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Dear readers,

Summer is gradually turning into autumn and the European integration events agenda is once again starting to build up after a period of summer reflection. It is very likely that one of the key topics of this autumn will be the sensitive coexistence of ecological energy issues. Within the framework of the common Union position for the upcoming Copenhagen summit, it will be necessary to establish a position which, on the one hand, will not cause any economic problems, especially at a time when the momentum has to be found for turning the economy towards recovery, whilst, on the other, it will result in the more prudent use of available resources and a favourable approach to ecological challenges.

One part of this position includes the ever-intensifying debate on energy efficiency. For example, one topic of discussion will be the directive on the basis of which, by 2018, all new and renovated buildings should use only as much energy as they generate.

In addition to the below-mentioned blessing given to President Barroso as the head of the European Union, one other important September event that is worth mentioning does not pertain directly to the EU but does pertain to Europe and to us specifically. Over the course of September, official diplomatic relations were renewed between the Czech Republic and Liechtenstein after several decades. Liechtenstein, a tiny Alpine country surrounded by Switzerland and Austria, is characterised by extraordinary economic wealth, being a member of both EFTA and the European Economic Area, and presents practical confirmation of the concepts of liberalism, responsibility and tradition.

In the EU context, the change in from September to October has been marked by two one-time events, which might influence the form the Union takes on for a long period into the future. As a result, it is quite possible that we will soon learn the name of the person who the Czech Republic has designated to be a member of the European Commission and we will also see whether there in fact exists a direct link between the nomination of this person and our country's approach to the ratification of the Lisbon Treaty. The first of these events is the approval process for the nominees to the new European Commission now that its old-new President José Manuel Barroso has once again been confirmed for the post. The second is the repeat referendum held in Ireland on the adoption of the Lisbon Treaty and the consequences of which consist of the culmination of the ratification process in Poland and then particularly in the Czech Republic.

It thus seems that we can look forward to an interesting – and quite often heated – but in all cases a very full autumn, not only on the domestic political playing field, but even within the scope of European integration events. Let us hope that it is also an autumn which is productive and positively charged – one that will once again tend to lead the EU institutions and their member base towards cohesion rather then building useless and needless obstacles, barriers and paltry counterproductive conflicts.

Portugal's José Manuel Barroso will be the European Commission President for an additional five years. During the plenary election he received 382 out of the 718 votes present. The repeat referendum on the ratification of the Lisbon Treaty in Ireland brought a surprise, when a full two-thirds of all voters voiced their approval of the treaty. The European Commission published the concrete steps leading to the completion of the second stage of the Single Euro Payments Area (SEPA).

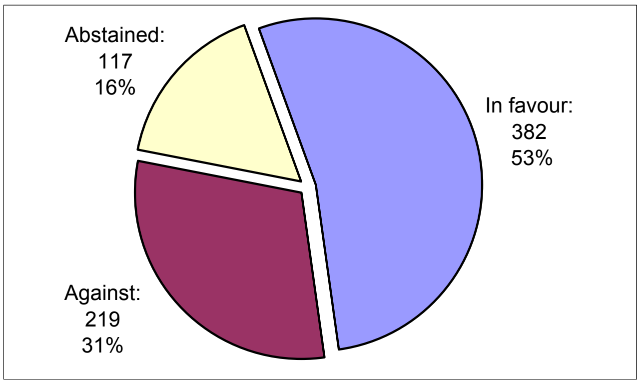
POLITICS

European Parliament Elects Barroso to Head Commission

The European Parliament **elected José Manuela Barroso as the European Commission President for another five years.** According to the Treaty of Nice, he only needed a simple majority of votes for a second term. As far as the actual results are concerned, 382 out of the 718 MEPs present voted in favour of Barroso; 219 European legislators were against (including 184 socialists) and 117 abstained from voting.

José Manuel Barroso became the first Commission president following the era of Jacques Delors, who also succeeded in being elected to a second term. Barroso is **well-known for his moderate position and centre-right stance.** The most decisive factor for his re-election was the support of the strongest political fraction – EPP-ED – which is represented by 288 seats in the European Parliament.

Results of Barroso's reelection as President of EC



Source: European Parliament

Barroso's re-election **means that current European ambitions and continuity have been confirmed.** Critics fault him for not having a sufficiently point-blank approach to resolving the financial crisis and for yielding too much to the leading representatives of the Union's member states. His supporters however value his ability to lead Europe during a time of crisis.

The old-new Commission President now faces the not-so-easy task of putting together a new team of twenty-six commissioners. According to all information, **the new Commission will start its term on 1 January 2010.** The exact count of commissioners is, however, not known at this time. Currently, everything is governed by the Treaty of Nice, which anticipates that the number will be lowered. If, however, the Lisbon Treaty enters into force, the principle of one commissioner per state will be maintained.

Even prior to the time he was elected, José Manuel Barroso **hinted at his strategy of how to lead the European Union out of the economic recession.** In his opinion, it will be necessary to focus on the following for the future:

- Open markets;
- Network development – both high-speed internet as well as energy networks;
- Innovation, including new strategies for protecting intellectual property rights;
- Skills for improving the situation on the labour market;
- Conversion to low-emission economies and the efficient use of resources; and
- Checking up on the quality of public information.

We consider the election of José Manuela Barroso to be a step which **will lead to continuity between the tasks performed by the new European Commission** and those performed by the current one.

http://www.europarl.europa.eu/news/public/story_page/008-60937-292-10-43-901-20090921STO60932-2009-19-10-2009/default_en.htm

A Convincing "YES" to Lisbon in Ireland

Two out of three Irish citizens gave a green light to the Lisbon Treaty in a referendum and after years of setbacks, the Union thus has the chance to change its institutional organisation. The signature of President Lech Kaczyński and the end of the ratification process in Poland will take place over the course of the next few days. The Czech head of state intends to wait until the Constitutional Court justices issue their verdict.

None of the political experts were that optimistic. **67.1% of voters voiced approval for adopting the Lisbon Treaty and 32.9% expressed the opposing opinion,** which means that one-fifth of the Irish changed their opinion since last year. In relation to this fact, most political commentaries combine the following factors: the impact of the economic crisis (the Irish are looking to the Union for protection), the guarantees approved in June during the Czech presidency and the more effectively-led campaign of the treaty's supporters. Six percent more people came to the election urns this time around than last year – a total of 58%.

Immediately after it became clear that the Irish will no longer present an obstacle to the Lisbon Treaty, the eyes of the entire Union turned **to the remaining two countries – the Czech Republic and Poland.** Whilst Lech Kaczyński will most likely sign the treaty during the next several days, in

the Czech Republic a group of senators have submitted a constitutional complaint and President Václav Klaus will wait until the justices reach a decision.

No one, however, knows when this will happen and this is the problem, as European Commission President José Manuel Barroso recently emphasized. Prime Minister Fischer did promise his colleagues at the Union's June Summit that ratification in the Czech Republic will be completed by the end of the year, but Barroso of course does not want to wait that long. His motivation is clear: currently he **does not know which rules he has to follow to put together his new team** (the valid Treaty of Nice anticipates a decreased number of commissioners).

