EU News
Monthly Journal

Number 89,
February 2011

ČESKÁ SPOŘITELNA

EU OFFICE
Česká spořitelna, a.s.
Poláčkova 1976/2
140 00 Praha 4
tel.: +420 261 073 308
fax: +420 224 641 301
EU_office@csas.cz
http://www.csas.cz/eu

Jan Jedlička
Head of EU Office
+420 261 073 484
jjedlicka@csas.cz

Petr Zahradník
+420 261 073 019
pzahradnik@csas.cz

Alena Smolíková
+420 261 073 308
asmolikova@csas.cz

under the auspices of Pavel Kysilka
CEO of ČS

Dear readers,

It may seem to some of you that in the packages of measures that now, at the beginning of 2011, are already prepared and undertaken by various EU institutions or whose preparation is feverishly underway, the banks and financial institutions represent an important interest group for these efforts. I have this feeling, too.

It may seem that the current attention focused on banks as the principal culprits of the crisis disorders is almost “undeserved”. No objective observer would definitely refute the fact that the above-described conduct in the Irish, British and partly Belgian or German banking sectors was the main reason for the fall of the local banks, which has necessitated injections worth several billions of euros from public funds, paid by the taxpayers. Such conduct certainly deserves pillory and punishment, especially when in the Irish case, it resulted in the need for public deficit of nearly 35% in relation to GDP in the relatively healthy, albeit considerably overheated economy.

However, there are countries and their banking systems – and these represent about a third of the total number of EU member countries – which did not need a cent or penny to save their banks. It is logical that the regulatory authorities and the EU economic policy makers are afraid of the recurrence of this undesirable infection and try to be strict and rigorous. However, they are prescribing treatment for a diagnosis that has not been by far experienced by the whole EU. How else could one explain not only the discussion, but often the now actually taken action in the form of the already adopted legislation regarding the rules for the remuneration of bank managers, the unifying rules for the generation of bank charges, the next stage of comprehensive stress tests by which they not only want to check the health of the banks tested but – based on optimistic expectations – to calm a little the very nervous public so substantially frustrated by the crisis? On the other hand, the proposals for adequate capital equipment and the ability to cover potential risks seem in this light to be a relatively desirable step. And what about the special bank tax that is applied in many countries, often in an almost prohibitive manner?

Yes, all these tools are certainly applicable to the countries and banking systems, where the banking and financial crisis ulcer ruptured in a high-priced and expensive way. However, in countries which have acted prudently, it is highly desirable to apply a flexible approach to this treatment that would be commensurate with the guilt and the depth of the generated problems, and to distinguish strictly between the preventive and the punitive components of the adopted measures. Indeed, besides the fact that Europe was hit by the financial crisis, it was also hit by deep economic recession and it is now looking for a fragile and uncertain road to recovery. For countries whose financial systems have not been attacked by the crisis, an inadequate diagnosis for treatment may represent a way that would definitely in no way help the recovery of real economy.

Petr Zahradník

The first ever auction of bonds issued by the European Financial Rescue Facility was held in January. The demand finally exceeded nine times the offered EUR 5 billion, thus confirming the calming down of the euro financial markets. At the beginning of the year, new EU Supervisory Authorities to regulate banking, insurance, securities and the financial market started their operation. In 2010, the inflow of money from the EU budget to the CR of CZK 47.3 billion exceeded the payments.

ECONOMY AND EURO

Success of debut bonds from EU's rescue fund

The demand for the first bonds from the European Financial Rescue Facility (EFSF) exceeded nine times **the supply thus easing the pressure on the euro.** The fund representatives described the investors' interest as "exceptionally strong". The bond sale attracted yesterday orders from more than 500 investors totalling 44.5 billion euros, which is roughly nine times the amount on offer.

Demand from Asian investors was particularly robust, with the Japanese government buying over 20% of the issue.

"The **huge investor interest confirms confidence** in the strategy adopted (by the EU) to restore financial stability in the euro area," said the EFSF's German Chief Executive Klaus Regling.

He believes that the successful auction might well be "a turning point". "The idea that the euro might disappear, that the euro area might disintegrate, is absurd, and more and more people in the market are realising this now," Regling told reporters.

Funds raised from the five-year bond **will be used to help finance the bailout of Ireland,** which followed Greece last year as the second euro area member state forced by the markets to ask for aid.

