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Dear readers,

After the headlong hectic pace of the first six months, August was a slow month for European integration activity as the EU institutions enjoyed the summer holidays. In this peaceful environment, there were certain events that captured our attention and bear further mention.

Over the course of August, after finally starting to look at the status and perspective of public finances in a more realistic light, we bid farewell to the vision of entering the Eurozone and postponed it for what will most likely be a fairly long time. Under the assumption that the current entry criteria remain unchanged, it is not realistically possible to consider implementing the euro in the Czech Republic prior to 2015. This of course does not mean immediately dropping this long-term monetary goal or slowing down and reigning in the pace of all preparatory tasks. It does however seem to mean that entry to the Eurozone has ceased being one of the few leading priorities of short-term economic policy.

A number of so-called “preliminary economic indicators” across the EU could mean that optimism is on the rise amongst entrepreneurs and investors, replacing the preceding scepticism and hopelessness. It is true that the mood during this period of uncertainty can change literally from one day to the next. Nevertheless, this positive reversal in the perception of the economic future might be a harbinger of the fact that at least the economic decline has come to an end and the proverbial bottom has been reached. The question of course still remains as to how long we will still find ourselves at this bottom.

August was also a period of silent reflection, consideration and political and expert discussion of key issues through which the integration process should pass over the course of the fall. Amongst others, the composition of the new European Commission, the repetition of the referendum on adopting the Lisbon Treaty in Ireland, and adequate representation during the climate conference that will be held in Copenhagen in December can all be boldly added to the list. It is certain that the end of this year will mark the remembrance of the twentieth anniversary of the revolutionary year of 1989 even within the EU’s institutions. That specific year brought such far-reaching political changes, without which the current set of EU member states would be significantly less numerous.

Over the course of August, two of the newbies – specifically Slovakia and Hungary – served as an example of how relations between members of the EU should not look. A diplomatic note preventing the entry of the head of one state to the territory of a neighbouring state, as well as the escalated situation amongst population groups on both sides of the Danube, are not included in the standard instruments applied to relations between two member states of the Union. Whether we look at the entire problem from the legal and political perspective or from the perspective of the actual quality of relations between two of the EU’s countries and regions, both views lead us to the conclusion that these episodes do not present a fully positive example of how an expanded Union should actually look.

Petr Zahradník

The European Commission has published a proposal that should result in more effective VAT collection and preventing tax fraud in the case of goods delivered across borders. A newly approved European Commission regulation contains a list of 4,000 air transporters that will be included in the emissions trading scheme for greenhouse gases. A recently published study shows that approximately one-half of European households use a high-speed internet connection.

TAXATION AND CUSTOMS UNION

Commission will Unmask Non-Payment of Taxes

The European executive branch has published procedures intended to improve the manner in which value-added tax is collected – it proposes that the authorities from **all of the EU-27 exchange information using a common database**. The Commission estimates that tax fraud robs the national budgets of the Union's member states of at least EUR 200 billion each year.

Current European legislation makes it possible for **value-added tax to not be collected for goods that are transported across borders**. The system in place today functions in a manner whereby, for example, a company imports goods from Germany (purchased in Germany without tax) and subsequently sells them in the Czech Republic applying the Czech VAT rate. The simplest form of tax evasion is founded on the fact that an importer purchases goods abroad without VAT and then sells them in another country with the applicable domestic VAT added. The state never collects this tax, as the company in question ceases to exist.

The new instruments that have been proposed should assist primarily in the battle against "**carousel frauds**", i.e., when middlemen quickly circulate goods, which they have purchased without VAT, through several countries and (using falsified documentation) subsequently sell it applying the VAT rate but never pay the applicable tax.

The Commission plans on **implementing a uniform system – Eurofisc – in the near future**, which will be used by the individual member states to exchange information and will serve to prevent similar practices in the future. According to Commission, Eurofisc will not only consist of a network of tax authorities from the individual member states, thus allowing for the rapid exchange of information, but it will also create strategies for avoiding possible risks.

In addition, the Commission's proposal anticipates that shared liability will exist within the EU-27 for protecting tax documents and controlling **direct access on the part of tax authorities to the databases of their foreign counterparts**.

Uniform minimum standards for registering natural persons and legal entities as VAT payers should also be implemented.

One potential obstacle the proposal might face lies in the fact that it is not clear whether all member states will agree to making their databases accessible to foreign officials. If only one member state vetoes the proposal, it will not be adopted, as the **EU must vote unanimously when it comes to tax-related issues**.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1239

ENTERPRISE

Patents: To Translate or Not to Translate, that is the Question

The signatory states of the so-called London Agreement have decided that **it no longer necessary to translate patent documentation into all European languages**. The expenses associated with acquiring legal protection for inventions should thus decrease by approximately one-third and the commercial use of inventions could thus become significantly easier. The Czech Republic has thus far demurred from signing the London Agreement.

The European Patent Organisation (EPO) has a total of thirty-six member states, but only **fifteen of them have decided in favour of signing the London Agreement**. Why is it then that a number of countries, including the Czech Republic, are vacillating when it comes to adding their signatures? Attorney Karel Čermák explains: "Ignorance of the law excuses no one, but everyone must have the ability to become familiar with it. Patents would be the first example whereby it would not be possible to become acquainted with it in Czech."

Another significant problem lies in the fact that the **expenses that will be saved by patent owners will fall upon other companies**. Businesses that enter foreign markets will have to obtain translations of patent documentation at their own expense in order to ensure that they are not violating the rights of foreign companies or individuals.

On the other side, supporters of ratifying the London Agreement in the Czech Republic emphasise the **potential increase in the Czech Republic's attractiveness to foreign investors**.