"The problem is now time. For this reason we cannot move full speed ahead with putting together the European Commission. This process can only start after the situation regarding the ratification of the Lisbon Treaty is clear," explained **José Manuel Barroso.**

http://www.se2009.eu/en/meetings_news/2009/10/3/a_good_day_for_europe

INTERNAL MARKET

Commission Presents Plan for Completing Single Payments Area

The European Commission has published the specific steps that must be **taken in order to complete the second phase of the Single Euro Payments Area (SEPA).** The goal is to use common rules and standards for the purpose of making cross-border payments made in euros less expensive and simpler.

The Single Euro Payments Area (SEPA) introduces an initiative that aims to take advantage of the possibilities a common currency offers for electronic and cash-free payments. At this time, each European country has **different rules or cross-border payments,** which makes euro payments between individual countries more complicated and less reliable.

The first stage of creating SEPA started **in January 2008 and pertains to cash-free payments made in euros.** The ultimate goal is to ensure that all cross-border payments made in euros throughout the Union are as cheap as payments made within one country.

The second stage is slated to start **in November 2009 and should result in the creation of a single SEPA instrument for collecting payments.** By the end of 2010, all payment cards in the EU should be replaced by new cards, which will be compatible with the SEPA system and useable throughout the entire Union under the same conditions.

The European Commission insists that the new regulation for cross-border payments (valid as of 2 November) will transfer **the principle of "equal payments", as known in relation to cash-free transfers, to payment transactions as well.**

Internal Market Commissioner Charlie McCreevy agrees with calling for greater involvement on the part of regulators and individual market players and, with regard to the second stage of SEPA, said, "By providing a roadmap where actions, actors and deadlines are clearly identified, this communication will play a decisive contribution in helping SEPA successfully achieving its last miles."

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1296

European Court Delivers Blow to Betting Companies

In September, the European Court of Justice ruled that current Union legislation allows member states to ban the operation of websites that offer gambling, if **the purpose of the ban is to prevent criminal activity.** This verdict weakened the position held by betting companies on the internet.

Gambling has traditionally been strictly regulated in Europe. The objective behind the restrictions is to protect consumers against addiction, combat money laundering and prevent fraudulent gaming. Since the time that the internet has become the world's largest gambling arena, the Union's courts have been dealing with complaints filed by individual betting companies **with regard to the limitations placed on their activities in a number of member states.**

In its previous verdicts, the European Court of Justice always supported the opinion that consumer protection must come first and that any restrictions should be limited to "consistent and systemic" measures. In other words, **member states cannot ban internet betting** if they concurrently support domestic betting companies (e.g., Sazka in the case of the Czech Republic).

The newest ruling passed down by the European Court of Justice (ECJ), now sends a different message than its previous judgements. **It delivers a hard blow to companies that provide internet gambling services.** Their expansion throughout the EU-27 is threatened.

The ECJ ruling was passed down **in a dispute between Santa Casa, which is the Portuguese state betting monopoly, and the Austrian-based bwin.**

The European Parliament has called upon the Commission to strengthen energy security in order to avoid a repetition of the extensive breakdown in the deliveries of natural gas that we witnessed this past January. Slovenia has reached an agreement with Croatia on a resolution to their dispute pertaining to access to international waters in Piran Bay, which led to the unblocking of negotiations with Croatia for its accession to the EU.

Santa Casa filed a complaint with the ECJ that the Portuguese football league allowed bwin to promote its website during football matches. In their surprising verdict, the judges ruled that "the prohibition imposed on operators such as bwin of offering games of chance over the Internet **may be regarded as justified by the objective of combating fraud and crime."**

http://curia.europa.eu/jurisp/cgi-bin/form.pl?lang=en&jurcdj=jurcdj&newform=newform&docj=docj&docop=docop&docnoj=docnoj&typeord=ALLTYP&numaff=&ddatefs=1&mdatefs=9&ydatefs=2009&ddatefe=8&mdatefe=9&ydatefe=2009&nomusuel=&domaine=&mots=&resmax=100&Submit=Rechercher

FINANCE

EU Wants to Intervene Against Managers' Pay

The majority of finance ministers and the highest representatives from the European Union countries agree that **the compensation culture for managers in the banking sector should change.**

France is leading crusading for the stricter regulation of managers' pay in the financial sector. President Nicolas Sarkozy has already introduced a proposal according to which the French system of bank managers' pay should be modified. **According to him, bonuses should be distributed over three consecutive years.** One-half of the bonuses (and in the case of the highest ones, two-thirds) would be given to managers only during the course of the last two years. Those traders whose investments suffer losses would not receive a bonus at all. The banks that opt to not comply with the new rules would not be allowed to participate in state-managed events, such as privatisation.

Sarkozy would also like to convince the other countries to introduce a ceiling and taxation for managers' pay. He added that if the other countries do not accede to the proposals, **France will not implement these measures on its own.**

The regulation of managers' pay in the EU could begin with **the amendment to the Capital Requirements Directive, which is expected to enter into force in 2011.** How, if at all, the specific provisions regulating managers' pay in the financial sector will look is thus far unknown. The remuneration could, however, be based on the recommendations made by the European Commission in April. According to them, banks would have the right to take away managers' pay in the event that their performance does not meet expectations. They do not as of yet specify any limits or ceilings.

Even the highly-awaited G20 summit in Pittsburgh did not shed any more light on the possible regulation of bank bonuses. The communiqué that was issued after a night meeting does state that bankers' remuneration should be "reduced" but it does not mention any "ceilings" as was requested by the majority of EU states.

We believe that the amount of managers' pay in the financial sector was not one of the causes of the financial crisis, but **rather it was due to failures on the part of the supervisory and regulatory bodies,** which should have issued a warning about the excessively risky behaviour of managers and prevented it. In private companies, the remuneration system is based solely on the legal powers of the owners and the state should not interfere.

http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/369

ENERGY AND TRANSPORT

European Parliament Calls for Strengthening Energy Security

Members of European Parliament have called upon the Commission **to strengthen the early warning mechanisms** which failed during January's natural gas crisis. They emphasise primarily the importance of developing an energy infrastructure that will reduce dependency on Russia.

The European Parliament adopted a resolution that the **directive on the security of gas deliveries and investments in the energy infrastructure** provide a greater level of certainty, but the early warning mechanisms need to be reviewed. According to the resolution, a better Network of Energy Security Correspondents (NESCO) could help avoid future disruptions in deliveries. The European Parliament calls on the member states to increase their gas storage capacity.

The legislators value the fact that the European Economic Recovery Plan **includes investments of EUR 250 million into the energy infrastructure.** They, however, add that in order to strengthen the energy network, addition increases must be made in both public as well as private investments.

MEPs also approved the idea **of creating a European electricity and gas "supergrid",** which re-elected European Commission President José Manuel Barroso indicated to be one of the priorities of the new European executive branch.

According to Parliament, this will primarily include the Nabucco gas pipeline project, which **will help Europe decrease its dependency on Russian gas.** At the same time, however, the MEPs called upon the Commission to "take action against takeover bids by non-transparent foreign entities in the European market."

In addition to the Nabucco gas pipeline project, the MEPs also brought attention to **the DESERTEC initiative, the aim of which is to supply Europe with solar energy from North Africa** and which, according to them, is a promising example of how to diversify the energy market.

http://www.europarl.europa.eu/news/expert/infopress_page/051-60728-257-09-38-909-20090915IPR60724-14-09-2009-2009-false/default_en.htm

Brussels Supports "Green" Urban Transport

The European Commission has adopted an **extensive action plan for urban mobility,** which recommends twenty specific measures intended to help local, regional and state authorities in their efforts to meet the goals for sustainable urban mobility.