Structure of EMU's rescue package

Instrument	**Max. value EUR bn.**
European Financial Stability Facility (EFSF)	440.0
European Financial Stabilisation Mechanism (EFSM)	60.0
IMF contribution	250.0
Total	**750.0**

The successful auction of bonds led to a change in the sentiment in financial markets where the concerns about the spread of the Greek and Irish disease to Portugal have decreased for the time being. At the same time, there was a **debate about an increase in the lending capacity of the EFSF,** which for technical reasons is presently less than 250 billion euros (while the total amount of the guarantee of the euro area member states for the EFSF assistance is 440 billion euros). The fund **could also get more powers.** There are discussions, for example, about direct purchasing of bonds of the indebted countries or providing the member states with loans to buy back their own bonds (which would reduce their funding costs) or converting the one-off rescue mechanism into a permanent one. Other ideas include reducing the interest rates Greece and Ireland are forced to pay under their rescues, which exceed 5%.

All of this will be discussed in particular at the **EU summit in March** and until then there will be intense backroom negotiations. The acute autumn phase of the crisis was averted in the euro area.

http://www.efsf.europa.eu/mediacentre/news/2011/2011-004-efsf-places-inaugural-benchmark-issue.htm

The European Semester begins. Saving and reforms are required

The European Commission published its first set of general recommendations, which the member states should follow in preparing their budgets for 2012. The message is clear: Most states should focus in the next year primarily on the **consolidation of public finances,** the elimination of macroeconomic imbalances and the adoption of major structural reforms and growth-enhancing measures.

In its first **Annual Growth Survey,** the European Commission is submitting to the member states the proposed steps that the governments should reflect in the preparation of their national budgets.

Within the framework of the **European Semester,** the member states should mutually recommend what measures should be adopted so that they would not cause enlargement of the fiscal and macroeconomic imbalances in the EU.

The European Union agreed on the creation of this brand new mechanism last year after the budget problems of Greece had threatened the markets' confidence in the stability of the single European currency. S

The most urgent tasks include the consolidation of public finances, the **elimination of macroeconomic imbalances** and the restoration of the stability of the financial sector.

The governments should finally proceed to the adoption of key reforms, especially the pension system reforms. They should focus also on creating new jobs and the employment policy. **Work must be more attractive than receiving unemployment benefits,** the Commission says and adds that it is necessary to adopt such reforms that would both strengthen social security and increase labour market flexibility. In this context, the Commission recommends, for example, greater use of part-time jobs, contracts for an indeterminate period, or conditioning the payment of social benefits by public works.

Ten key actions recommended in the Annual Growth Survey

Fundamental Prerequisites for Growth	
Implementing a rigorous fiscal consolidation	
Correcting macroeconomic imbalances	
Ensuring stability of the financial sector	
Mobilising Labour Markets, Creating Job Opportunities	
Making work more attractive	
Reforming pension systems	
Getting the unemployed back to work	
Balancing security and flexibility	
Frontloading Growth	
Tapping the potential of the Single Market	
Attracting private capital to finance growth	
Creating cost-effective access to energy	

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/22

FINANCE

Supervision of financial markets: EU lets financial watchdogs off the leash

Three European Supervisory Authorities, which will **oversee the smooth functioning of financial markets,** started their work at the beginning of the year. The fourth body should be responsible for the overall stability of the financial sector and its task will be to point out the risks that could threaten Europe's financial market along with its entire economy, such as speculative bubbles.

They will also have the power to recommend Europe-wide technical standards and, in emergency situations, temporarily ban or restrict trade in certain products and services.

The ESAs were established in response to the global financial crisis and they consist of the following three institutions:

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

At the same time, the **European Systemic Risk Board** (ESRB) starts its operation, which should be in charge of macroeconomic stability of the financial sector and its task will be to highlight the potential systemic risks.

Among the first tasks that the new agency will now have to cope with, is creating a common rule book, establishing coordination with national authorities, and ensuring a smooth **handover of power from the previous supervisory agencies.**

The newly established authorities represent a response to the financial crisis, which also due to the existence of large cross-border financial giants, seems to be logical. However, only their future operation will tell whether this **response is successful or counter-productive.** There are fears already now stemming from the fact that although the new European institutions have gained some powers, the responsibility remains at the level of national regulators.

