank, announced that the Czech Republic **will postpone setting a target date for adopting the euro**, most likely until some time next year. The reason for further hesitation with regard to setting a specific date for entry to the Eurozone is the current financial crisis, which has caused several European Union member states to call for the relaxation of budget rules within the framework of the Stability and Growth Pact.

The Stability and Growth Pact provides a set of fiscal rules by which Eurozone members are governed. The purpose behind complying with these rules is to ensure that the stability of the common currency is not disturbed and that inflation does not increase. Firstly, **countries must maintain a balanced budget over a medium-length timeframe**. At the same time, a country's deficit cannot exceed 3% of the GDP, otherwise it faces the threat of sanctions imposed by the European Union.

Kalousek stated that he has always been convinced that early adoption of the euro is the right approach to take, but, at this time, when a number of member states are making it known that the Stability and Growth Pact might not be that important for them, he is **re-evaluating the decision on the Czech Republic's entry into the Eurozone**.

Czech National Bank Governor Zdeněk Tůma also said that "because of the instability on global financial markets, the **government will need some time out, which could be several months**".

We consider the **danger of a possible relaxation of the Stability and Growth Pact rules to be a relevant argument**, although we are not sure whether that in and of itself justifies delaying our entry to the Eurozone. Since 2005, the Stability and Growth Pact has included a flexibility



clause, which, in extraordinary situations, allows exceeding the 3% goal for the deficit to GDP ratio. The current financial crisis – the greatest since the 1930s – is definitely such a situation. It will, however, be necessary to monitor the situation carefully and request at the highest levels that adherence to the rules for fiscal responsibility return to normal once the situation has stabilised.

Poland has set out in the opposite direction. At the end of October, its government approved 2012 as the timeframe for adopting the euro, as, according to it, the fastest possible adoption of the euro will make it easier to face any future global financial crises.

http://www.komora.cz/hk-cr/zpravodajstvi/art_26877/hk-cr-nesouhlasime-s-odkladem-oznameni-terminu-zavedeni-eura-v-ceske-republice.aspx

INTERNAL MARKET

EC Files Action against the Czech Republic Due to Reinsurance Directive

The European Commission decided to start infringement proceedings against ten member states for failure to meet their obligations to implement certain internal market directives in their national legislation. As far as the **Czech Republic is concerned, this pertains to the reinsurance directive**, which should have been implemented in national law by 10 December 2007. For this reason, the European Commission will file an action against the Czech Republic with the European Court of Justice.

Based on information provided to the Czech News Agency by Ministry of Finance spokesperson Ondřej Jakob, the **delay was caused by the demanding legislative process**. According to him, a portion of the provisions are already contained in current Czech legislation. The remainder is in the proposed Insurance Act, which has been in the Chamber of Deputies since July and will now be discussed in its first reading.

Directive 2005/68/EC on reinsurance fills a gap in EU insurance legislation, which, in the past, did not regulate specialised re-insurers (i.e. insurers that do not conduct direct insurance). The non-existence of a harmonised EU regulatory framework for reinsurance resulted in significant **differences in the level of supervision over reinsurance activities between different EU member states** and unequal conditions for all entities on the internal insurance and reinsurance services market.

Thus far, only the Czech Republic has received a reasoned opinion due to not implementing the **directive on transparency obligations of listed companies**. A

reasoned opinion is the second phase of infringement proceedings as set forth in Article 226 of the EC Treaty. If the Commission does not receive a satisfactory reply within a timeframe of two months, the Commission can refer the matter to the European Court of Justice.

This directive and its implementing measures aim to improve the quality of the information available to investors with regard to company performance and financial position as well as on changes in major shareholdings. **The deadline for implementing this directive expired in March 2008.**

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1519>

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1520>

FINANCE

Summit Approves Plan a for Battling the Financial Crisis

The European Council summit approved a scenario for battling the financial crisis, which is based on recommendations that were agreed by the Eurozone countries and Great Britain. At the EU summit, the leaders of the member states agreed on the following new measures:

- providing **guarantees for new bank loans**;
- providing European **banks with additional “injections” of capital**;
- **increasing the liquidity of the interbank market**; and
- **changing accounting rules** with the goal of increased transparency, as it is currently limited by “mark-to-market” accounting.

This set of measures was supplemented by the European Commission, which promised to react more flexibly when approving state assistance for individual banks. It agreed to evaluate requests within a timeframe of twenty-four hours and will respond positively to all justified proposals as long as they do not discriminate against some entities on the market, such as in the case of Ireland, when British banks suffered damage. Different European countries have already invested or have promised to invest a total of **approximately 2.2 trillion euro** in their respective banking systems through various means.

In spite of doubts on the part of the large member states that some of the Union’s “newbies” (such as the Czech Republic) might block the proposal put forth by the large European economic powers, in the end, President Nicolas



Events

The Ecofin Council agreed to increase the amount of the minimum guarantee for private deposits from EUR 25,000 to EUR 100,000. At the same time, the depositor co-guarantee, which is currently at 10%, will be abolished fully. Günter Verheugen, the European Commissioner for Enterprise and Industry announced that the Commission is favourably inclined towards releasing a package of soft loans totalling EUR 40 billion to meet the needs of the automotive industry.

Sarkozy of the presiding France could announce shortly before midnight that, "Europe, as a whole and without exception, **supports the action plan that was agreed on at the Eurozone summit.**"

The conclusions from the first day of the summit, which were approved by all of the delegations present, also mention **organising a global forum on the financial crisis** that should take place in November. Leaders of the G8 countries should be present as well as representatives from the emerging powers, i.e., China and India.

Extraordinary circumstances, such as the largest financial crisis since the 1930s, **require extraordinary measures**, which, from the perspective of economy primers, look like exaggerated state interference in free competition. Nevertheless, if they were not applied, there would be a true threat of the European financial system collapsing and boundless consequences on the actual economy.

However, as the European Commission requires, it is of utmost importance that these **measures remain in place only for the requisite period of time** and do not permanently distort the market environment.

http://www.ue2008.fr/PFUE/lang/en/accueil/PFUE-10_2008/PFUE-15.10.2008/Conseil_europeen

Commission Introduces Plan for Increased Bank Regulation

At the start of October, as a reaction to the current financial crisis, the European Commission proposed measures for **increased bank regulation in the form of revisions to the Capital Requirement Directive.**

The main points of the proposal are:

Improving the management of large exposures

If banks reach a certain limit, they will not be able to make loans to any other entity. As a result, banks will not be able to borrow or offer loans above the established financial limit on the interbank market, because the other banks will be subject to certain restrictions with regard to borrowing.