The action plan includes an entire range of proposals. For example, in the interest of increasing the rights of passengers using urban transport, the Commission will work with the sector to create a set of voluntary commitments. It will continue supporting research and demonstration projects, **e.g., vehicles with low or zero emissions.** In addition, urban mobility will be practically linked with existing EU policies pertaining to health, cohesion and disability.

Other measures include an initiative that strives **to improve travel information and the Commission's continuing support for campaigns that increase public awareness**, such as the European Mobility Week. In an effort to speed up the adoption of the sustainable urban mobility plan on the part of local authorities, the Commission will prepare informational materials and launch educational and promotional activities. It will also prepare written guides to important aspects of these plans, such as urban freight distribution and intelligent transport systems for urban mobility. The Commission will improve the availability of harmonised statistics, facilitate the exchange of information, including with Europe's neighbouring countries, and set up a database with information on best practices for urban mobility. Finally, the Commission will also work towards optimising existing EU funding sources and look at future funding needs.

The actions will be brought into force over the next four years. The Commission will review progress in the year 2012 and assess the need for further action.

Municipal congestion, road accidents, air pollution and energy consumption all have negative impacts on the European economy and the living conditions of all European citizens. **Urban traffic causes approximately 40% of all CO2 emissions and 70% of the emissions of other air pollutants** from road transport. In addition, every third fatal road accident occurs in an urban area.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1379

ENLARGEMENT

Slovenia Unblocks Croatia's Accession Talks with the EU

After the Slovenian Parliament gave the go ahead for Croatia's accession to the EU, **Croatia subsequently successfully closed five negotiation chapters** and started negotiations on an additional six at the end of September and the start of October.

The border dispute between Slovenia and Croatia, which has lasted almost twenty years, involves a small area along the Adriatic coast, which provides access to the international waters of the northern Adriatic Sea.

Due to the unresolved border disputes, **Slovenia blocked the opening of nine out of ten negotiation chapters with Croatia** during the French Presidency of the EU. Not even the Czech Presidency was successful in ensuring advances with regard to this issue.

This June, the EU attempted to find a compromise solution to the dispute, but ultimately did not succeed. The Swedish Presidency declared the dispute as bilateral and distanced itself from the solution. **Jadranka Kosor, as the new Prime Minister of Croatia, brought a new impetus for the relations between both countries.** She managed to reach and agreement with her Slovenian counterpart Borut Pahor

The European Court ruled in favour of Poland and Estonia, both of which filed complaints against the Commission due to the definition of their National Allocation Plans. Experts from the 27 member states agreed on a list of industrial sectors which will continue to receive a portion of their emission allowance free of charge in order to decrease the risk of their production activities being relocated to countries outside of the EU.

that the border dispute should not be an obstacle to Croatia's negotiations with the EU. The leaders of both countries thus decided that the dispute over the territorial waters in Piran Bay will be resolved through international arbitration proceedings – a solution that was originally recommended by the Commission.

It is generally expected **that both countries will agree on the joint administration of Piran Bay,** which will allow Slovenian ships to sail directly into international waters without having to pass through Italian or Croatian territorial waters.

The return of both countries to the negotiating table and the thawing of their mutual relationship, which resulted in the renewal of accession negotiations with Croatia, **is a diplomatic success for Zagreb.** We believe that Croatia could increase the ranks of the European Union – together with Iceland – in 2012.

http://ec.europa.eu/enlargement/candidate-countries/croatia/eu_croatia_relations_en.htm

ENVIRONMENT

European Court Repeals Allocation of Emission Permits

The European Court of first instance annulled the European Commission's decision pertaining to the Polish and Estonian national allocation plans for greenhouse gas emission permits. This implies **that the European Commission cannot define the volume of greenhouse gases** that individual states are allowed to release into the atmosphere.

In 2006, Poland and Estonia informed the Commission of the National Action Plan (NAP) each had prepared for the 2008 through 2012 timeframe. On the basis of two decisions adopted in 2007, **the Commission stated that these NAPs were not compatible with the criteria specified in the directive** on emission allowance trading and decided that the total annual mount of emission permits defined in their NAPs as proposed by the two states must be decreased by 26.7% and 47.8% respectively.

The court states that only a member state has the right to prepare its NAP, which it announces to the Commission, as well as for adopting a decision on establishing the total number of permits. The Commission is allowed to check the NAP, however, this authority is strictly limited.

The European Commission has two months to appeal this decision, but if the court reaches the same decision, it could lead to fundamental **complications in the EU's battle against climate change.** It would more or less allow individual member states to randomly determine how many damaging substances their economies can release into the air.

The Czech government filed a complaint against the European Commission in 2007 in a similar manner as Poland and Estonia due to the decrease in the number of emission permits for the 2008 to 2012 timeframe. The reason was that the European Commission decreased the Czech Republic's allocation of permits by approximately 15% as compared to what the government wanted. According to the Czech Republic, however, this type of measure is discriminatory towards Czech energy and industrial enterprises.

The decision passed down by the court in Luxembourg **applies only to Poland and Estonia.** There has not yet been a ruling on the Czech Republic's complaint.

http://europa.eu/rapid/pressReleasesAction.do?reference=CJE/09/76

Some Industrial Sectors will Receive Free Permits

Experts from the EU's 27 member states have agreed on a list of industrial sectors which will continue **receiving a portion of their greenhouse gas emission allowances within the framework of the European Emissions Trading System free of charge even after 2013.** The reason for implementing this measure is fear that the core of these sectors might move beyond the borders of the EU.

National experts from the EU member states **came up with a list of 164 industrial sectors that are facing the threat of relocation abroad** – specifically to countries that have higher limits or no limits for greenhouse gas emissions as compared to those established by European regulations.

Selected industrial sectors that release the highest level of dangerous emissions (e.g., steel production, cement production, the chemical industry, etc.) produce 77% of all emissions that fall within the European Emissions Trading System (EU ETS). According to the new system, **these sectors will continue receiving a portion of their emission allowances free of charge even after 2013.** This is, however, conditional on the approval of the entire list by the European Commission, which should occur by the end of this year.

The selection of industrial sectors is based on two conditions: **the intensity of trading with third countries and the increases in production expenses.** The large majority of sectors meet both conditions – ranging from the plastic and iron production, including the food industry and ending with weapons production.

The published **list of sectors will be valid up until 2014,** i.e., for a period of 5 years, however the EU has already announced that it expects that additional industrial sectors will be included. It hopes that it can successfully do so by December.

According to some member states, the measures that have been adopted up to this point are weak and insufficient. **France and Germany are thus striving for the implementation of emissions duties,** which the EU could impose on imports from those countries that do not have an emission system comparable to that in effect in the EU.