http://www.eba.europa.eu/

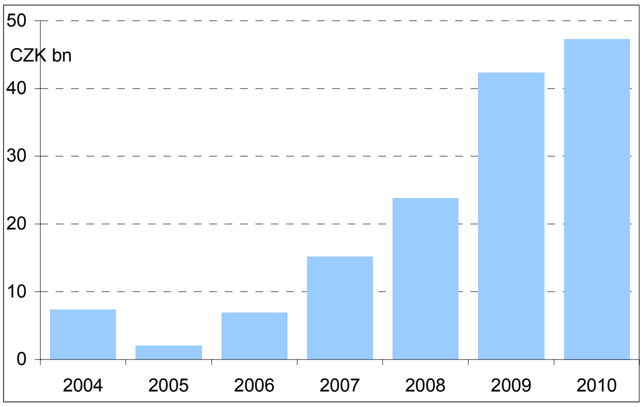
BUDGET

Record net position to the EU budget

The Czech Republic remains a major net recipient of funds from the EU budget. **The difference between income and deductions in 2010 amounted to CZK 47.3 billion.** "Last year we've achieved the best result since joining the EU. I'm pleased the utilisation of European funds is constantly improving," said Finance Minister Miroslav Kalousek.

The Czech Republic's resulting net position for the year 2010 exceeded the 2009 net balance by CZK 5 billion. In terms of the relation to the Czech gross domestic product, the CR's total income from the EU budget of CZK 84.4 billion represented about 2.3% of GDP, **and the percentage of net income reached 1.3%.**

Net Positon of the CR towards the EU



Source: Ministry of Finance of the CR

The decisive role in the CR's positive balance in relation to the EU budget in 2010 was played by the **income from the**

Commissioner Michel Barnier has announced that the planned reform of the public procurement rules. European Commission President José Manuel Barroso indicated dissatisfaction with the fulfilment of the so far non-binding targets of improving energy efficiency by some EU member states.

Structural Funds and the EU Cohesion Fund, which reached a total of CZK 55.5 billion and formed about two thirds of the CR's total income from the EU budget. Another important item of the CR's income from the EU budget was represented by the funds for the Common Agricultural Policy amounting to CZK 26.4 billion.

Since joining the EU on 1 May 2004 until 31 December 2010, the CR had paid to the EU budget a total of CZK 219.6 billion and received CZK 364.4 billion. The positive balance of CR's net position relative to the EU budget **reached a total of CZK 144.8 billion.** The distinctive improvement in the CR's net position towards the EU budget in recent years is due primarily to the CR's increasing use of the EU Cohesion Fund and the Common Agricultural Policy funds, while the CR's contributions to the EU budget are growing at a moderate pace.

Further growth of the positive net position of the Czech Republic towards the European budget could be expected also in future years until 2013. Our net position should **remain positive even in the programming period 2014-2020,** but its amount will depend on the outcome of the negotiations on the shape of the overall EU financial perspective for the given period.

http://www.mfcr.cz/cps/rde/xchg/mfcr/xsl/tiskove_zpravy_ministerstva_60149.html

Net Positon of the CR towards the EU in 2010 (mil. CZK)

Structural Actions	**55 457.35**
Structural Funds	40 619.41
Cohesion Fund	14 837.94
Agriculture	**26 353.32**
I. pillar	15 109.97
II. pillar	11 243.36
Internal Policie	**2 003.43**
Pre-accession Instruments	**579.76**
Total Income from the EU	**84 393.86**
Total Contribution to the EU	**37 100.07**
Net Position towards the EU	**47 293.79**

Source: Czech Ministry of Finance

ENTREPRISE

EU to reform the public procurement rules

Commissioner Michel Barnier, who is in charge of the Commission's internal market agenda, has announced that the planned reform of the public procurement rules should focus mainly **on improving the position of small and medium-sized enterprises** (SMEs) in this market, reducing bureaucracy and promoting European cross-border contracts.

The European Commission believes that the chances of success of smaller firms in tenders will increase if the existing **complicated procurement procedure and the conditions of participation would be simplified.** Experts should express their opinion on this subject in a public consultation around mid-April.

The new reform should also include measures guaranteeing all European firms **equal access to the market for government contracts** in any given country of the Union. According to the Commission's 2004 report, the vast majority of bids (67%) responding to government procurement comes from domestic firms. Statistical figures show that only 3% of the firms applying for a government contract are based outside the country in which the contract is announced.

The Commission is therefore trying to find out how to attract more foreign companies to the public tenders. One possible way is to **extend the procurement via the Internet.** Unfortunately, this practice is an exception today.

Under the new concept of procurement, the European Union also intends to set up the rules so as **to give more respect to environmental issues and to promote innovation**. Experts in the given field will have to answer the question during the preparations whether only those products that meet certain environmental standards should be purchased in the European Union, or whether a portion of the funds should be allocated from the budget that would be used for purchasing innovative services and goods.