Current European patent legislation is very restrictive for entrepreneurs: **obtaining a patent can take as long as forty-four months** (i.e., more than twice the length of time as compared to Japan or the USA) and, in addition, the price of acquiring one is five times higher than in the United States and three times higher than in the Land of the Rising Sun.

A "**Community Patent**" should help simplify the existing situation, wherein companies must apply for patent

protection for their technologies separately in each member states. The first efforts to implement it date back to 2003; however any progress with regard to this issue has thus far been made impossible by technical and legal obstacles.

http://www.icc-cr.cz/press-3/press-2/pristoupeniceskerepublikyklondynskedohodeprekladatcineprekladatpatenty

TRANSPORT AND ENERGY

EU has List of Airlines which Will Have to Purchase Emission Permits

A regulation adopted by the European Commission includes a list of approximately four thousand **air transporters that will have to participate in the European emission allowance trading scheme starting in 2012**. The list includes not only large airlines but also companies that offer private flights within European Union territory (and from the territory) as well as manufacturers of such aircraft as the Airbus and armed forces air units (such as the US Navy). The European Commission adds that this list is a “living document” and will be updated each year.

This new regulation is one of the first steps towards implementing a **directive on the inclusion of air transporters in the emissions trading scheme**, which was approved by the Union last October and entered into force at the start of February 2009.

The aviation industry fears that additional fees on emissions at a time when a number of airlines are in the red as a result of the financial crisis will place an **overly large burden on aviation companies**.

Czech aircraft operators included in emission trading

ABS JETS INC.
ACL SLOVACKY
AERO VODOCHODY
AIRCRAFT INDUSTRIES
CAA CZECH REPUBLIC
CZECH AIRLINES
GROSSMANN JET LK
LETS FLY SRO
MIL CZECH REPUBLIC
SKYDIVE LK
TRAVEL SERVIS A.S.
OMNIPOL
TB INVEST GROUP

Source: Commission Regulation (EC) No 748/2009 on the list of aircraft operators which performed an aviation activity

The most controversial part of the entire directive is, however, the requirement that the list include not only European airlines but also **foreign airlines that use European airports**. Foreign transporters are complaining that due to the European measures they will in effect be subsidising the aviation industry in the EU.

In order to decrease the administrative burden on aircraft operators, the list assigns **one member state to each of them, which will be responsible for it** and with whose regulations it will have to comply.

The Commission published the list at the start of August after a lengthy delay. Thanks to this fact, some member states postponed the deadline for submitting their monitoring plans. According to the requirements set forth in the directive, each airline **should submit this plan to the respective country responsible for it by 31 August**. Within their monitoring plans, companies should clarify the methods they will use for monitoring and reporting emissions.

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:219:0001:0094:EN:PDF

INFORMATION SOCIETY

Europe is World’s Leader in High-Speed Internet Connectivity

A study published by the European Commission shows that over the past five years the European Union has successfully **maintained its position as the broadband internet leader**. The European Union is placing high hopes in the use of information and communication technology and views it as one of the most fundamental prerequisites for economic growth and competitiveness.

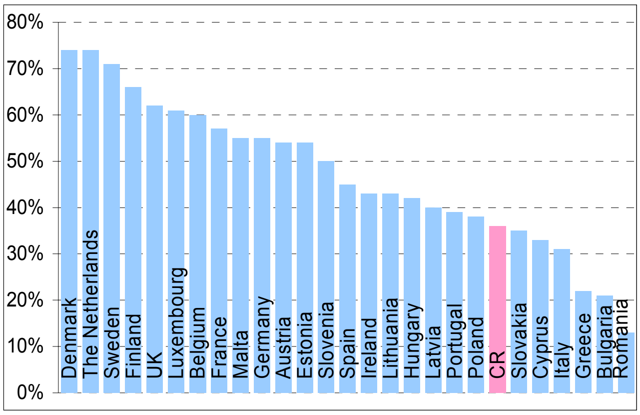
According to the study, **56 % of all Europeans used the internet on a regular basis in 2008** as compared to only one-third of that number in 2004. At the current time, over one-half of households and more than 80 % of all businesses have a high-speed connection.

The report however also contains additional information that modifies the originally triumphal perception of the use of information technologies in Europe. The most important finding consists of the fact that, according to the Commissions’ research, approximately **one-third of the population has not come into contact with the internet**. Approximately one-third of those who do not have an internet connection stated that they do not need one and one-fourth specified that they cannot afford one.

The Ministry for Regional Development has published a report that shows that during the previous programme period (2004-2006) the Czech Republic used more than 98% of the amount allocated from the European Union's structural funds and Cohesion Fund.

The study also reconfirms a known fact: **internet use is the lowest amongst older individuals (over 65) and the unemployed**. Differences amongst users also continue to persist from the perspective of the "sophistication" of the services that are used. For example, whilst approximately one-fourth of all those surveyed stated that they send e-mails with attachments, only 5% of the respondents in the 55-74 age group specified that they do so.

% households with an broadband connection (2008)



Source European Commission, in 2008

Likewise, the report also shows that whilst the vast majority of university-educated users **take advantage of services such as internet banking or communicating with the authorities** via electronic forms, users who have attained a lower level of education are satisfied with using the internet to find information and the majority of them do not opt to perform more sophisticated tasks.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1221

REGIONAL POLICY

Czech Republic Almost 100 % Successful in Using Subsidies

Based on the numbers published by the Ministry for Regional Development (MRD), the Czech Republic used **98.1 % of the EUR 1.67 billion (CZK 42.37 billion) that it had at its disposal during the 2004 to 2006 programme period.** Furthermore, this is not the final number. The Ministry expects that the actual volume of subsidies that the Czech used might increase up to 99.6%.