The discussion on the new system for emission allowance trading is thus far from being closed. **It will only become clear in 2011 as to how many free allowances a company will be able to claim.** The decision will be made on "key performance benchmarks" and only 10% of the most successful enterprises from the perspective of decreasing emissions will receive all of the allowances it is claiming free of charge.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1338

INFORMATION SOCIETY

Commission Criticises CR Due to High Interconnection Rates

The European Commission has sent a second letter calling upon the Czech Telecommunications Authority (ČTÚ) as the Czech Republic's regulatory body for telecommunications to **further decrease mobile termination rates (MTR) in the Czech Republic.**

Mobile termination rates in mobile networks are the wholesale charges that mobile network operators charge other operators for connecting calls on their networks. In spite of the recent request the Commission addressed to ČTÚ in a letter sent at the end of last year, asking that it reduce MTRs closer to the level of effective cost, **the Czech regulator wants to maintain MTRs at the levels it set in its previous decision.**

The new interim regulation aimed at bringing charges closer to effective cost could, however, ensure a smoother transition to the approach set forth in the Commission's recommendation on mobile termination rates, in which it requires all member states **to establish MTRs at the level of the cost of an efficient operator by 31 December 2012.**

"The average mobile termination rate in the Czech Republic is the second highest in the EU. Whilst welcoming ČTÚ's efforts to take certain aspects of our Recommendation into account already in its current measure, I am very disappointed that the Czech regulator proposes to maintain the level of mobile termination rates imposed on the larger operators previously," declared **Eurocommissioner Viviane Reding,** who is in charge of the telecommunications area for the European Commission.

According to her, only further substantial reductions can ensure that Czech consumers will benefit from lower prices for mobile calls. The Eurocommissioner went on to say, "I also urge ČTÚ to impose stricter obligations on the smallest operator to treat all mobile companies alike."

Until the end of the year, the three largest operators can charge a maximum of CZK 2.31 per minute; however the maximum mobile termination rate for the period starting from 1 January and ending 30 June 2010 is CZK 1.96/ min.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1311

REGIONAL DEVELOPMENT

Operational Programmes Trying to Simplify Use of Grants during Crisis

According to Ministry for Regional Development (MRD), the operational programmes, through which the Czech Republic uses resources from European funds, **have adopted an entire range of measures up until now in order to simplify access to European financial resources during this period of economic crisis.**

Amongst other things, the possible measures include **simplification of the administrative processes associated with using European resources,** speeding up payments and the use of credit instruments. On July, the heads of all operational programmes also agreed that it is necessary to change national legislation in a manner whereby it does not complicate the conditions for using European grants and the associated administration more than required by EU rules.

In September, the MRD came up with recommendations for the more effective use of European funding during the crisis period. These include such things as the requirement for the speedier payment for project during their implementation (and not after their completion); the provision of advantageous credit and guarantees; simplification of legislation in order to make expense reporting easier; **and aiming subsidies at areas with the greatest growth potential.**

The steps taken by the MRD and other OP managing authorities are aimed in the right direction. Nevertheless, we think that there are additional effective measures to improve the use of EU funds. These include:

The Ministry for Regional Development introduced several activities with the goal of ensuring the easier and more effective use of grants from EU funds in the Czech Republic during the crisis. The European Commission has requested the preparation of safety standards that would set implicit defaults for the volume levels in personal music players.

- **Speeding up the process for approving** and administering grant applications – the current situation is unsatisfactory, wherein it is standard for six months or even more to pass between the time an application for a grant is submitted, the time it is approved and the signing of the applicable grant agreement;
- **Unify as much as possible the administrative requirements for applicants** for grants from various operational programmes (OPs) – it would help applicants if there was only one common contact point, a uniform (or maximally similar) grant application, a common information system, etc.; and
- **Implement a multi-level project selection process for all OPs** and a multi-level application submission process, such as the one that exists for the OP Enterprise and Innovation (a registration application followed up by the full application).

http://www.mmr.cz/Pro-media/Tiskove-zpravy/2009/MMR-pripravilo-akcni-plan-na-vyuziti-fondu-EU-ke-s

Community contribution – indicative annual allocation by programmes (mil. EUR, current prices)

Operational programme	mil. €
OP Enterprise and innovation	3 041
OP Research and Development for Innovation	2 071
OP Environment	4 918
OP Transport	5 774
Integrated Operational Programme	1 553
Regional operational programmes	4 659
OP Technical Assistance	244
OP Human Resources and Employment	1 812
OP Education for Competitiveness	1 812
Total Convergence objective	**25 884**
OP Prague Competitiveness	235
Integrated Operational Programme	29
OP Technical Assistance	4
OP Prague Adaptability	108
OP Human Resources and Employment	26
OP Education for Competitiveness	17
Total Regional competitiveness and employment objective	**419**
5x OP Cross-Border Cooperation	352
OP Interregional Co-operation and OP Transnational Co-operation	37
Total European territorial cooperation objective	**390**
TOTAL	**26 692**

Source: NSRF

HEALTH AND CONSUMER PROTECTION

EU Steps to Limit Health Risks from Personal Music Players

The European Commission sent a mandate to the CENELEC – the European standardisation body – in which it requested the creation of new technical **safety standards that would require the implicit default manufacturer's setting for personal music players to be at a safe volume level.**

Existing EU standards do not currently prescribe any maximum sound limit and they do require any specific labelling with regard to volume levels. They do, however, require that **the instruction manual contain a warning** about the adverse effects of exposure to excessive sound levels.

The mandate proposed by the European Commission includes **all personal music players and mobile telephones that have a music playing function.** This proposal establishes that:

- **The safe listening volume is the implicit level** set by the manufacturer as the default. Safe use depends on the period of exposure to sound and the listening volume (e.g., at 80 dB(A), exposure should be limited to 40 hours per week). The safe listening level specified above will be the default implicitly set by the manufacture. Higher exposure levels can be permitted, provided that they have been intentionally selected by the user and the product incorporates a reliable means to inform the user of the risks.
- **Adequate warnings for consumers** on the risks involved, and on ways to avoid them, including the situation when the original set of earphones is replaced with another type and this causes higher unsafe sound levels. The mandate is not prescriptive in terms of how this is done.

European standards are not binding. If, however, the standard is approved by the European Commission and published in the Official Journal of the European Union, it does **become the *de facto* industry standard**. Products that comply with these standards are considered to be safe – in the opposite situation, manufacturers must have their products independently tested, which is very expensive. The new safety standards will apply only to future products.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1364

European Commission has accepted the proposal for the common European budget for next year. The proposal implies that the largest portion of expenses will be aimed at grants from the structural funds and the Cohesion Fund. The European Commission will request member states to return EUR 214.6 million which they used in an unauthorised manner in previous years within the agricultural sector. Of that total amount, the Czech Republic is to return EUR 190,000.