Any initiative towards transparency of the public procurement system should be welcomed in the Czech Republic, since it carries the potential for significant savings of the taxpayers' money.

http://ec.europa.eu/internal_market/publicprocurement/modernising_rules/consultations/index_en.htm

ENERGY AND TRANSPORT

Member states save less energy than agreed. Commission does not like it

The European Commission has signalled through its President José Manuel Barroso that it intends to pressure harder the states that do **not invest enough in energy efficiency and savings.** It was planned that energy efficiency across the EU should increase by 20% by 2020

but the figures show that Europe is still pretty far away from achieving this goal.

"The member states have agreed on the 20% target (for energy efficiency) but so **far they're not delivering,** and the way that the process is being pursued is far from perfect," said José Manuel Barroso, the Commission president.

The proposal to adopt the target of increasing energy efficiency in the European Union by 20% compared to levels in 1990 was presented by the European Commission in 2006 and it was supported by the states within the **climate-energy package in December 2008.** Unlike the other targets (i.e. to increase the share of energy from renewable sources to 20%, reduce greenhouse gas emissions by 20% and increase the share of biofuels in transport to 10%) the energy efficiency target is not binding on the member states.

The European Parliament was not satisfied with this state and approved on 15 December a resolution demanding that improving energy efficiency to 20% would be mandatory for the states.

In his speech, Barroso did not indicate whether he would be inclined to such a proposal. He admitted, however, that as regards **the non-binding character of the target,** "probably this is one of the reasons why we are not going so fast in energy efficiency".

The 20% increase in energy efficiency is expected to allow Europe to reduce its CO_2 emissions by 780 million tonnes and **save EUR 100 billion in fuel costs,** all of which would far outweigh the initial outlay of the efficiency measures.

The European Union itself has also adopted a number of measures that should contribute to the achievement of the 20% target. We can mention, for instance, **the efficiency standards for products,** such as televisions, refrigerators, and lighting and a recast of the Energy Performance of Buildings Directive, or the legislation limiting the CO_2 emissions of cars.

http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/11/1

JUSTICE AND HOME AFFAIRS

The battle for Schengen continues: Romania holds Lisbon in pledge

In the battle for the opening of the Schengen area for Romania, Bucharest has deployed heavy weaponry. The warning that if Romania were not admitted to the Schengen area in the spring of this year, the Romanian government would consider a unilateral withdrawal from the Cooperation and Verification Mechanism (CVM), was supplemented with further **delay of the ratification of the Additional Protocol to the Treaty of Lisbon**.

This protocol on the increase in the number of MEPs in 12 member states in accordance with the Lisbon Treaty should have been ratified by the member states by the end of last year. Another coercive action that the Romanian diplomacy resorts to is Bucharest's considering to **withdraw from the International Organisation of the Francophonie**. Romania has always been a traditional French ally and the significant influence of French culture is deeply rooted in the country.

The biggest opponents of enlarging the Schengen border-free area by Romania (along with Bulgaria) are **France and Germany (with the partial support of Finland)**, which are claiming that the Balkan countries are not adequately prepared for the membership in the area.

The main deficiencies of the two countries are especially apparent in **fighting corruption, fighting organised crime and implementing judicial reforms**. In addition, Bulgaria is lagging behind in protecting its borders with Turkey and has reported improper statistics as regards organised crime. From the viewpoint of international policy, adoption of Romania without Bulgaria is impossible.

There are backstage discussions about two solution scenarios. According to the more optimistic one, Bulgaria and Romania would join the Schengen twenty-five states **either this autumn or at the beginning of the next year**. A necessary prerequisite would be that until then, the two countries would meet all technical requirements. According to the negative scenario, the entry into the Schengen area would be refused based on the arguments of France and Germany. The European Union should deliver its verdict during the meeting of EU justice and interior ministers to be held on 24-24 February in Budapest.

As regards size, Romania is an above-average country of the European Union and it is increasing in importance also due to its geopolitical position. Therefore, we expect that the most likely solution is to **delay the entry of Romania into the Schengen area** for such a period that would make it possible for both the parties to save face.

http://europa.eu/legislation_summaries/justice_freedom_security/free_movement_of_persons_asylum_immigration/l33020_en.htm

The European Parliament approved a directive that should simplify cross-border healthcare in EU countries. This market will be opened in 2013. The European Commission has taken steps to simplify the administration related to science and research financing from EU's public funds.