Improving the supervision of cross-border banking groups

"Colleges of supervisors" will be established and will be entrusted with controlling banking groups that operate in multiple EU member states. The rights and responsibilities of the relevant national supervisory authorities will be made clearer and their mutual cooperation will become more effective. The establishment of a supervisory institution at the European level has not been proposed.

Improving the quality of bank capital

There will be clear, EU-wide rules for assessing "hybrid" capital (capital comprising both equity and debt) from the perspective of allowing this type of capital from being included in a bank's overall capital.

Improving liquidity risk management

For banking groups that operate in multiple EU member states, "colleges of supervisors" will also discuss and coordinate liquidity risk management, i.e. how banking activities are financed on a day-to-day basis. These provisions are a reaction to the ongoing discussion of the Basel Committee on Banking Supervision and the Committee of European Banking Supervisors.

Improving risk management for securitised products

Stricter rules will be implemented for certain types of securities, i.e., products of which the repayment depends on the performance of dedicated loan portfolios. Companies that restructure loans into tradable securities will be required to retain some risk exposure with regard to these securities, while companies that invest in these securities will be allowed to make their decisions only after conducting comprehensive due diligence.

As this is a revision of a directive, in order for it to enter into force it must undergo a demanding approval process, during which a consensus must be reached between the European Parliament and the member states. As a result, **this proposal will most likely not be implemented until several years down the road.**

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1433>

Ministers of Finance Agree to Provide a Guarantee for Private Deposits

Within the framework of the battle against the financial crisis and in order to avoid possible panic on the part of small depositors, the ministers of finance from the member states agreed to **increase the minimum guarantee for private deposits from EUR 20,000 to EUR 50,000** and to do away entirely with the current depositor co-insurance requirement (currently this is 10%, i.e., if the bank fails, the depositors receive 90% of the value of their deposits).

Another measure is to **increase the limit to EUR 100,000** as has already been proposed by the European Commission. The European Commission's proposal also includes measures to decrease the timeframe for paying out deposits in the event of bank failure from three months to three days.



Changes to national guarantees for bank deposits became required as a result of the step taken by Ireland, which was the first to declare that it will provide a guarantee for all the deposits and debts of its six largest financial institutions. At first, Neelie Kroes, the European Commissioner for Competition Policy, indicated that **she found this measure to be discriminatory towards other European banks**, but soon other member states, including Germany, Greece, Austria, and Denmark added their voices to Ireland's.

Thus far, the Commissioner does not have any reservations about Germany's and Austria's decision to provide national guarantees, as **they are limited only to small savers**. She, however, stated that the overall guarantees in the case of Ireland will require "fine tuning" if they are to comply with the rules of economic competition.

The twenty-seven Ministers of Finance from the member states also agreed that they **will not let any bank fail**, which is sufficiently large to cause the entire European financial system to collapse.

Harmonising the state guarantees provided for bank deposits is a required **measure in order to ensure that all banks on the EU banking market operate under the same conditions**. We consider doing away with the minimum depositor co-insurance (currently 10%) to be an unfortunate measure. It might be justified for the short term in order to avoid panic and a "run" on banks, however as a long-term measure it supports a moral gamble for depositors who, when selecting a banking institution, will not take its financial stability and level of risk into consideration.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/misc/103202.pdf

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1508>

ENTERPRISE

Brussels Supports EUR 40 Billion Loan for Auto Manufacturers

At a conference of the expert CARS 21 group, whose task it is to improve the regulatory framework for the automotive industry and prepare it for future demands, Günter Verheugen, the European Commissioner for Enterprise and Industry, stated that the Commission is favourably inclined towards releasing a **package of soft loans totalling EUR 40 billion** to meet the needs of the automotive industry.

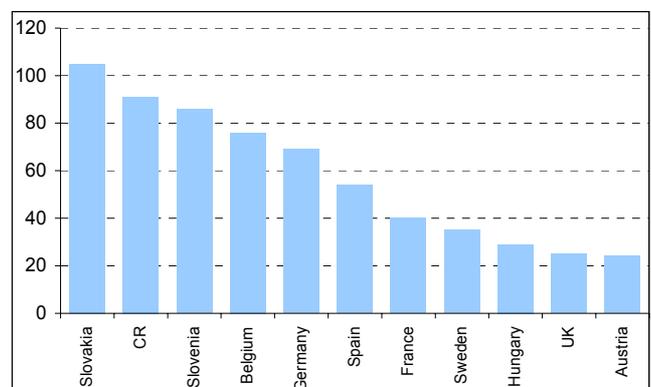
The Commissioner did not say exactly when these resources would be available to automobile manufacturers, but did say that they would be provided by the **European Investment Bank (EIB) in the form of low-interest loans**. The loans could be used to finance research and development for energy efficiency and decreasing fuel consumption in new automobiles.

In addition, the European Commission is considering allowing member states to use national assistance for the **purpose of developing environmental technologies**.

The announcement on the creation of the package comes only a short time after the leading **representatives of the European 27 voiced their support for a French plan to support European automobile manufacturers** and instructed the European Commission to present proposals for supporting all European industries by the end of this year.

The biggest carmakers in the EU in 2007

number of produced cars per 1000 citizens



Source: OICA, ČTK

Within the context of generally worsening economic conditions and decreasing sales of new automobiles, both in the European Union as well as around the world, the CARS 21 conference was "dominated by **concerns about the future of jobs in this sector**," said Günter Verheugen during his presentation of the conference conclusions.

The group agreed that the only possibility of ensuring the long-term sustainability and competitiveness of the European automotive industry is to **transform it into a global leader** in environmentally-friendly, safe and affordable vehicles.

The future creation of a support package for car manufacturers is a **significant victory for the automobile**



Iceland, which has been heavily hit by the current financial crisis, is considering membership in the European Union. The European Commission supports this step. The ministers responsible for energy in the member states agreed on ending the sale of standard vacuum light bulbs in the European Union starting in 2012.

lobby. It is only a question of time until other segments of industry, construction, services, and agriculture apply for state subsidies under the pretext that their companies must also meet environmental requirements and deal with weakening demand.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1598>

TRANSPORT AND ENERGY

Will the EU Ban Non Energy Efficient Light Bulbs?