The almost complete use of subsidies was assisted by, amongst other things, the decision made by the European Commission last autumn, on the basis of which the European executive branch granted the member states the ability to use European monetary **resources from the 2004 to 2006 period for an additional six months**. At that time, it was one of the ways in which the Commission wanted to assist the countries during the economic crisis.

For the current programme period, i.e., 2007 to 2013, the Czech Republic has a package many times higher at its disposal. It can thus use **up to EUR 26.69 billion (CZK 682 billion) from European funds**. As of the end of August, the applicable controlling bodies have approved projects for CZK 138.9 billion and since the start of the programme period they have paid out CZK 23.6 billion.

The apparent imbalance between the volume of approved projects and the amount of resources paid out is for the most part due to the fact that **project implementers receive the funds retroactively only after each applicable project is completed**.

Nevertheless, according to Minister for Regional Development Vondruška, his ministry is attempting to **increase the volume of resources that is paid out**. One of the methods that are being considered is the provision of short-term state credit and guarantees which will help project implementers overcome a lack of their own resources over the course of a project.

The use of more than 98% of the resources from the preceding period (2004-2006) **is truly an excellent result**, particularly when taken in the international context. This amount might however be slightly decreased in the future if some project implementers do not fulfil the goals to which they became bound at the time they accepted their subsidies (e.g., number of new jobs; number of accommodated guests; etc.) and, as a result, will have to return a portion of their subsidies.

http://www.mmr.cz/Pro-media/Tiskove-zpravy/2009/Ministr-Vondruska--Cerpani-z-fondu-EU-v-obdobi-200

Results of projects implemented from EU funds in the CR

21,863 new jobs
30 reconstructed wastewater reclamation facilities
59,544 households newly connected to sewage networks and wastewater reclamation facilities
447 km of new and repaired roads
45 km of new and repaired railways
274 owners of small and medium-sized enterprises in the travel industry received support

Source: Ministry for Regional Development; Note: for the 2004 to 2006 programme period

We would like also to mention the European Commission's ambitious goal that requests the member states to decrease the number of roadway deaths to one-half of the 2001 figure by 2010. Almost seven out of ten employees who took advantage of the assistance provided by the Anti-Globalisation Fund have already found new jobs. Eurostat statistics confirmed that at the start of this year the European Union's population numbered almost one-half billion.

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69% of workers helped by EU globalisation fund found another job: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=564&furtherNews=yes

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Statistics : population of 500 million people in EU27 in 2008: http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-03082009-AP/EN/3-03082009-AP-EN.PDF

Population of EU27 in 1.1.2009

Germany	82 050	Austria	8 355
France	64 351	Bulgaria	7 607
UK	61 635	Denmark	5 511
Italy	60 053	Slovakia	5 412
Spain	45 828	Finland	5 326
Poland	38 136	Ireland	4 466
Romania	21 499	Lithuania	3 350
Netherlands	16 487	Latvia	2 261
Greece	11 257	Slovenia	2 032
Belgium	10 755	Estonia	1 340
Portugal	10 627	Cyprus	794
CR	**10 468**	Luxembourg	494
Hungary	10 031	Malta	414
Sweden	9 256	**EU-27**	**499 795**

Source: Eurostat

European Consumer Centres – transport remains the number one problem sector for consumers, accounting for one third of complaints: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1220

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European Health Insurance Card: http://www.europarl.europa.eu/news/public/story_page/066-9925-193-07-29-911-20060720STO09924-2006-12-07-2006/default_en.htm

6 AUGUST

Commission authorises German temporary reduced-interest loans scheme for green products: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1223

7 AUGUST

Erasmus Mundus: 63 new Masters Courses and Joint Doctorates added: http://ec.europa.eu/education/news/news1591_en.htm

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ECB keeps key interest rates unchanged: http://www.ecb.int/press/pressconf/2009/html/is090806.en.html

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Summer motoring - keeping Europe's roads safer: http://www.europarl.europa.eu/news/public/story_page/062-9355-170-06-26-910-20060629STO09354-2006-19-06-2006/default_en.htm

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European Food Safety Authority publishes guidance on the safety evaluation of food enzymes: http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_1211902790704.htm

17 AUGUST

Commission approves additional aid for IKB: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1235

18 AUGUST

Comprehensive sectoral analysis of emerging competences and economic activities in the European Union: Defence Industry: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=581&furtherNews=yes

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Competition : 2008 Annual Report on Competition Policy: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1241

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European Food Safety Authority: 2008 Evaluation Report: http://www.efsa.europa.eu/EFSA/efsa_locale-1178620753812_AnnualReports2008.htm

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Last call to implement car safety system voluntarily: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1245

26 AUGUST

Comprehensive analysis of the evolution of the automotive sector in Europe: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=585&furtherNews=yes

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Eu in the World Trade : EU and Eastern and Southern Africa further trade and development partnership: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1258

Worth mentioning is the informal summit of the ministers of agriculture that will take place in Växjö, Sweden and will address the issue of how to minimise the impact of global warming on agriculture. The Competitiveness Council meeting at the end of September will discuss solutions in relation to making the internal market more efficient, improving business conditions with special emphasis placed on small and medium-sized enterprises, consumer protection, and decreasing administrative burden.