1 SEPTEMBER

112 - The European emergency number now works in all Member States: http://ec.europa.eu/information_society/newsroom/cf/itemdetail.cfm?item_id=4726

2 SEPTEMBER

EIB increases its support for SME projects in Romania by EUR 140 million: http://europa.eu/rapid/pressReleasesAction.do?reference=BEI/09/169

Publications: Your guide to the Lisbon Treaty: http://ec.europa.eu/publications/booklets/others/84/index_en.htm

3 SEPTEMBER

European innovation policy – successes but also new challenges: http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=3530&lang=en

Stepping up efforts on resettlement of refugees: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1267

An opportunity and a challenge - Migration in the European Union: http://ec.europa.eu/publications/booklets/move/81/index_en.htm

4 SEPTEMBER

ERAWATCH: a new European perspective on research: http://ec.europa.eu/dgs/jrc/index.cfm?id=1410&obj_id=8530&dt_code=NWS&lang=en

EU invests in building independent consumer magazines and websites in Cyprus, Czech Republic, Hungary, Poland, Romania and Slovenia: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1269

7 SEPTEMBER

Fisheries and Maritime Affairs: Commission proposes fishing opportunities for the Baltic Sea for 2010: http://ec.europa.eu/fisheries/press_corner/press_releases/2009/com09_44_en.htm

8 SEPTEMBER

EU Commissioner Potočnik in Africa to boost the Science Partnership between the African Union and the European Union: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1275

Agriculture and Fisheries Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/agricult/109973.pdf

9 SEPTEMBER

The Council adopts aviation package: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/trans/109950.pdf

10 SEPTEMBER

Commission Report on Railway Safety and Interoperability: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1282

11 SEPTEMBER

2 168 Belgian textile workers to get help from EU Globalisation Fund: http://ec.europa.eu/social/main.jsp?langId=cs&catId=89&newsId=589&furtherNews=yes

14 SEPTEMBER

Publications: Bulletin of the European Union April 2009: http://europa.eu/bulletin/en/200904/sommai00.htm

Quality education and care for young children leads to better lives: http://ec.europa.eu/education/news/news1697_en.htm

15 SEPTEMBER

The Council adopts oil stocks directive: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/trans/110105.pdf

General Affairs Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/gena/110113.pdf

Council approves EUR 15 million to support European cinema sector: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/educ/110108.pdf

16 SEPTEMBER

Innovative Medicines Initiative: putting Europe at the forefront of biopharmaceutical innovation: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1310

External Relations Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/gena/110129.pdf

Polluted Baltic Sea looking for a regeneration strategy: http://www.europarl.europa.eu/news/public/story_page/059-58445-201-07-30-910-20090717STO58442-2009-20-07-2009/default_en.htm

European Aviation Safety Agency and European Commission set out common strategy: http://www.easa.europa.eu/ws_prod/g/doc/pr/PRen15092009.html

18 SEPTEMBER

EUR 100 million loan to VW India from European Investment Bank: http://europa.eu/rapid/pressReleasesAction.do?reference=BEI/09/177

Budget: Next Year: 2010 - EU budget 2010 targets recovery:
http://ec.europa.eu/budget/budget_detail/next_year_en.htm

Structure of EU budget for 2010

Commitment Appropriations by Heading	EUR bn	% change from 2009
1. Sustainable growth:	62,2	+3,2
- Competitiveness	*12,8*	*+8,4*
- Cohesion	*49,4*	*+2,0*
2. Preservation and management of natural resources:	59,0	+5,1
- Direct payments & market related expenditure	*43,8*	*+6,4*
- Rural development, environment, fisheries	*15,2*	*+2,1*
3. Citizenship, freedom, security and justice:	1,6	+7,6
- Freedom, Security and Justice	*1,0*	*+13,5*
- Citizenship	*0,6*	*-0,3*
4. EU as a global player	7,9	+1,8
5. Administrative expenditure (for all EU Institutions):	7,9	+2,1
Total commitments	**138,6**	**+3,8**
In % of EU-27 GNI	1,18	

Source: Eurostat

21 SEPTEMBER

€14.8 million of EU funding to help 2,400 former Dell workers in Ireland find new jobs: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=594&furtherNews=yes

22 SEPTEMBER

Justice and Home Affairs Council meeting:
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/jha/110272.pdf

Research: Solar panel production worldwide almost doubled in 2008: http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj_id=383&dt_code=HLN&lang=en

23 SEPTEMBER

Commission cuts red tape and improves investor protection on securities prospectuses: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1351

EU report on retail financial services: fact sheet:
http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/09/402

24 SEPTEMBER

Commission greener than ever: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1349

25 SEPTEMBER

Statistics: In the EU 60% of students in upper secondary studied at least two foreign languages in 2007:
http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-24092009-AP/EN/3-24092009-AP-EN.PDF

28 SEPTEMBER

Parliament sends ten unfinished legislative proposals back to Commission: http://www.europarl.europa.eu/news/expert/infopress_page/008-61213-268-09-39-901-20090925IPR61212-25-09-2009-2009-false/default_en.htm

Innovation - a key to recovery:
http://www.consilium.europa.eu/showFocus.aspx?id=1&focusId=404&lang=en

The Commission publishes a report on the economic crisis in Europe: http://ec.europa.eu/economy_finance/thematic_articles/article15893_en.htm

29 SEPTEMBER

Commission adopts new Block Exemption Regulation for liner shipping consortia:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1367

Competitiveness Council meeting:
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/intm/110310.pdf

European Investment Bank invests EUR 500m in the Irish electricity sector: http://europa.eu/rapid/pressReleasesAction.do?reference=BEI/09/181

30 SEPTEMBER

Commission to recover € 214.6 million of CAP expenditure from the Member States:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1375

Single Euro Payments Area (SEPA): Commission consultation shows general support for end-date for SEPA migration:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/1372

Meeting of the key EU institutions

1.10.2009	**Hague, Netherlands**	- Informal meeting of Ministers for the Interior and Europol
1.-2.10.2009	**Göteborg, Sweden**	- Informal Meeting of Finance Ministers
8.-9.10.2009	**Luxembourg, Luxembourg**	- Transport, Telecommunications and Energy Council
12.10.2009	**Luxembourg, Luxembourg**	- Employment, Social Policy, Health and Consumer Affairs Council
14.-16.10.2009	**Umeå, Sweden**	- Informal Meeting of Competitiveness Ministers
19-20.10.2009	**Luxembourg, Luxembourg**	- Agriculture and Fisheries Council
20.10.2009	**Luxembourg, Luxembourg**	- Economic and Financial Affairs Council
21.10.2009	**Luxembourg, Luxembourg**	- Environment Council
23.10.2009	**Luxembourg, Luxembourg**	- Justice and Home Affairs Council
26.-27.10.2009	**Luxembourg, Luxembourg**	- General Affairs and External Relations Council
29.-30.10.2009	**Brussels, Belgium**	- European Council

Public consultation on EU legislation

Topic of the consultation	Organiser	Deadline
Priorities for new strategy for European information society	DG INFSO	9.10.2009
i2010: Digital Libraries Initiative	DG INFSO	15.11.2009
Community innovation policy	DG ENTR	16.11.2009
European Road Safety Action Programme 2011-2020	DG TREN	20.11.2009

The main topic of this October issue of the EU News Monthly Journal is devoted to the European Union's reaction in relation to the regulation and supervision of the currently ongoing financial crisis. The main component is a package of legislative proposals that were adopted by the European Commission at the end of this September with the goal of significantly strengthening supervision over the financial market sectors in the EU and avoiding the repetition of a comparably severe financial crisis in the future.

THE FINANCIAL CRISIS AND EU FINANCIAL SUPERVISORY MEASURES

The financial crisis that impacted the global economy after the summer of 2007 has no comparison within the framework of post-war economic history. Although it size and extent are extraordinary, this crisis shows many characteristics similar to those financial anxieties that accompanied recessions in the past. The crisis was preceded by a long period of rapid credit growth, low risk premiums, easy access to liquidity, the strong use of leverage when implementing investment strategies, rising asset prices and the creation of bubbles – many times of a speculative nature – on the real estate markets. An exaggerated scope of risky speculative positions led financial institutions to an extremely vulnerable situation as due to corrections on the asset markets.