In accordance with the goal for increasing the energy efficiency of appliances, the ministers responsible for energy in the member states agreed on **ending the sale of standard vacuum incandescent bulbs in the European Union** starting in 2012. The European Commission should prepare the proposal of the appropriate regulation prior to the end of this year. Proposals for the full conversion from traditional to energy-efficient light bulbs first appeared at last year's European Union Spring Summit during the debate on the preparation of an ambitious energy-climate legislative package.

According to estimates by the international conservation organisation WWF, this **could decrease the electric energy used for lighting by 60%** and save 30 million tonnes of carbon dioxide (one of the greenhouse gasses that contributes to global warming) every year.

Thus far, the purchase price of energy efficient light bulbs is still more expensive than that of classic bulbs, but over the course of several years, the cost for their acquisition and use comes out cheaper due to their significantly lower level of energy use. In addition, in future acquisition costs could also decrease as it is anticipated that the **antidumping duties for their import from China will be either curtailed or repealed completely.**

According to experts though, the light source of the future would not be the current fluorescent bulbs (or low-pressure lamps), but **rather light emitting diodes (LED)**, which are however still too expensive.

The prepared regulation would come into effect in 2010 and would **include a two-year interim period** during which energy efficient light bulbs would gradually push their less ecological alternatives out of the sales networks.

This step of the European Union is not an exceptional one in the developed world. **Australia was the pioneer** when, last year, it approved the banning of classic vacuum bulbs starting in 2009. Similar measures have also been

implemented or are under preparation in New Zealand and California. Of the EU member states, Great Britain has already been working on a proposal.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/trans/103274.pdf



Airlines Must Publish Full Ticket Prices

Starting on Saturday, 1 November, **airlines must start publishing the final prices of air tickets**, including all additional fees. This regulation is the EU reaction to the practice of some airlines to advertise only a fraction of the actual price of an air ticket in spite of the fact that the customer must then pay several times as much due to various fees.

The requirement that **airlines must specify the full price of an air ticket**, including a detailed itemisation of individual fees that are added to reach the final price, will make it easier for consumers to compare the prices offered by various airlines and thus help increase competitiveness on the market.



In addition, according to the new rules, the airlines **will not be able to increase the price by additional “opt-in services”** without obtaining the customer’s prior consent or discriminate against customers who are ordering air tickets from various other countries. In spite of the fact that the new regulation will not enter into force until November, a number of airlines have already started specifying the full price during the course of this year.

The regulation also includes additional measures that aim to increase air safety and protect customers against situations such as those that occur when an airline announces bankruptcy and passengers who already have a purchased air ticket do not find out until the day of departure. New airlines in particular will be subject to **stricter controls by national authorities** and will have to provide information on their financing. “If an air carrier can no longer meet its actual and potential obligations for a 12-month period, the authority shall suspend or revoke the operating licence,” says the declaration published on the European Commission’s website.

In order to ensure increased safety, all airlines will be subject to stricter controls of licences that have been granted.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1603>

ENLARGEMENT

EU Opens Its Doors to Iceland

According to Olli Rehn, the European Commissioner for Enlargement, if Iceland decides to become a member state of the EU, it could happen very soon. In light of the financial crisis that brought the island to brink of bankruptcy, **Iceland is starting to reconsider membership in the European Union.**

Commissioner Rehn told the AFP news agency that “Iceland is clearly a democratic European country,” which has **“already negotiated perhaps two-thirds” of the criteria** needed to become a part of the European Union.

“This means that were Iceland to apply for membership, we could **quickly complete the negotiations,**” specified the Commissioner.

Iceland is a **member of the European Free Trade Association (EFTA) as well as the European Economic Area (EEA).** It thus implements the majority of European legislation that pertains to a single market with two very important exceptions – agriculture and fisheries. In addition, the EEA allows Iceland to be a member (albeit without voting rights) in an entire range of European agencies and

to participate in programmes related to the environment, education and research. Iceland is also an associate member of the Schengen Agreement and thus it possible to travel from Iceland without a passport to the majority of countries of the European Union and Norway.

Last week, Iceland’s Minister of Fisheries Einar Gudfinnsson announced that **it is time to re-evaluate his country’s relationship with the European Union,** which, at this time of crisis, presents a relatively firm point. According to a public opinion survey published recently by the Icelandic “Frettabladid” daily newspaper, 70% of all Icelanders would like a referendum on membership in the European Union. According to the survey, 49% of the country’s citizens are in favour of membership and 27% responded negatively.

Iceland is the country that has most been impacted by the current financial crisis and, **without help from outside, cannot extricate itself.** The current model of a country heavily focused on international banking failed and it has become necessary to find a new way of building prosperity. Given Iceland’s membership in EFTA, the EEA and Schengen, acceding to the European Union provides a realistic alternative for stabilising the country’s economy and reviving the confidence of foreign investors.

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

EXTERNAL RELATIONS

EU Signs New Partnership with Australia

Paris was the site of a meeting between the EU Troika and Australian Foreign Minister Stephen Smith, at which a **new EU-Australia partnership framework was successfully signed** and approved for an additional five years.

Up until now, there were two documents that defined the framework for EU-Australian relations, specifically:

- the 1997 **Joint Declaration** on Relations Between Australia and the EU and
- Australia and the EU: **Agenda for Cooperation** (2003).

The validity of the latter document was limited to a period of five years and thus a new document was prepared this year. The new EU-Australia partnership framework places great **emphasis on security and anti-terrorism cooperation,** cooperation in the Asia-Pacific Region, and others.

The EU Troika, comprising Rame Yade (the French Minister of State for Foreign Affairs and Human Rights), Benita Ferrero-Waldner (the European Commissioner for External Relations and European Neighbourhood Policy), and Robert Cooper (the representative for the Secretariat of the EU’s Council of Ministers), met with Australian Foreign Minister Stephen Smith on 29 October. A friendly atmosphere ruled



Events

The EU has reached a consensus on a new Waste Directive, which anticipates the increased use of waste for energy purposes. The European Commission introduced a new directive that should harmonise the rules for cross-border purchases on the single internal market in the EU. It will pertain to both purchases made over the internet as well as to those in the “main street”. Minister of Education Ondřej Liška signed the long-awaited Operational Programme Research and Development for Innovation.

the entire meeting, which culminated in the **approval of a new partnership framework for the upcoming five years.**

Prior to the meeting, European Commissioner for External Relations Benita Ferrero-Waldner said, “The EU attaches great importance to its relations with Australia. **Australia is a key player in the Asia-Pacific region** and a key partner for the European Union on issues like the world economic system, climate change and energy security as well as international and regional security.”