Meeting of the key EU institutions

4.-5.9.2009	**Stockholm, Sweden**
- Informal Meeting of Foreign Affairs Ministers	
7.9.2009	**Brussels, Belgium**
- Agriculture and Fisheries Council	
13.-15.9.2009	**Växjö, Sweden**
- Informal Meeting of Agriculture Ministers	
14.-15.9.2009	**Brussels, Belgium**
- General Affairs and External Relations Council	
14.-17.9.2008	**Strasbourg, France**
- EP Plenary Session	
21.-22.9.2009	**Brussels, Belgium**
- Justice and Home Affairs Council	
23.-24.9.2009	**Göteborg, Sweden**
- Informal Meeting of Education Ministers	
24.-25.9.2009	**Brussels, Belgium**
- Competitiveness Council	
28.-29.9.2009	**Göteborg, Sweden**
- Informal Meeting of Defence Ministers	

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
Review of the competition rules in the motor vehicle sector	DG COMP	25.9.2009
Review of the competition rules of vertical agreements	DG COMP	28.9.2009
Simplifying the implementation of the EU Framework Programmes	DG RTD	30.9.2009
Priorities for new strategy for European information society	DG INFSO	9.10.2009
Europe's cultural and scientific riches at a click of a mouse	DG INFSO	15.11.2009

The economic crisis resulted in an intense expansion of project proposals and concepts focused on ecology. The challenges of ecological and energy-related projects as one of the ways out of the crisis are of course reflected in the EU's policy instruments. We take a closer look at two of the EU's policy instruments that can be of extreme significance for the purpose of developing and supporting these projects: financing instruments from direct community grants and environmental (or ecological) taxes.

ECOLOGICALLY FOCUSED PROJECTS AND SUPPORT FOR THEM WITHIN EU POLICIES: INSTRUMENTS, FINANCING, TAXES

OPPORTUNITIES ENSUING FROM DIRECT COMMUNITY GRANTS

In addition to nationally defined operational programmes in the individual EU member states, the European Commission also provides instruments that serve to finance projects and initiatives that support project solutions with regard to environmental issues. There are four types of instruments that exist within the framework of direct community grants:

1. the LIFE fund;
2. Civil Protection Financial Instrument;
3. financing for innovative ecological projects; and
4. operational grants to non-governmental environmental organisations.

1. LIFE

LIFE is a financial instrument for supporting projects associated with the environment and protecting nature both in the EU, as well as in certain candidate states and some of the EU's neighbouring countries. Since 1992, LIFE has co-financed approximately 2,750 projects with a total contribution of EUR 1.35 billion for environmental protection.

The purpose of the LIFE programme is to contribute towards the implementation, development and strengthening of the EU's environmental policies and relevant legal framework and to incorporate an ecological perspective in the EU's other policies and activities. LIFE supports the development of new solutions to problems associated with the environment in the EU.

For the 2007 to 2013 period, this programme has the specific title of LIFE+ and has allocated a record amount of EUR 1.7 billion for environmental projects, specifically projects intended to protect nature, technologies for protecting the environment, and communications with regard to the environment.

- LIFE+ thus has three components:
- LIFE+ Nature and Biodiversity;
- LIFE+ Environmental Policy and Governance; and
- LIFE+ Information and Communication

LIFE+ Nature and Biodiversity

The Nature and Biodiversity component builds onto the preceding LIFE – Nature programme and expands its framework. It co-finances proven procedures or demonstrative projects that contribute towards implementing the Bird Directive, the Habitats Directive and the Natura 2000 network. It also provides co-financing for innovative and demonstrative projects that contribute towards the fulfilment of the goals containing in the Commission's Communication "On halting the loss of biodiversity by 2010 – and beyond".

At least 50% of the LIFE+ budget is to be dedicated to co-financing projects associated with maintaining nature and biodiversity.

LIFE+ Environmental Policy and Governances

The Environmental Policy and Governance component continues on from the previous LIFE – Environment programme and expands it. It provides co-financing for innovative and pilot projects that contribute towards implementing the EU's environmental policies and developing the approaches contained in these policies, as well as their technologies, methods and instruments. It also helps monitor existing pressures on the environment (including long-term monitoring of forests and environmental interactions).

LIFE+ Information and Communication

This is a new component of the LIFE instrument and serves to co-finance projects associated with communication and with campaigns aimed at increasing awareness of environmental issues; protecting nature or sustaining biodiversity; projects associated with preventing forest fires (increasing awareness, special education); etc.

<u>Project Selection</u>

Each year the European Commission organises and publishes calls for submitting project proposals. With the assistance of external experts, it subsequently selects, reviews and monitors the implementation of projects and is responsible for carrying out the appropriate payments. Member states send project proposals to the Commission. They can establish and formulate their national priorities and can include comments along with the projects, primarily if they pertain to fulfilling annual national priorities.

The Commission's mission is to ensure the balanced distribution of projects in a manner whereby a preliminary allocation is defined which is calculated according to the number of inhabitants and area of Natura 2000 network locations.

Thematic Categorisation

If we were to differentiate the LIFE+ programme according to thematic areas for its possible application, we would come up with the following list: nature and biodiversity; air; energy and climate; environmental management; industry and production and their impact on environmental pollution; quality of life and urban environment; soil, land use and agriculture; waste; and water and water management.

Types of Recipients

Within the framework of the LIFE+ programme, financial resources are available to public and/or private subjects and institutions. At the current time, only expenses within the EU member states are allowed. However, in the future, certain other countries will also be allowed to participate.

References and Information

Technical information on the individual components of the LIFE+ programme; the manner in which applications for financial support are to be submitted; the list of criteria that are used for selecting projects; forms; and the full list of the regulation on LIFE+ are available at: http://ec.europa.eu/environment/life/funding/lifeplus.htm.

On the related LIFE pages (http://ec.europa.eu/environment/life/index.htm) you will find all of the relevant information on the LIFE III programme and projects and a concise database of LIFE projects that have been financed since 1992.