The result was a setback in a relatively small portion of the financial system (the sub-prime market in the USA), which subsequently managed to set the entire financial structure in a substantial manner. Similar episodes had occurred before (e.g., in Japan and the northern countries at the start of the 1990s and the Asian crisis at the end of the 1990s). Nevertheless, this time the situation is different, characterised by the fact that it has become a global crisis and many respects much closer to the events that triggered the Great Depression of the 1930s.

Just as it might be appropriate to use the Great Depression as the best measuring stick for identifying the impacts on the financial system, it can concurrently also serve as a great lesson. At the current time, governments and central banks are well aware of the need to avoid mistakes in the performance of their economic policies, which are standard during these periods – both within the EU as well as elsewhere. The measures that have been adopted made it possible to avoid runs on the large banks; currency exchange policies were relaxed up to an aggressive degree; during the first period, governments released significant fiscal stimuli from their public budgets for certain others to subsequently start saving in their expenses in up to a restrictive degree in some cases.

As compared to the situation during the Great Depression neither the European countries nor the countries outside of Europe resorted to, for the most, implementing or even becoming disposed towards protectionist practices, or at least not to the degree that occurred during the 1930s. Even this position is a demonstration of the importance of a coordinated approach within the framework of the EU. It tends to show more that the crisis can – at least within the EU – create opportunities for further advances in coordinating a number of additional areas of economic policies, which also overlap into the social and environmental spheres.

During its early phases, the crisis itself became apparent primarily in the acute lack of sufficient liquidity between financial institutions, whereby they had to pas through very stiff – up to rigid – market conditions in which provided financial flows were almost all frozen (in particular in relation to short-term financing). During this phase, fears also increased with regard to the solvency of financial institutions (which was negatively confirmed primarily in the USA were almost one-hundred banking institutions have thus far ended up bankrupt), however the collapse of the system as a whole was viewed as being highly unlikely at that time. This perception changed dramatically though after one of the largest and most traditional American investment banks – Lehman Brothers – went bankrupt in September 2008.

Confidence in the financial system collapsed at that time. Investors started the mass liquidation of their positions and stock markets fell drastically. Since that time the EU economy has entered into the deepest fall it has experienced since its record decline in the 1930s. The shift of the financial losses to the real economy took place at record speed, at a time when there was extraordinary credit abstinence and collapsed confidence, which impacted both business investments and consumer demand, and was focussed in particular on long-term consumer goods and housing.

European Commission: Interim Forecast of GDP growth

	Q-on-Q growth				Y-on-Y
	1Q 09	2Q 09	3Q 09	4Q 09	2009
Germany	-3.5	0.3	0.7	0.1	-5.1
Spain	-1.6	-1.1	-0.4	-0.2	-3.7
France	-1.3	0.3	0.4	0.3	-2.1
Italy	-2.7	-0.5	0.2	0.1	-5.0
Netherlands	-2.7	-0.9	-0.4	0.0	-4.5
Poland	0.3	0.5	0.1	0.0	1.0
UK	-2.4	-0.7	0.2	0.5	-4.3
EU27	**-2.4**	**-0.2**	**0.2**	**0.1**	**-4.0**

Source: European Commission

The manifestations of the crisis also crossed borders very quickly as a result of the close ties within the financial system as such as well as thanks to the very integrated supply chains and interconnections on the global product

markets. According to the European Commission's most recent projections, real GDP in the EU is expected to decrease by more than 4% on average, which would be the steepest decline in its production capacity in the entire history of European integration. Even though signs of initial recovery do seem to be appearing gradually, it is anticipated that this will be more of a long-term process.

Demand will remain significantly dampened for some time to come due to the painful adaptation of the industrial and sectoral structures as well as thanks to the significant savings measures that have been applied in the economy, in particular in the private sector, however more and more even in the public sector. Even though the rudder of economic policy has significantly changed with regard to both its long-term as well its short-term focus, potential economic growth will still waver. Investments that have been allocated more modestly will bring results with a logical delay. At the current time, they are aimed at the renewal of often outdated physical capital in companies as well as for the benefit of areas that are considered to be promising from the long-term perspective (research and development; new environmentally-friendly energy sources; etc.).

The fiscal positions of governments will continue to worsen, not only due to cyclical reasons but, in certain countries, primarily due to structural reasons (when the tax base underwent a process during which it was significantly decreased – sometimes temporarily but often permanently, in combination with conditional government obligations, associated with rescue actions to support banks and financial institutions, which might in some cases materialise and thus lead to actual fulfilment, which would in turn read to a drastic worsening of fiscal discipline indicators, in particular the ratio of public debt to GDP). One question that remains open is whether the crisis will weaken incentives for structural reform and as a result affect potential growth in an even more unfavourable manner or if it will create opportunities for starting far-reaching econo-political activities.

EXTENSIVE CHALLENGES FOR ECONOMIC POLICY

The existing crisis has demonstrated the importance of a coordinated crisis management framework. It should contain the following:

Prevention against crises –

Definition of preventive instruments that would limit the repetition of crisis developments in the future; Prevention of a crisis should be included into the overall evaluation at EU level of what the fundamental causes of the crisis were (or what they could be in the future), as well as the changes that can be made to the macroeconomic, regulatory and supervisory framework of economic policy in order to help prevent their repetition; Economic policies to revive potential economic growth and competitiveness could concurrently serve to strengthen the economic system and thus support its resistance against the consequences of future crises;

Regular checks of the course of the crisis and mitigating its effects

The purpose is to minimise damages by providing protection against system malfunctions or to mitigate the decrease in economic outputs or lessening the social impacts of a recession; The main goal is thus to stabilise the financial system and the real economy during the short-term; The process should be coordinated across the EU in order to attain a balance between national measures and spiralling effects, which due to the high degree of openness in EU economies also influences other states and their economies; and

Resolving the consequences of the crisis and terminating anti-crisis measures

The purpose is to follow the developments of the crisis to their end whilst ensuring the minimum possible level of expenses for taxpayers and the ability to intercept system risks and guarantee consumer protection; This requires the timely "switchover" to reverse-acting temporary support measures and activities to bring the economy back to sustainable growth and fiscal development; Amongst other things, this set of measures includes steps aimed at cleaning up bank balances; restructuring of the sector and an appropriately selected exit strategy (consisting of a well-timed decision for terminating supportive one-time anti-crisis measures and the final shift to standard tuning functions for financial policies with regard to the economic system).

The creation of this type of framework is gradually being started and applied. It is built on existing institutions and legislation, which are being supplemented with new initiatives. Nevertheless, the creators of economic policy in Europe have no other choice of course than to take advantage of existing mechanisms and procedures fir the immediate and short-term perspectives. Retrospectively, the framework for preventing financial crises is insufficiently developed – otherwise, from the perspective of a system breakdown (not cyclical development), the crisis would most likely not have occurred. The same applies to a certain degree to the EU framework for checking and mitigating the crisis, or at least the initial stages of the crisis.

The majority of the economic policy efforts, thus far aimed at checking the course of the crisis and mitigating its impacts, were entirely natural. However, the first steps were also taken towards transforming the image of financial regulation and supervision – in Europe as well as elsewhere – specifically aimed at preventing crises. On the other side though, the implementation of measures within the framework of resolving the consequences of the crisis, in the form of long-term systemic steps has not yet seriously started. An example of these systemic anti-crisis measures, pertaining to the financial intermediation sector, can include the definition of rules for stabilising the financial markets.