In addition to the new partnership, the topics that were discussed included the current world financial crisis and the situation in Georgia. For more than twenty-five years, the **EU has been Australia’s greatest business partner**, thus the strengthening of mutual business relations is one of the five key goals that the EU and Australia want to attain within the framework of the new partnership. Other objectives include strengthening dialogue and cooperation in relation to foreign policy issues and supporting cooperation with regard to climate change and energy issues.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1592>

ENVIRONMENT

Union Gives Green Light to Waste Incineration at Power Plants

The Ministers of the Environment from the EU 27 have reached a consensus on a new waste directive, which anticipates **using waste as an energy resource at even a higher level.** The priority of the member states should, however, remain to limit the creation of waste itself.

“By promoting the use of **waste as a secondary resource**, the new directive is intended to reduce the landfill of waste as well as limiting the risk of greenhouse gas emissions escaping from landfills,” states the output document from the EU Council for the Environment.

When handling waste, the member states as well as local self-governing units would have to adhere to a strict sequence of steps: **The first priority is to try to reduce the amount of newly generated waste.** If it has already been generated, it should be reused, recycled or incinerated for the purpose of manufacturing electricity. The last possible option is storage at a landfill.

Energy-efficient incineration of waste is defined as reuse for the first time in this new directive. With this step, the ministers of the environment promise **decreased consumption of traditional fossil fuels** and other mineral resources.

The new directive was approved after several years of demanding negotiations between the Council and the European Parliament, which started back in 2005. In this compromise proposal, the MEPs had to give up on the implementation of any binding goal for the amount of waste generated at a national level. Instead, the member states have no more than five years to come up with **programmes focused on limiting waste production**, which will be submitted for the Commission’s evaluation.

For the first time in history, the directive included binding goals pertaining to the proportion of **waste that must be recycled. For 2020, the goal is 50% of household waste** and 70% of waste generated by construction and demolition activities.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/misc/103477.pdf

REGIONAL POLICY

Last Operational Programme Signed

At the start of October, Minister of Education, Youth and Sport Ondřej Liška signed the **long-awaited Operational Programme Research and Development for Innovations** in Brussels.

The Operational Programme Research and Development for Innovations (OP RDI) was the last operational programme that the European Commission had not yet approved. The Commission pointed out that the previous version of the programme was not sufficiently interlinked with industry in order to bring effective results. At that point, the Ministry started reworking the programme and announced that it was prepared for approval this April. The technical meeting preceding the actual approval **was successfully fine-tuned during July** and the operational programme was officially signed on 1 October in Brussels.

Structure and Budget of OP RDI in mil. €

Priority Axe	Budget
1. European Centres of Excellence	806.3
2. Regional R&D Centres	806.3
3. Commercialisation and PR of R&D	250.9
4. Education Infrastructure at Universities linked to R&D	487.2
5. Technical Assistance	85.3
Total	2436.1

Source: Ministry of Education



The goal of the Operational Programme Research and Development for Innovations is to **strengthen Czech potential in the area of science, research and innovation** in a manner whereby it will contribute to higher economic growth, competitiveness and the creation of highly-qualified employment positions so that the Czech Republic will become a “significant European location of concentration for these activities.”

In addition to international cooperation, the programme also aims to create regional research and development capacities and strengthen the cooperation between institutions, universities and private enterprises in relation to implementing the results of research and development into practice **whereby they help strengthen regional development.**

Over the next five years, research institutions, scientists and universities **will be able to use up to EUR 2.4 billion from the OP RDI.**

In spite of the delay that accompanied the preparation of the programme, the **Ministry of Education announced the first call for application this past spring** and scientists could thus submit their projects for evaluation.

<http://www.msmt.cz/pro-novinare/miliardy-pro-ceskou-vedu-podepsano>

INFORMATION SOCIETY

Cross-Border Purchases in Europe will be Safer

The European Commission introduced a new directive that **should harmonise the rules for cross-border purchases** – both over the internet as well as on “main street” – and thus serve as an impulse for retailers to “conquer” foreign markets and for consumers to expand their purchasing activities abroad.

The legislative proposal anticipates that **all consumers in Europe must be duly informed** about the characteristics of the applicable product at the time they are making a purchase as well as on the item origin and the final price, including any related fees. The directive also limits the delivery timeframe to thirty days and introduces the right of all Europeans to return goods without cause within a timeframe of fourteen days of the date they are delivered. In addition, guarantee conditions will also be harmonised: Consumers will have the right to have an item repaired or exchanged if it proves to be defective within a period of two months.

Special rules will apply in the European Union for purchase made using mobile telephones, which often have smaller display capabilities that make it impossible to provide the full information on a product (e.g., displaying a sufficiently large image). **Unfair practices**, such as automatically increasing the price for services or renewing a contract without the customer’s knowledge **will also come to an end.**

“The new legislation should strengthen consumer protection and the credibility of cross-border purchases,” explained European Consumer Affairs Commissioner Meglena Kuneva.

According to a recently published public survey, approximately every fourth European purchases merchandise over the internet, nevertheless **only 7% of the Old Continent’s inhabitants do so on foreign internet servers.**

This directive, if it is approved, has real potential for promoting the rules of a single market more, especially in the area of internet purchases. **Thanks to sizable price differences, there is potential for cross-border purchases**, as has obviously been confirmed by recent surveys.