2. Civil Protection Financial Instrument

This instrument was established in March 2007 and is aimed at supporting and developing the member states' efforts to protect persons and property, including cultural heritage, in the event of natural or man-made disasters or catastrophes; terrorist attacks; and technological, radiological or environmental accidents. This instrument also aims to simplify strengthened cooperation amongst the member states in the field of civil protection.

The Civil Protection Financial Instrument covers three main aspects of protection activities, namely:

- prevention;
- preparedness; and
- ability to react.

This financial instrument covers:

- the ability to react and to be adequately prepared for actions within the framework of the EU's civil defence mechanism;
- actions already covered by the civil protection action programme for the 2000 to 2006 period, such as prevention (studies on the causes of accidents and misfortunes; predictions; public information) and preparedness (detection; training and education; networking; practical exercises; mobilisation expertise) in the EU; and
- new areas, such as the associated transport connections during actions performed within the framework of the civil defence mechanism.

EUR 189.8 million has been allocated to this instrument within the financial budget for the 2007 to 2013 period. Indicative annual amounts of approximately EUR 20 million are available for activities in the EU and EUR 8 million for activities in third countries.

A new feature of this instrument is that, under certain conditions, it now allows participating states to request the European Commission for support and co-financing for transportation assistance within the framework of civil defence for countries impacted by an emergency situation. The possibility to use this instrument is available only if all other options for resolving a crisis situation have been exhausted and when sharing transport resources amongst participating states does not have adequate results. Only transport operations covering basic human needs are considered to be relevant from the perspective of receiving funding from EU sources and only if they also complement the overall concept of humanitarian aid in the EU. The co-participation amount of participating countries is equal to 50% of applicable expenses.

3. Financing for Innovative Ecological Projects

Ecological innovations are the basis of the Action Plan for Environmental Technology, the primary purpose of which is to help overcome the gap between research and development on the one side and the market space for ecological products, technologies, services, processes and managerial methods across the EU on the other.

Within the framework of CIP (Competitiveness and Innovation Programme), the Europe INNOVA and PRO INNO Europe® initiatives contribute towards ecological innovations through creating networks and various forms of partnerships.

The Europe INNOVA initiative supports providers who perform activities that supporting innovations together with private service providers (PPP – public-private partnership), with the active participation of enterprises that apply these innovations within their operations.

In the case of the PRO INNO Europe® initiative, support is provided to creators of innovation policy who propose and test new ancillary programmes and methods for applying innovation policy.

Currently, support is being provided to such projects as the establishment of a European innovation platform relevant for ecological innovation sectors; testing innovative instruments through cooperation within the PPP framework with the perspective of their wider use and expansion; the implementation of innovative ecological observatories; and the creation of open platforms for ecological innovation policy and its systemic teaching and development.

4. Operational Grants to Environmental NGOs

Non-governmental organisations active in the environmental field can also receive benefits in the form of direct community grants. Although these entities must apply for support as an implicit part of the LIFE project, their role in a certain respect is so specific that they deserve a separate paragraph. The mission is defined in the LIFE+ Regulation, which specifies the possibility of receiving financial support for the "operational activities of non-governmental organisations which are primarily active in the area of protecting and improving the environment at the European level and are involved in the development and implementation of community policy and legislation".

There is a need for open and wide-spectrum dialogue between all relevant interest groups in order to develop and implement EU environmental policy. It is important that non-governmental organisations are able to participate in any such dialogues in a rational manner, as they well understand public interest in relation to the environment. Their presence is important in order to ensure a healthy and proportional balance in relation to the interests of the other parties involved.

For the purposes of developing and implementing environmental policy, non-governmental organisations will also participate in preparatory tasks and expert group activities and will manage research and study activities. Another example is the significant role they play in increasing awareness of the need to be more consistently and competently informed and ecologically educated.

In order for an organisation to be able to participate in this support programme, it must be of a non-profit nature and a statute-independent non-governmental organisation active in the environmental sphere. It must also be active at Union level (have provable activities and references pertaining to at least three member states). This financial source is thus not aimed at nationally focused organisations. Operational grants are distributed on a regular annual basis.

Calls for applications are published once annually on the website of the European Commission's Directorate General for the Environment (http://ec.europa.eu/environment/index_en.htm).

The next round for processing grant applications for 2010 is scheduled to be announced in October 2009. Applications are evaluated and classified according to a number of qualification criteria for receiving a grant. These criteria relate to the scope to which an organisation can contribute to the development and implementation of EU environmental policy in accordance with the priority areas of the Sixth Environmental Action Plan.

These areas are:

- climate change;
- nature and biodiversity;
- environment and health;
- natural resources;
- waste; and
- horizontal issues.

Applications are evaluated by experts from the Directorate General for the Environment. Certain additional aspects are also taken into consideration, such as the potential of the supported organisation to develop and improve as a result of the financial grant that is provided.

This type of support dates back to 1997. In 2007, 30 organisations were supported in this manner and in 2008 the number rose to 33.

EXISTING EXPERIENCES WITH ENVIRONMENTAL TAXES

The implementation of environmental tax reforms gained support during the 1990s. The basic thought was – and continues to be – to shift the tax burden away from production factors and labour and in the direction of exploitation of natural resources and environmentally damaging goods and economic activities. With the publication of the Delors White paper on growth, competitiveness and employment in 1993, the thought of this fiscal reform became politically attractive.