RULES FOR STABILISING THE FINANCIAL MARKETS

At the end of September 2009, the European Commission adopted a key package of legislative proposals, which aim to strengthen significantly the supervision of financial markets within the EU. The objective of the new legislative proposals, founded on strengthened cooperation across the EU, is to:

- maintain the EU's financial stability in the future,
- ensure the uniform application and promotion of the same basic technical rules,
- guarantee the timely revelation of system risks,
- allow much more effective cooperation in extraordinary situations and when resolving disputes that arise between supervisory authorities.

A new **European Systemic Risk Council** will be established on the basis of these regulations. Its primary mission will be to determine the risks that exist with regard to the financial system as a whole. The primary output from its activities will consist of **timely warnings** that will require quick subsequent action.

In addition, a **European System of Financial Supervisors** will be created, which will consist of the supervisory authorities from the individual member states and three new European supervisory authorities responsible for banking, securities, insurance and employee pension systems.

In the justification report for the submitted package of proposals, European Commission President José Manuel Barroso specifies, "Financial markets are European and global, not only national. Their supervision must also be European and global." This signals the introduction of a new European supervision system, based on a report prepared by the Larosière, which acquired the acceptance and support of the member sates. The system also aims to also protect taxpayers across Europe against a repetition of the critical events of autumn 2008, at which time certain governments were forced by circumstances to invest thousands of billions of euros into banks in the most varied of ways. In addition, the European system can act as a certain inspiration for global systems; the first platform was this was the recent G-20 meeting in Pittsburgh.

According to Internal Market and Services Commissioner Charlie McCreevy, with this legislative package, the European Commission's intends to rectify quickly and thoroughly the shortcomings in the conception of financial supervision in Europe and thus will assist in preventing future financial crises. The commissioner also recommends that this package be adopted quickly by both the Council as well as Parliament, in order to ensure that the new authorities can start functioning in 2010.

Likewise, Joaquín Almunia, the Economic and Monetary Affairs Commissioner, welcomes the adoption of the proposal. He said, "The creation of a European Systemic Risk Board to detect and prevent risks to financial stability in the EU and new arrangements to improve supervision at institution level will go a long way towards tackling the imbalances in our financial systems and solving the weaknesses in our financial supervision system that are at least partly to blame for the financial crisis."

The current financial crisis has revealed systemic weaknesses in the European supervisory framework, which, despite the creation of a European single market in this area, remains fragmented along national lines. It has also pointed out the significant role played by mutual coordination amongst the member states and the legitimate mission of pan-European institutions in this area.

The legislative proposals that have been submitted resolve deficiencies both at the macro- and micro-prudential supervision levels and establish measures for their removal through the establishment of the following authorities:

- **European Systemic Risk Board** (ESRB), which will monitor and assess risks to the stability of the financial system as a whole ("macro-prudential supervision") and will provide early warning of systemic risks that may be building up and, where necessary, issue recommendations for measures that should be adopted to resolve them;
- **European System of Financial Supervisors** (ESFS), which will supervise individual financial institutions ("micro-prudential supervision") and will comprise a network of national financial supervisors from the member states working hand in hand with the new European supervisory authorities that will be created through transforming the existing committees for the

banking, securities and insurance and occupational pension sectors and will be named:

- o the **European Banking Authority** (EBA);
- o the **European Insurance and Occupational Pensions Authority** (EIOPA); and
- o the **European Securities and Markets Authority** (ESMA).

The ESRB will be empowered to issue recommendations and warnings to member states (including the national supervisors) and to the European supervisory authorities, **which will** either **have to comply with them** or else **explain why they have not done so**. The heads of the European Central Bank, national central banks, the three new European supervisory authorities, and national supervisors will participate in ESRB activities. The establishment of the ESRB is in accordance with several initiatives at a multilateral level and even outside the EU, including the creation of a Financial Stability Board by the G20.

As far as micro-prudential supervision of the financial system is concerned, i.e., supervision of individual financial institutions, there are currently three financial service committees for at EU level, all of which have only advisory powers. These are:

- the Committee of European Banking Supervisors (CEBS);
- the Committee of European Insurance and Occupational Pensions Committee (CEIOPS); and
- the Committee of European Securities Regulators (CESR).

The newly established authorities will take on all their tasks and, in addition, will take on certain new special responsibilities, including:

- developing proposals for technical standards according to better regulation principles;
- resolving disagreements between national supervisors in those cases where legislation requires them to cooperate or to reach an agreement;
- contributing towards ensuring the consistent application of the Communities' technical regulations, including performing comparative evaluations;
- in the case of ESMA (European Securities and Markets Authority), exercising direct supervision over credit rating agencies; and
- performing the role of coordinator in extraordinary situations.

The submitted proposals have been discussed extensively after the publication of the recommendations by a group of experts headed by former International Monetary Fund Director Jacques de Larosière. The June EU Summit approved the new supervisory framework and called for the rapid adoption of the necessary legislative modifications.

More information on these specific issues can be found on the following websites:

- http://ec.euroipa.eu/internal_market/finances/committees/index_en.htm;
- http://ec.europa.eu/economy_finance/thematic_articles/article15861_en.htm.

List of the Communities' legal standards pertaining to the activities of the new authorities:

EBA

- Financial Conglomerates Directive (FCD);
- Capital Requirements Directive (CRD);
- Anti-Money Laundering Directive (AMLD);
- Deposit Insurance Directive; and
- Regulation on ***information*** on the payer accompanying ***transfers*** of funds

EIOPA

- Financial Conglomerates Directive;
- Institutions for Occupational Retirement Provisions Directive (IORP);
- Standard Insurance and Reinsurance Directive;
- Solvency II Directive;
- Insurance Mediation Directive (IMD);
- Anti-Money Laundering Directive.

ESMA

- Financial Conglomerates Directive;
- Transparency Directive;
- Markets in Financial Instruments Directive (MiFID);
- Market Abuse Directive (MAD);
- Prospectus Directive;
- Undertakings for ***Collective*** Investment in Transferable ***Securities Directive*** (UCITS);
- Regulation on credit rating agencies;
- Takeover Directive;
- Settlement Finality Directive (SFD);
- Financial Collateral Directive;
- Investor Compensation Scheme Directive;
- Directive on the admission of securities to official stock exchange listings and on information to be published;
- Anti-Money Laundering Directive;
- Capital Requirements Directive ;
- Distance Marketing Directive

If we started our new column on Great Europeans in the last issue of the Monthly Journal with a profile of Jean Monnet, it is impossible not to continue our series with anyone other than Robert Schuman. Schuman was active almost exclusively in the public and political sectors and subsequently partially in academic life. He practically did not speak out at all on issues related to business and the real economy. However, his university education was that much more varied and covered several different fields.

ROBERT SCHUMAN (FRANCE)

Just on the basis of the location of his birth and the family into which he was born, Robert Schuman was virtually “predestined” to become one of the most active leaders of the idea of European unification at the time of its contemporary post-war conception. Schuman was active almost exclusively in the public political arena and then partially in his academic life. He practically did not speak out at all in the areas of business and the real economy on the basis of his profession. On the other hand however, his university education was that much more varied as a result of the fields he studied.