Price differences index to the best price in consumer electronics

(expressed as a percentage over the best price)

Austria	34 %	Ireland	20 %
Netherlands	28 %	Estonia	16 %
France	28 %	Slovenia	15 %
Finland	28 %	Portugal	14 %
UK	27 %	Germany	13 %
Luxembourg	27 %	CR	13 %
Denmark	27 %	Bulgaria	13 %
Greece	26 %	Poland	12 %
Belgium	25 %	Hungary	11 %
Spain	23 %	Latvia	10 %
Cyprus	22 %	Slovakia	6 %
Italy	21 %	Romania	4 %
Sweden	20 %	Lithuania	0 %

Source: *European Commission*

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1474>



Diary

1 OCTOBER

EU strategy for Baltic Sea Region:

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1430>

2 OCTOBER

MEPs want end to illegally imported timber:

http://www.europarl.europa.eu/news/public/story_page/064-38426-273-09-40-911-20080930STO38425-2008-29-09-2008/default_en.htm

The EU-Africa Strategic Partnership:

<http://europa.eu/rapid/pressReleasesAction.do?reference=EMO/08/601>

3 OCTOBER

Who gets EU cash? New website gives details of beneficiaries: http://ec.europa.eu/budget/other_main/press_releases_en.htm

6 OCTOBER

Commissioner Mandelson resigns to join UK government, Baroness Ashton of Upholland nominated to succeed him:

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1459>

7 OCTOBER

Towards a common charges system for EU airports:

http://www.europarl.europa.eu/news/expert/infopress_page/062-38797-281-10-41-910-20081006IPR38796-07-10-2008-2008-false/default_en.htm

8 OCTOBER

Council Conclusions on fight against tax fraud:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/103209.pdf

Council Conclusions on on financial stability and financial supervision: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ecofin/103207.pdf

FIFA boss Blatter appeals to MEPs over "local"

football: http://www.europarl.europa.eu/news/public/story_page/041-38775-338-12-49-906-20081006STO38774-2008-03-12-2008/default_en.htm

9 OCTOBER

Bulgaria's frozen EU funds: MEPs investigate:

http://www.europarl.europa.eu/news/public/story_page/036-38749-338-12-49-905-20081006STO38721-2008-03-12-2008/default_en.htm

The European Commission has started operating a special web portal that provides information on the entities that have received grants from EU funds controlled directly by the Commission or one of the agencies it has established. The Europarliament does not support the "6+5" rule proposed by the FIFA football association, which aims to regulate the number of foreign players in clubs. MEPs are requesting clearer rules for international marriages in order to limit complications in the event of divorce.

European Commission calls for greater role for Europe's local authorities in development action:

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1470>

10 OCTOBER

Transport, Telecommunications and Energy Council

Meeting: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/fr/trans/103259.pdf

Future of cohesion policy debated with regions and cities:

http://www.europarl.europa.eu/news/expert/infopress_page/059-38813-281-10-41-910-20081006IPR38812-07-10-2008-2008-false/default_en.htm

Statistics: The tourist accommodation sector employs 2.3 million in the European Union - Issue number

90/2008: http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-08-090/EN/KS-SF-08-090-EN.PDF

13 OCTOBER

2009 budget: abiding by the EU's commitments:

http://www.europarl.europa.eu/news/expert/infopress_page/034-38815-283-10-41-905-20081006IPR38814-09-10-2008-2008-false/default_en.htm

Treaty of Lisbon: Consolidated versions:

http://consilium.europa.eu/cms3_fo/showPage.asp?id=1296&lang=en

14 OCTOBER

General Affairs and External Relations Council Meeting:

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/fr/gena/103307.pdf

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/fr/gena/103306.pdf

MEPs to vote on EU Blue Card for skilled migrants:

http://www.europarl.europa.eu/news/public/story_page/018-39206-287-10-42-902-20081013STO39205-2008-13-10-2008/default_en.htm

Council Conclusions on the EU-Mexico strategic

partnership: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/103289.pdf

Commission gives guidance to Member States on measures for banks in crisis:

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/08/1495>

15 OCTOBER

European Ombudsman: Annual Report 2007:

<http://www.ombudsman.europa.eu/report/cs/default.htm>



16 OCTOBER

Commission streamlines notification procedure for national regulators: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1502>

Commission proposes extension of rules on cross-border euro payments to direct debits: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1506>

17 OCTOBER

European Network for Rural Development goes live: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1525>

20 OCTOBER

Foreign divorces - MEPs to debate fairer rules: http://www.europarl.europa.eu/news/public/story_page/016-10384-267-09-39-902-20070913STO10370-2007-24-09-2007/default_en.htm

Commission launches EU school milk campaign: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1545>

21 OCTOBER

Environment Council Meeting: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/fr/envir/103480.pdf

Statistics: Forest covers 42% of the EU27 land area: http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2008/PGE_CAT_PREREL_YEAR_2008_MONTH_10/1-20102008-EN-BP.PDF

Land area with forest cover (%)

Finland	77	Bulgaria	34
Sweden	75	CR	34
Slovenia	65	Luxembourg	34
Spain	57	Germany	32
Estonia	56	France	31
Greece	51	Poland	30
Latvia	51	Romania	29
Austria	48	Belgium	23
EU-27	42	Hungary	22
Cyprus	42	Denmark	15
Portugal	42	UK	12
Slovakia	40	Netherlands	11
Italy	37	Ireland	10
Lithuania	35	Malta	1

Source: Eurostat, for 2005

22 OCTOBER

Challenges to collective agreements in the EU: http://www.europarl.europa.eu/news/expert/infopress_page/048-40052-294-10-43-908-20081020IPR40051-20-10-2008-2008-false/default_en.htm

24 OCTOBER

European Food Safety Authority begins work on health claims list: http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1211902143225.htm

27 OCTOBER

Justice and Home Affairs Council Meeting: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/fr/jha/103548.pdf

Thursday: MEPs against body scans & pirates: http://www.europarl.europa.eu/news/public/story_page/008-39967-350-12-51-901-20081020STO39966-2008-15-12-2008/default_en.htm

28 OCTOBER

Agriculture and Fisheries Council Meeting: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/fr/agricult/103557.pdf

The Unfair Commercial Practices Directive: http://ec.europa.eu/consumers/rights/index_en.htm

29 OCTOBER

Joint statement by the Presidency of the Ecofin Council and the Commission on providing medium-term financial assistance to Hungary: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/1595>

30 OCTOBER

Interregional co-operation: launch of second call for projects: http://ec.europa.eu/regional_policy/newsroom/index_en.htm

Transitional provisions for the application of minimum reserves by the ECB following the introduction of the euro in Slovakia: <http://www.ecb.eu/press/pr/date/2008/html/pr081029.en.html>

31 OCTOBER

Statistics – EU27 regions under the magnifying glass: http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_PREREL_YEAR_2008/PGE_CAT_PREREL_YEAR_2008_MONTH_10/1-30102008-EN-AP.PDF



Information service

November will see many meetings of key EU bodies, the dominant one being the informal summit of the heads of the member states. The main topic will be harmonising the position of member states prior to the extraordinary international summit on the financial crisis. The financial crisis will also be the main theme of the Eurogroup and ECOFIN Council meetings at the start of November. On the other hand, the ECOFIN meeting will be devoted to the common European budget for 2009.