At the same time, the measures required in order to protect producers from any sort of negative impact on their competitiveness are based on increasing the expense of entry materials, primarily energy. Balancing these expense increases through various tax deductions, tax relief and

compensation schemes is one of the key characteristics of "green" tax reforms, which many of the EU member states implemented over the course of the previous decade. Amongst others, Denmark, Germany, the Netherlands, Sweden, Finland, and Great Britain implemented certain elements of these fiscal reforms. Some of the new member states followed this example, such as Slovenia, which applied a CO2 tax on all energy products starting in 1997. In Estonia, an increase in excise taxes was used to finance a significant decrease in personal income tax rates and was implemented over the course of several past years. The Czech Republic implemented a set of ecological tax measures in 2008.

This should increase the tax rate for the majority of energy products during the 2008 to 2012 period and use the tax income to support state employment policy. The idea of using environmental taxes to support the goals of EU economic and environmental policy was also incorporated into a number of strategies and activities adopted at EU level (such as formulating the basic principles for sustainable development, which were adopted in 2001 in Göteborg).

Without regard to this long-term rational interest, income from environmental taxes has not increased at the average EU level over the several past years. In 2007, income from environmental taxes in the EU-27 equalled 2.5% of the Union's GDP and 6.2% of total income. When compared to 1980, at which time environmental taxes amounted to 0.5% o GDP, this growth is significant.

Nonetheless, in the EU-15 the primary growth took place during the 1990 to 1994 timeframe and was to a great degree pulled along by an above-average increase in energy taxes. In the new member states, the increase in environmental taxes took place at a later date and it can be attributed to a large degree to the process of acceding to the EU and adapting to its standards, although some of the states took advantage of the opportunity and increased energy taxes even above the strict requirements set forth by EU rules. Since 1999, income from environmental taxes – if we apply a weighted average – decreased both in relation to GDP, as well as a share of overall taxes (by 0.3% and 0.8% respectively). This development, measured using the weighted average EU level, reflects to a great degree the trend that has been observed in the EU's large countries. In actuality, the share of environmental taxes to total taxes since 1995 has increased in a number of member states (Denmark, Estonia, Latvia, the Netherlands, Austria, Poland, and, to a certain degree, Slovenia).

The decrease in income from environmental taxes in relation to GDP is due to the fact that environmental taxes are limited to a unit of physical consumption and are generally fixed nominally. In other words, as opposed to ad valorem taxes, their real value in relation to GDP decreases if it is not adjusted for inflation or adjusted in some other way at regular intervals. This problem could easily be resolved by indexing nominal tax rates to take inflation into account, but currently, Denmark is the only EU member state that has opted to take this approach.

Total income from environmental taxes in EU
(2002-2007; % GDP)

	02	03	04	05	06	07	diff	
							95-07	00-07
Belgium	2.2	2.3	2.4	2.3	2.2	2.1	-0.1	-0.2
Bulgaria	2.2	3.0	3.4	3.1	3.1	3.4	n.a.	1.0
ČR	**2.5**	**2.6**	**2.6**	**2.7**	**2.6**	**2.5**	**-0.4**	**-0.1**
Denmark	5.4	5.2	5.6	6.0	6.2	5.9	1.4	0.6
Germany	2.5	2.7	2.5	2.5	2.4	2.2	-0.1	-0.1
Estonia	2.0	1.9	2.1	2.3	2.2	2.3	1.3	0.6
Ireland	2.3	2.3	2.5	2.5	2.5	2.4	-0.6	-0.4
Greece	2.3	2.2	2.1	2.1	2.0	2.0	-1.1	-0.3
Spain	2.1	2.1	2.0	1.9	1.9	1.8	-0.4	-0.4
France	2.5	2.5	2.4	2.3	2.3	2.1	-0.6	-0.3
Italy	2.8	2.9	2.8	2.7	2.7	2.6	-1.0	-0.5
Cyprus	2.9	3.7	4.0	3.5	3.3	3.4	0.6	0.7
Latvia	2.3	2.5	2.6	2.7	2.4	2.1	0.8	-0.3
Lithuania	2.8	2.8	2.7	2.3	1.8	1.8	-0.1	-0.6
Luxembourg	2.8	2.8	3.0	3.0	2.6	2.6	-0.3	-0.1
Hungary	2.8	2.6	2.7	2.7	2.8	2.9	-0.1	-0.1
Malta	3.4	3.4	3.1	3.3	3.4	3.7	0.6	0.1
Netherlands	3.7	3.7	3.9	3.9	4.1	3.9	0.2	0.0
Austria	2.7	2.7	2.7	2.6	2.5	2.4	0.3	0.0
Poland	2.4	2.5	2.6	2.7	2.8	2.7	0.9	0.6
Portugal	3.2	3.1	3.1	3.1	3.0	2.9	-0.6	0.2
Romania	2.1	2.4	2.4	2.0	1.9	2.1	n.a.	-1.4
Slovenia	3.3	3.3	3.3	3.2	3.0	3.0	-1.2	0.1
Slovakia	2.4	2.6	2.7	2.6	2.4	2.3	-0.1	0.1
Finland	3.0	3.2	3.2	3.1	3.0	2.8	-0.2	-0.4
Sweden	2.8	2.9	2.8	2.8	2.7	2.6	-0.1	-0.1
UK	2.7	2.7	2.6	2.5	2.4	2.5	-0.4	-0.5
EU-27	**2.7**	**2.7**	**2.7**	**2.6**	**2.5**	**2.5**	**n.a.**	**-0.3**

Source: European Commission

In this issue of the EU News Monthly Journal we begin a series devoted to important personalities who have significantly influenced the development of modern, i.e., post-war, European integration. This series cannot be launched with anything other than a profile of the French economist and politician – the founding father of the predecessor to today's EU – Jean Monnet.