Schuman was born in the town of Clausen, which is now a part of Luxembourg. His father was a Frenchman from the nearby Lorraine region, which however became a part of Germany during the second half of the nineteenth century and thus, “on paper”, he became a German citizen. His mother came from the Luxembourgian town of Bettembourg. The fact that Schuman lived from his childhood in what was at that time a painfully disordered region influenced Schuman’s thinking towards the need for pacification, stabilisation and the peaceful creative coexistence, primarily between Germany and France, but also with regard to the adjoining smaller states.

Schuman completed his primary and secondary education in his native Luxembourg and thus Luxembourgian (at that time spread only orally and not in written form) was thus his native tongue. His education was mostly in German and although he of course knew French just as reliably, he never got rid of a strong German accent. He set out to Germany for his long and varied university studies, which gradually covered law, economics, political philosophy, theology and statistics. He attended universities in Bonn and Munich, the Humboldt University in Berlin, and in Strasbourg (today a part of France), with the end result of attaining a law degree and becoming an attorney. After he completed his studies, he was elected to the city council in Metz in Lorraine (of course also part of France today).

After the First World War, Alsace and Lorraine were returned to France and Schuman thus became a French citizen. As of that time, he also became an extraordinarily active politician serving France. In 1919, he was elected as a member of the French parliament.

During the period following the First World War he was significantly involved in the post-war renewal process and was very active in uncovering and investigating corruption in the Lorraine steel industries. During the Second World War, he was arrested by the Germans and deported to Germany. He managed to escape in 1942 and joined the French anti-Nazi resistance movement. This particular experience further solidified his conviction that only permanent peace between France and Germany, in a unifying form, could form the foundation for the peaceful and prosperous development of Europe.

The peak of his political career actually came when he was at a relatively advanced age. In 1946, Schuman was appointed as the French Minister of Finance. He served as the Prime Minister of the French government in 1947 and 1948 and subsequently as that country’s Foreign Minister during the 1948 to 1952 timeframe. It was specifically during this period that he definitely earned the credit for creating the institutional facade for the European unification process. Schuman’s plan was published in 1950, which proposed that the German and French coal and steel industry be subject to management and control by a supranational institution, which laid the foundation for a lignite union – the European Coal and Steel Community. Another four countries joined the plan in addition to France and Germany and the signing of the Treaty of Paris, thus creating the initial core for the European unification process. As of the very beginning, Schuman did not hide his long-term vision of a European federation. His visionary thoughts did not however find sufficiently fertile political ground in the France of that time. As a result, Schuman resigned from his position of Foreign Minister in 1952.

During the following period, he was significantly involved in the adoption of the Strasbourg Convention in 1953, i.e., the European convention on the protection of human rights and fundamental freedoms. He also played an important role in the process that culminated in 1957 with the adoption of the Treaties of Rome and the virtual establishment of the European Communities and their institutional backbones. In 1958, Schuman became the first President of the European Parliament and held this position until 1960. The fact that he received the Karlspreis – commemorating Charlemagne – in 1958 for the enormous contribution he brought to the European unification process can be seen as a sign of how highly his efforts are valued. The squares and municipal districts in which the most important European institutions are located in Brussels have been named after him. The University of Social Sciences in Strasbourg bears his name as well as the research centre of the European University and Institute of European Studies. Robert Schuman died on 4 September 1963 in the town of Scy-Chazelles, located not far from Metz, in Lorraine, France.

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	VI-09	VII-09	VIII-09	VI-09	VII-09	VIII-09
Belgium	3.0	2.8	1.1	2.0	1.7	-2.5	7.7	7.8	7.9	-1.0	-1.7	-0.7
Bulgaria	6.3	6.2	6.0	-18.4	-25.2	-25.3	6.4	6.8	7.1	2.6	1.0	1.3
CR	6.8	6.0	3.2	-2.6	-3.2	-3.1	6.5	6.7	6.9	0.8	-0.1	0.0
Denmark	3.3	1.6	-1.1	2.9	0.7	2.0	6.1	6.0	5.9	0.9	0.7	0.7
Germany	3.0	2.5	1.3	6.5	7.9	6.6	7.7	7.7	7.7	0.0	-0.7	-0.1
Estonia	10.4	6.3	-3.6	-16.7	-18.1	-9.2	13.3	na	na	-0.5	-0.4	-0.7
Ireland	5.7	6.0	-2.3	-3.6	-5.4	-4.5	12.2	12.3	12.5	-2.2	-2.6	-2.4
Greece	4.5	4.0	2.9	-11.1	-14.2	-14.4	9.2	na	na	0.7	0.7	1.0
Spain	3.9	3.7	1.2	-9.0	-10.0	-9.5	18.1	18.5	18.9	-1.0	-1.4	-0.8
France	2.2	2.3	0.4	-0.6	-1.0	-1.9	9.5	9.7	9.9	-0.6	-0.8	-0.2
Italy	2.0	1.6	-1.0	-2.6	-2.4	-3.4	7.4	na	na	0.6	-0.1	0.1
Cyprus	4.1	4.4	3.7	-6.9	-11.7	-18.3	5.3	5.4	5.6	0.1	-0.8	-0.9
Latvia	12.2	10.0	-4.6	-22.5	-22.5	-12.7	17.1	17.6	18.3	3.1	2.1	1.5
Lithuania	7.8	8.9	3.0	-10.6	-14.6	-11.6	13.7	na	na	3.9	2.6	2.2
Luxembourg	6.4	5.2	-0.9	10.4	9.8	5.5	6.4	6.5	6.6	-1.0	-1.5	-0.2
Hungary	4.0	1.2	0.5	-7.6	-6.4	-8.4	9.6	9.5	9.6	3.7	4.9	5.0
Malta	3.3	3.9	2.7	-9.2	-6.1	-6.2	7.3	7.3	7.2	2.8	0.8	1.0
Netherlands	3.4	3.5	2.1	9.3	7.7	7.5	3.3	3.4	3.5	1.4	-0.1	-0.1
Austria	3.4	3.1	1.8	2.8	3.1	3.5	4.8	4.8	4.7	-0.3	-0.4	0.1
Poland	6.2	6.6	5.0	-2.7	-4.7	-5.5	8.0	8.0	8.0	4.2	4.5	4.3
Portugal	1.4	1.9	0.0	-10.0	-9.4	-12.1	9.2	9.2	9.1	-1.6	-1.4	-1.2
Romania	7.9	6.2	7.1	-10.5	-13.5	-12.2	6.4	na	na	5.9	5.0	4.9
Slovenia	5.9	6.8	3.5	-2.5	-4.2	-5.5	6.0	5.9	5.9	0.2	-0.6	0.1
Slovakia	8.5	10.4	6.4	-8.2	-5.7	-6.6	11.2	11.4	11.6	0.7	0.6	0.5
Finland	4.9	4.2	0.9	4.5	4.1	2.0	8.5	8.7	8.7	1.6	1.2	1.3
Sweden	4.2	2.6	-0.2	8.4	8.6	8.4	8.8	9.1	9.4	1.6	1.8	1.9
UK	2.8	3.0	0.7	-3.4	-2.9	-1.6	7.8	na	na	1.8	1.8	1.6
EU	3.1	2.9	0.9	-1.3	-1.1	-2.0	8.9	9.0	9.1	0.6	0.2	0.6

	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*