Meeting of the key EU institutions

3.11.2008	Marseille, France	- Meeting of the foreign affairs ministers of the European Union
3.11.2008	Brussels, Belgium	- Eurogroup Meeting
4.11.2008	Brussels, Belgium	- ECOFIN Council
7.11.2008	Brussels, Belgium	- Informal European Council
10.11.2008	Brussels, Belgium	- General Affairs and External Relations Council meeting
18.-19.11.2008	Brussels, Belgium	- Agriculture and Fisheries Council
20.-21.11.2008	Brussels, Belgium	- Education, Youth and Culture Council
21.11.2008	Brussels, Belgium	- Economic and Financial Affairs Council
24.-26.11.2008	Marseille, France	- Informal meeting of ministers for housing, urban development, regional development and cohesion policy
25.-26.11.2008	Bordeaux, France	- Informal meeting of the ministers for education and vocational training
27.-28.11.2008	Brussels, Belgium	- Justice and Home Affairs Council
27.11.2008	Brussels, Belgium	- Transport, Telecommunications and Energy Council

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
The Future of youth policy	DG EAC	25.11.2008
The early challenges regarding the "Internet of Things"	DG INFSO	28.11.2008
The harmonisation of solvency rules applicable to IORP	DG MARKT	28.11.2008

Thanks to the European Union's liberalising measures that harmonised the rules for the airline industry on the single internal market, there was a great upswing in the number of low-cost air carriers and competition between all airlines in the Union was greatly strengthened. What was previously a highly-regulated sector with expensive air tickets has thus been transformed into a dynamic sector, whose services are being used in the EU by more and more travellers thanks to reasonable prices.



AIR TRANSPORT IN THE CONTEXT OF EU ACTIVITIES AND POLICIES

More than twenty years have passed since the start of the radical transformation of the economic and regulatory environment for air transport in Europe.

To a large extent, this is part of the process for creating an EC Single Internal Market, which formally started in 1993, but given that during the preceding period there were dozens of enabling and liberalising measures that were implemented. The single internal market thus became an integral component for air transport.

It was normal for air transport to represent a highly-regulated sector, dominated by national flagship air carriers and state-owned airports. The single market environment significantly removes all commercial restrictions for airlines operating within the framework of the EU (restrictions on the selection of flight routes, number of flights, air ticket prices, etc.). Currently, all airlines in the EU can offer air transport services on any route within the EU.

EU policies transformed the air transport sector by creating conditions for its competitiveness and ensuring both the quality of the services as well as the highest possible level of safety. Consumers, airlines, airports, and employees can thus all enjoy benefits in the form of new routes and airports, a higher number of choices, lower prices and an overall better level of quality with regard to services.

With more than 130 registered airlines and a network of 450 airports, air transport also makes a significant contribution to the European economy. It employs more than three million people in the EU and contributes more than EUR 120 billion to Europe's GDP. By linking people and regions, air transport also contributes significantly towards European integration, competitiveness and connecting Europe with the rest of the world.

Nevertheless there is still an environment in where airlines have less entrepreneurial freedom – specifically when flying outside EU territory. As a result, passengers also have a lower number of possible choices.

International air transport is traditionally framed by bilateral treaties between individual countries, which can limit the number of airlines with regard to relevant routes, the number of flights and even the list of accessible destinations.

In order to overcome these limitations, the EU is expanding its air transport policies to extend beyond the framework of its borders:

1) Firstly, any bilateral agreement that does not comply with the free operation of air transport as based on the

single market will have to be reviewed in order to ensure legality and to place all airlines in the EU in an equal position from the perspective of ensuring flights outside the EU (in this regard, there is an obvious effort to respect similar principles on which the EU's common business policies are founded).

- 2) Secondly, the EU is working with neighbouring countries in the Mediterranean region and some eastern countries on establishing a common area for air transport by 2010.
- 3) Thirdly, the EU is creating an area of open air transport with other key international partners. Closer international cooperation will not only open market possibilities, but will also allow the EU to promote and ensure a high level of safety standards and security for international air transport, as well as to work with its other partners when dealing with the impact of air transport on the environment. A number of tasks still have to be finished and capped off in order for air transport to fulfill its potential.

SINGLE INTERNAL MARKET FOR AIR TRANSPORT

Prior to 1987, air transport markets all across Europe were protected and fragmented – something which, however changed in a drastic manner quite suddenly. In order to create a single market for air transport, the EU started to liberalise this sector in three phases.

The first liberalisation package

The first package of measures was adopted in December 1987 and started to relax the rules that were in place at that time. For instance, for transport within the framework of the EU, it limited the right of governments to prevent the implementation of new transport conditions and pricing policies for air transport. This provided airlines with a certain level of flexibility with regard to sharing seat capacity.

The second liberalisation package

The second package, implemented in 1990, opened the market even more and allowed greater flexibility with regard to pricing and transport conditions as well as mutual sharing of capacity. The measures also provided all air carriers in the EU with the right to provide transport for an unlimited



Main topic

number of passengers or cargo between their home country and other EU countries.

The third liberalisation package

The subsequent degree of liberalisation of air transport in the EU came about with the third package of measures, which were introduced in January 1993. This package provided freedom with regard to providing services in the EU and, in April 1997, cabotage rights (the right of an airline from one member state of the EU also to operate on routes within the framework of other member states). This rule for the single market was subsequently expanded to include Norway, Iceland and Switzerland.

The third liberalisation package for air transport brought:

- harmonised requirements for granting a licence to provide services to airlines in the EU;
- open access to all routes within the framework of the EU for all airlines in the EU holding this type of license, together with the ability of national governments to exercise public service obligations on routes that are significant for regional development; and
- complete freedom with regard to pricing and transport conditions; airlines no longer have the obligation to submit their prices and tariffs to the applicable national authorities for approval.