JEAN MONNET (FRANCE)

French economist and politician Jean Omer Marie Gabriel Monnet was destined to manifest himself as a key thinker, innovator and visionary at the very beginning of the contemporary European integration process. At that time, he was able to formulate cardinal theses and principles on which he built his own political and institutional foundations at the turn of the 1940s and 50s. With these, he started off the entire process and succeeded in transforming them from mere academic speculations into reality. In addition, fate also blessed him with longevity, thus allowing him to monitor the development of his project actively, as well as participate in it diligently.

Jean Monnet was born in France's picturesque Cognac region into a family of merchants who actively traded in the eponymous noble liqueur that originates there. From a very early age, he attempted to combine practical activities with continuous learning. His study stay in the British metropolis, London, played a key role in his life. During this period, he learnt basic business theory and acquired the ability to use English as the primary means of communication in the world of business and trade. As far as his practical skills were concerned, his father played a significant role in developing them.

In Monnet's case, the first signs of pan-European thinking began to appear during World War I. He believed that allied activities, in particular those between France and Great Britain, should be better coordinated. He submitted a plan to this effect, on the basis of which allied military resources were coordinated using the principle of mutual sharing of competencies.

After the war, Monnet was appointed in 1919 as the Secretary General of the newly-established League of Nations and he held this position until almost the mid-1920s. At that time, he returned to the family business and actively participated in its trading and financial operations. Through the end of the 1930s, thanks to his reputation as an acknowledged international financier, Monnet contributed to the stabilisation of Poland's and Romania's monetary systems, shared in creating the concept of developmental banking on the American continent and also helped establish an infrastructure system in China.

World War II hurled Monnet back into the sphere of political or, more accurately, public activities. He devoted a very intense level of attention to creating a model for optimising and coordinating the wartime economy – at first in relation to France and Great Britain and, during the later stages of the war, the USA as well. He became one of American President F. D. Roosevelt's most influential advisors with regard to the wartime economy and the concept of arms production. The very close of the war found him once again serving France, where Monnet addressed the recovery of the European economy following the very destructive war. He applied the principles of shared power and cooperation between individual states and countries, which were later defined and developed in more detail. It was specifically during this period that Monnet formulated a structural idea based on the belief that permanent peace could not be expected in Europe if individual states rebuilt their post-war economies on a foundation consisting of national sovereignty and economic isolationism and protectionism. At the instigation of General Charles de Gaulle, Monnet proposed and applied a French national plan for modernisation and economic development.

In 1950, Monnet authored a concept that was presented in May of that same year by Robert Schuman. It defined the need to establish a community of European states – the European Community – supported not only by the principles of mutual convergence and cooperation, but also by a solid institutional foundation. In 1952, Jean Monnet became the first president of the High Authority of the newly-established European Coal and Steel Community.

Over the course of the following years, Monnet became one of the key initiators with regard to the European integration process, specifically the development of a common market, monetary integration and the establishment of the European Council. In spite of domestic opposition, he was an ardent supporter of Great Britain's membership in the European Economic Community and an advocate of direct elections to European Parliament.

Monnet devoted the last years of his life, when he was already at a very advanced age, to writing an extraordinarily valuable memoir, in which, in addition to other things, he also described the most important moments of his unbelievably fruitful and successful life which framed key European events over the course of almost the entire twentieth century.

Just three weeks after his death, the heads of state and government leaders of the Community members proclaimed Monnet an Honorary Citizen of Europe at the European Council Summit in Luxembourg. It can truly be said that up until now no one else has deserved this commendation more than Jean Monnet.

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

	GDP growth y-on-y			Current account to GDP*			Unemployment rate			Inflation y-on-y average		
in %	2006	2007	2008	2006	2007	2008	V-09	VI-09	VII-09	V-09	VI-09	VII-09
Belgium	3.0	2.8	1.1	2.0	1.7	-2.5	8.0	8.1	8.0	-0.2	-1.0	-1.7
Bulgaria	6.3	6.2	6.0	-18.4	-25.2	-25.3	6.6	6.8	7.0	3.0	2.6	1.0
CR	6.8	6.0	3.2	-2.6	-3.2	-3.1	6.1	6.3	6.4	0.9	0.8	-0.1
Denmark	3.3	1.6	-1.1	2.9	0.7	2.0	5.9	6.1	5.9	1.1	0.9	0.7
Germany	3.0	2.5	1.3	6.5	7.9	6.6	7.6	7.7	7.7	0.0	0.0	-0.7
Estonia	10.4	6.3	-3.6	-16.7	-18.1	-9.2	13.3	13.3	na	0.3	-0.5	-0.4
Ireland	5.7	6.0	-2.3	-3.6	-5.4	-4.5	12.0	12.2	12.5	-1.7	-2.2	-2.6
Greece	4.5	4.0	2.9	-11.1	-14.2	-14.4	na	na	na	0.7	0.7	0.7
Spain	3.9	3.7	1.2	-9.0	-10.0	-9.5	17.9	18.2	18.5	-0.9	-1.0	-1.4
France	2.2	2.3	0.4	-0.6	-1.0	-1.9	9.4	9.6	9.8	-0.3	-0.6	-0.8
Italy	2.0	1.6	-1.0	-2.6	-2.4	-3.4	na	na	na	0.8	0.6	-0.1
Cyprus	4.1	4.4	3.7	-6.9	-11.7	-18.3	5.3	5.4	5.5	0.5	0.1	-0.8
Latvia	12.2	10.0	-4.6	-22.5	-22.5	-12.7	16.4	17.1	17.4	4.4	3.1	2.1
Lithuania	7.8	8.9	3.0	-10.6	-14.6	-11.6	14.3	15.6	16.7	4.9	3.9	2.6
Luxembourg	6.4	5.2	-0.9	10.4	9.8	5.5	6.1	6.2	6.4	-0.9	-1.0	-1.5
Hungary	4.0	1.2	0.5	-7.6	-6.4	-8.4	10.3	10.3	10.3	3.8	3.7	4.9
Malta	3.3	3.9	2.7	-9.2	-6.1	-6.2	7.1	7.2	7.3	3.4	2.8	0.8
Netherlands	3.4	3.5	2.1	9.3	7.7	7.5	3.2	3.3	3.4	1.5	1.4	-0.1
Austria	3.4	3.1	1.8	2.8	3.1	3.5	4.3	4.4	4.4	0.1	-0.3	-0.4
Poland	6.2	6.6	5.0	-2.7	-4.7	-5.5	8.2	8.2	8.2	4.2	4.2	4.5
Portugal	1.4	1.9	0.0	-10.0	-9.4	-12.1	9.2	9.2	9.2	-1.2	-1.6	-1.4
Romania	7.9	6.2	7.1	-10.5	-13.5	-12.2	na	na	na	5.9	5.9	5.0
Slovenia	5.9	6.8	3.5	-2.5	-4.2	-5.5	6.0	6.1	6.0	0.5	0.2	-0.6
Slovakia	8.5	10.4	6.4	-8.2	-5.7	-6.6	11.3	11.7	12.0	1.1	0.7	0.6
Finland	4.9	4.2	0.9	4.5	4.1	2.0	8.3	8.5	8.7	1.5	1.6	1.2
Sweden	4.2	2.6	-0.2	8.4	8.6	8.4	8.6	8.9	9.2	1.7	1.6	1.8
UK	2.8	3.0	0.7	-3.4	-2.9	-1.6	7.7	na	na	2.2	1.8	na
EU	3.1	2.9	0.9	-1.3	-1.1	-2.0	8.8	8.9	9.0	0.8	0.6	0.2

	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
in %	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Belgium	0.3	-0.2	-1.2	87.9	84.0	89.6	118.4	118.0	118.4	106.7	106.3	110.7
Bulgaria	3.0	0.1	1.5	22.7	18.2	14.1	36.5	37.2	39.2	44.6	46.5	51.0
CR	-2.6	-0.6	-1.5	29.6	28.9	29.8	77.4	80.2	81.3	61.4	62.4	72.4
Denmark	5.2	4.5	3.6	31.3	26.8	33.3	122.9	120.0	117.1	138.4	137.7	141.0
Germany	-1.5	-0.2	-0.1	67.6	65.1	65.9	115.7	114.7	115.6	103.0	103.1	103.9
Estonia	2.9	2.7	-3.0	4.3	3.5	4.8	65.3	67.9	65.0	67.4	71.5	76.7
Ireland	3.0	0.2	-7.1	24.9	25.0	43.2	147.3	150.2	143.1	124.0	124.5	126.9
Greece	-2.8	-3.6	-5.0	95.9	94.8	97.6	94.1	94.8	96.5	88.8	89.4	94.1
Spain	2.0	2.2	-3.8	39.6	36.2	39.5	104.0	105.4	104.2	91.8	92.4	95.7
France	-2.3	-2.7	-3.4	63.7	63.8	68.0	109.1	108.9	108.1	108.8	108.3	111.1
Italy	-3.3	-1.5	-2.7	106.5	103.5	105.8	103.8	101.9	99.3	104.3	103.9	105.3
Cyprus	-1.2	3.4	0.9	64.6	59.4	49.1	90.2	90.8	92.5	90.5	88.8	89.6
Latvia	-0.5	-0.4	-4.0	10.7	9.0	19.5	52.5	57.9	55.1	60.5	65.9	74.7
Lithuania	-0.4	-1.0	-3.2	18.0	17.0	15.6	55.5	59.5	60.6	57.1	59.6	66.8
Luxembourg	1.4	3.6	2.6	6.7	6.9	14.7	267.0	267.2	258.4	111.8	112.4	116.2
Hungary	-9.2	-4.9	-3.4	65.6	65.8	73.0	63.5	62.7	62.6	60.3	66.1	69.7
Malta	-2.6	-2.2	-4.7	63.7	62.1	64.1	76.7	77.7	78.9	74.5	73.3	78.4
Netherlands	0.6	0.3	1.0	47.4	45.6	58.2	130.8	130.9	132.2	104.1	103.4	103.4
Austria	-1.6	-0.5	-0.4	62.0	59.4	62.5	124.3	123.8	124.7	102.0	101.4	104.6
Poland	-3.9	-1.9	-3.9	47.7	44.9	47.1	52.3	53.7	56.1	62.1	63.7	68.6
Portugal	-3.9	-2.6	-2.6	64.7	63.5	66.4	76.3	76.2	75.5	84.9	84.6	86.7
Romania	-2.2	-2.5	-5.4	12.4	12.7	13.6	38.3	42.1	44.9	57.1	61.5	62.1
Slovenia	-1.3	0.5	-0.9	26.7	23.4	22.8	87.6	89.2	90.8	76.8	77.8	83.0
Slovakia	-3.5	-1.9	-2.2	30.4	29.4	27.6	63.5	67.0	70.7	57.4	63.5	69.5
Finland	4.0	5.2	4.2	39.2	35.1	33.4	114.8	115.8	115.5	122.6	122.5	124.6
Sweden	2.5	3.8	2.5	45.9	40.5	38.0	121.4	122.2	120.2	118.5	117.3	114.4
UK	-2.7	-2.7	-5.5	43.4	44.2	52.0	120.3	119.0	118.4	110.3	110.3	99.4
EU	-1.4	-0.8	-2.3	61.8	58.7	61.5	103.9	100.0	100.0	100.0	100.0	100.0

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