After the implementation of the third package of measures and the following approximately fifteen years, the air transport market continued to develop dynamically and gradually the time came to modernise the legal framework. In July 2006, the European Commission submitted a proposal to improve and simplify the legal framework for the single air transport market. This proposal is targeted at consolidating the three existing directives included within the framework of the third package into one and ensuring a more effective air transport market in the future.

The demands for safety and security remain amongst the most important priorities of the legal provisions.

The conditions for ensuring fair economic competition, pertaining to rules for mergers and alliances, price fixing and other arrangements are also very important.

One of the key benefits that the EU single market has brought to air transport is the high level of safety and security in all aspects of air travel. Statistically, flying is one of the safest means of transport in Europe and, in addition, it has an extraordinarily convincing record of development in

the area of safety. Nevertheless, even with a count of more than thirty thousand flights that are operated in Europe in one – albeit extraordinarily exhibitivite – day and with prospects for further increase in the number of flights, the need to maintain this development from the perspective of safety is also growing.

The European Union has harmonised safety standards at an extraordinarily high level. Their special body – The European Aviation Safety Agency (EASA) was established in 2002. From its central headquarters in Cologne, Germany, it assists those who are responsible for creating EU aviation policies during the development of common air transport rules.

At the current time, national authorities continue to perform the majority of operational tasks. Notwithstanding, the agency will gradually increase its field of competence from certification to control, licensing cabin crews, travel safety and air navigation services. Travellers need to be assured that every single air vessel that they board – regardless of whether it belongs to an airline from the EU or from outside of it – provides a high level of safety and the related standards.

If there is any evidence that an airline is incapable of functioning while meeting minimal safety standards, the European Commission can enforce a ban and operational restrictions on that company's activities (which it does regularly). As far as airlines that are considered to be unsafe are concerned, they are added to a list that is published on the European Commission's website and updated at least once every three months.

In addition, after the terrorist attacks of 11 September 2001, the EU harmonised security rules at all airports located in the territory of the EU. The European Commission performed its own inspections in order to be sure that airports meet these demanding safety and security standards.

In addition to safety, the EU's current policies in relation to a single air transport market are also focused on the following priorities:

- passenger rights;
- activities aimed at "green" air transport;
- respect for social affairs;
- supporting access to airport services;
- coordinated and shared management of air transport; and
- external aspects of EU air transport.

AIR TRANSPORT ACCOMPLISHMENTS IN THE EU

According to what are still preliminary data and EUROSTAT estimates, roughly 240 million passengers were transported by air in the EU-27 over the course of 2007. When compared to 2006, this preliminary figure reflects an increase of approximately 5%, which confirms the ongoing dynamic performance of personal air transport. As far as international transport is concerned, the most significant destinations are between the EU and North America, which were used by approximately 55 million passengers in 2007.

At the same time, air transport is also a very important means for transporting cargo and mail. In 2007, approximately 12 million tons of cargo and mail were moved in the EU-27 in this manner. The air transport used for transporting cargo within the framework of the EU itself reports very low numbers; destinations in North America are much more significant from this perspective.

Within the framework of a relative comparison of individual member states, we can identify that the tempo of growth in personal and cargo air transport in the overwhelming majority of the new member states of the EU is quite significantly higher than the union-wide average, which predetermines even the future potential of the growth of air transport in this part of the Union in the years to come.

ECONOMIC BENEFITS OF AIR TRANSPORT AND ITS INFRASTRUCTURE

Air transport and air transport infrastructure represent factors that have significant economic and social impacts on the areas and regions that are active in these economic activities.

These impacts far exceed the direct effects of airport operations and include the impact that airport operations have on the surrounding areas within the framework of the region in the form of wider benefits, which access to air transport services brings to regional business interests and customers, thus increasing their competitiveness.

Airports thus provide an essential infrastructure that supports economic and social growth and development not only at the national level but at the regional level as well.

The significance of air transport together with all the links it has to the business sector, other means of transport and fulfilling the qualitative aspects of economic and other daily

activities for economic growth and development were recognised and identified by the European Commission in its recently updated White Book on Transport.

From the perspective of the development of air transport, the view through the EU's lenses and its expansion continue to be of importance. Not even in the Czech Republic and the other new member states has the development potential of air transport been fulfilled yet, even through the enlargement of the EU in the form of more travel destinations (business opportunities) and factors that accompany the growing standard of living in the new countries (higher domestic demand).

When analysing the impacts, it is very useful to use respected comparative studies, which are essential from the perspective of clarifying the position of domestic airports in relation to comparable foreign airports as well as from the perspective of the methodology used and the definition of basic terms.

The various *levels of impact*, which can generally be monitored include:

- **direct impacts:** impacts in relation to employment and income, which are either fully or to a significant degree tied to the performance of airport operations;
- **indirect impacts:** impacts in relation to employment and income, which are generated within the economy in the monitored area in direct relation to the suppliers of goods and services;
- **induced impacts:** impacts in relation to employment and income, which are generated within the economy in the monitored area through expenses, acquired from the income of those who are employed either directly or indirectly (employees);
- **catalytic impacts:** impacts in relation to employment and income, which are generated within the economy in the monitored area through the broader role of airports while improving the productivity of business enterprises and attracting economic activities (influx of investments, expanded tourism options, etc).

In addition to economic impacts, an integrated concept of effects must also monitor the set of **social** impacts.

AIRPORTS AS NATIONAL AND REGIONAL ECONOMIC ACCELERATORS

Airports create the necessary infrastructure for a wide spectrum of economic activities. This broader economic role is defined as a catalytic impact, ensuing from the effect that is linked with the accessibility of aviation services in relation to the region that is served by an airport.



Main topic

Access to markets and both external, as well as international transport connections are considered to be “absolutely essential,” especially in the case of business entities that implement location-determined decisions. The catalytic effect of airports is felt primarily through the strengthened effectiveness and productivity that are ensured through easy access for suppliers and customers, especially over the medium and long-term timeframes. Global availability and accessibility are key factors when selecting a location for business activities.

Large airports are often perceived as fundamental economic accelerators (e.g., Amsterdam’s Schipol is the “mainport” for the Netherlands’ economy). This works vice versa as well; the impacts on the Swiss economy that resulted due to the loss of direct services for the airport in Zurich that occurred after Swissair went bankrupt were drastic. Airports are starting to develop more and more as multi-modal transport nodes. Their placement within the network and location create a strategic advantage, which allows them to lure an extensive range of economic activities that function as new development poles. Specifically, this one phenomenon amongst many others is evident primarily in the development of Schipol Airport in Amsterdam and Charles de Gaulle Airport in Paris.

Global accessibility can be significant at either the regional or national levels. For example, 31% of all companies located in proximity to the Munich airport specifically mentioned the airport as being the primary factor that was considered when deciding where to locate the company. An overview of the entrepreneurial entities located in the Hamburg area showed that 80% of the companies active in the processing industry report that the aviation services link is important to their activities with regard to acquiring customers, who thus have the possibility of viewing their company’s products personally.

In 1995, it was reported that 93% of all leading Irish companies used Dublin Airport for their business trips. There does not seem to be any reason to believe that this proportion has decreased or that it will decrease in the future.

In those locations where airports are available and easily accessible, they can function as a very strong magnet for the development of the business environment. For example:

- The Île de France Region generates 30% of France’s GDP. Accessibility to CDG Airport in Paris is a significant and strong factor when deciding on where to locate a company, especially for large global corporations that have their central administrative

headquarters in the Paris area and companies that participate in new high-tech and innovative sectors;

- The connections to Eastern Europe that are offered by the airport in Vienna allowed that city to ensure a location for the Eastern European offices of several global corporations; and
- The attractiveness of airports and their surrounding environment is especially strong for the high-tech sector, as is obvious with the airports in Copenhagen and Nice, to name just two.

It is possible to define “aviation intensive” sectors of business activities that are focused to the highest degree on the direct and indirect use of air transport services and the subsequent infrastructure. Based on empirical research, the primary sectors that are included in this category are:

- insurance;
- banking and finance;
- other means of transport;
- printers and publishing houses;
- coking plants, petrochemistry and nuclear fuel;
- mining;
- transport;
- communications;
- other entrepreneurial services;
- research and development;
- metal processing industry;
- computer activities; and
- precision and optical instruments.

Quite often these are branches of financial and business services that use air transport to the highest degree and for whom access to aviation services is a key factor when selecting their location. For example, there are a high number of foreign companies which are located in the immediate proximity of the Brussels airport, whereby many of them are active specifically in these “aviation intensive” sectors.

Airports that have accessible land lots develop commercial or business parks, thereby capitalising on the appeal of the mutual combination of aviation services and business. Often these business parks are used by companies that have some sort of connection with the airport or the aviation industry. Otherwise airports are selected by companies that use air transport in an intensive manner (which, with respect to important European airports, is most obvious with the airports in the case of Cork, Hamburg, Nice or Helsinki [Aviapolis Development]).



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	VII-08	VIII-08	IX-08	VII-08	VIII-08	IX-08
Belgium	1.7	2.8	2.7	3.0	3.3	3.3	6.6	6.6	6.6	5.9	5.4	5.5
Bulgaria	6.2	6.3	6.2	-11.5	-16.3	-22.0	5.7	5.6	5.6	14.4	11.8	11.4
CR	6.4	6.4	5.8	-2.3	-3.1	-2.4	4.4	4.3	4.3	6.8	6.2	6.4
Denmark	2.5	3.9	1.8	4.4	2.6	1.1	2.9	2.9	2.9	4.4	4.8	4.5
Germany	0.8	2.9	2.5	4.7	5.2	6.9	7.3	7.2	7.1	3.5	3.3	3.0
Estonia	10.2	11.2	7.1	-10.1	-15.7	-15.7	3.9	4.0	4.2	11.2	11.1	10.8
Ireland	6.0	5.7	5.3	-3.5	-4.2	-5.0	5.9	6.2	6.6	3.6	3.2	3.2
Greece	3.8	4.2	4.0	-13.4	-14.4	-16.2	na	na	na	4.9	4.8	4.7
Spain	3.6	3.9	3.8	-7.5	-8.8	-10.0	11.2	11.5	11.9	5.3	4.9	4.6
France	1.7	2.0	1.9	-1.7	-2.2	-2.6	7.8	8.0	7.9	4.0	3.5	3.3
Italy	0.6	1.8	1.5	-1.2	-2.0	-1.7	na	na	na	4.0	4.2	3.9
Cyprus	3.9	4.0	4.4	-5.9	-5.9	-7.3	3.8	3.7	3.8	5.3	5.1	5.0
Latvia	10.6	11.9	10.2	-12.5	-22.5	-22.9	6.3	6.5	6.8	16.5	15.6	14.7
Lithuania	7.9	7.7	8.8	-7.2	-10.5	-13.8	5.0	5.0	4.6	12.4	12.2	11.3
Luxembourg	5.0	6.1	5.2	10.9	10.3	9.1	4.1	4.2	4.2	5.8	4.8	4.8
Hungary	4.1	3.9	1.3	-6.8	-6.5	-5.0	7.8	7.9	7.9	7.0	6.4	5.6
Malta	3.4	3.4	3.8	-8.8	-8.3	-5.5	5.7	5.7	5.6	5.6	5.4	4.9
Netherlands	1.5	3.0	3.5	7.1	7.6	8.4	2.6	2.5	2.5	3.0	3.0	2.8
Austria	2.0	3.3	3.4	3.0	3.5	4.7	3.4	3.3	3.2	3.8	3.6	3.7
Poland	3.6	6.2	6.5	-1.6	-3.1	-3.7	6.9	6.7	6.5	4.5	4.4	4.1
Portugal	0.9	1.3	1.9	-9.8	-9.8	-9.8	7.5	7.4	7.3	3.1	3.1	3.2
Romania	4.2	7.9	6.0	-8.9	-10.4	-13.9	na	na	na	9.1	8.1	7.3
Slovenia	4.1	5.7	6.1	-2.0	-2.8	-4.8	4.3	4.2	4.1	6.9	6.0	5.6
Slovakia	6.6	8.5	10.4	-8.5	-7.7	-5.4	10.1	10.0	10.0	4.4	4.4	4.5
Finland	2.8	4.9	4.4	3.9	4.9	4.4	6.4	6.4	6.5	4.3	4.6	4.7
Sweden	3.3	4.1	2.6	6.1	8.5	6.5	5.7	5.9	6.1	3.8	4.1	4.2
UK	1.8	2.9	3.1	-2.5	-3.9	-4.2	5.6	na	na	4.4	4.7	5.2
EU	1.9	3.0	2.9	-0.4	-0.9	-0.9	6.9	6.9	7.0	4.4	4.3	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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