HEALTH AND CONSUMER PROTECTION

MEPs' final vote paves way for EU cross-border health care

An historic vote took place in Strasbourg where the European Parliament approved cross-border health care in EU countries.

The Cross-border Health Care Directive, the discussion of which started more than two years ago, **should become effective in 2013.** It should make life easier especially for patients seeking specialised treatment, those living along borders (where the cross-border hospital is often nearer than the hospital in their own country) or those who live in one EU country but want to get treatment near family members in another country.

"Cross-border health care can be a very useful tool in patient care, **giving choice to the patient** and taking pressure off national health systems in areas where a backlog exists," said British MEP Marina Yannakoudakis.

Currently, just 1% of patients seek treatment in other countries, costing national healthcare systems a total of EUR 10 billion. The Commission estimates the cost increase under the new rules will be just EUR 30 million a year.

To discourage "health tourism", patients will only **be reimbursed from their health insurance up to the costs, which are common in their home country.** So if a treatment costs more in another country the patient will have to pay the difference. The directive also contains safeguards to stop health centres from being overrun by foreigners.

The directive also envisages a kind of EU universal health insurance coverage but **a similar proposal was not universally supported.** Portugal, Austria, Poland and Romania rejected it in the European Council in December, and Slovakia abstained.

Even consumer advocates had some reservations. In cases where the treatment is very expensive or the patient must stay in a hospital, for example, the patient must **get prior authorisation from their current national home-country insurance company.**

The EU internal market's extension with another segment is good news for **increasing competition and thus the overall competitiveness** of the entire united European bloc.

The proposal approved by the MEPs is the result of an agreement reached by the Council, which still must formally approve it. Upon its entering into force, member states will have **30 months to make changes** in their national legislations.

http://www.europarl.europa.eu/pdfs/news/expert/infopress/20110119IPR11941/20110119IPR11941_cs.pdf

SCIENCE AND RESEARCH

EU to cut red tape for research subsidies

The European Commission has taken steps **aimed at simplifying the administration connected with research funding** from the EU. The measure should help especially small and medium-sized enterprises (SMEs). Brussels believes that the number of applicants for research grants will increase.

Accounting burdens and costs for SMEs in the EU's FP7 research programme **have been reduced immediately,** said Máire Geoghegan-Quinn, EU commissioner for research, innovation and science.

The measures come as the Commission's response to complaints voiced by the **FP7 beneficiaries**, who often criticise the system's **high costs and lengthy processes involved.** Wider simplification steps will follow in time for the next EU research programme in 2013, the commissioner stated.

"We need to **replace Kafka with common sense.** We need to send red tape to the shredder. We need simple and clear rules, consistently and rigorously applied," she added.

The Commission adopted three concrete measures to simplify the FP7:

- **Allowing more flexibility in how personnel costs are calculated** so that EU research grant-holders can apply their usual accounting methods when requesting reimbursement for average personnel costs. Thanks to this, they will no longer need to set up entire parallel accounting systems just for this purpose;
- SME owners whose salaries are not formally registered in their accounts can now **be reimbursed, through flat-rate payments,** for their contribution to work on research projects;
- A new steering group of senior officials from all the Commission departments and agencies involved will **remove inconsistencies** in the application of the rules on research funding.

The Commission will present its legislative proposals for the next EU research and innovation programme by the end of this year, following an open consultation to be launched in the early spring.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/57

European Commission submitted legal action to the European Court of Justice for improper incorporation of the directives regulating VAT in travel agencies. The CR belongs to the eight offenders. In the first month of the year, the EU executive also announced a package of measures to remove obstacles to the effective functioning of the internal market for services. The published report commissioned by DG ENVI showed that the Czechs produce the lowest per capita amount of household waste.

JANUARY 4

Estonia - Welcome to the euro area!:
http://ec.europa.eu/economy_finance/focuson/estonia_euro_en.htm

Statistics - Population change at regional level:
http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Population_change_at_regional_level

JANUARY 5

The intermediary banks and financing institutions for credit lines:

http://www.eib.org/about/news/the-intermediary-banks-and-financing-institutions-for-credit-lines.htm?lang=en

A Memorandum of Understanding for full participation of Bosnia and Herzegovina in the Culture Programme 2007-2013: http://ec.europa.eu/culture/news/news3105_en.htm

JANUARY 6

EU ratifies UN Convention on disability rights:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/4

JANUARY 7

Commission welcomes new EU standards for common mobile phone charger:

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/10/1776

Commission seeks views on possible EU framework to deal with future bank failures:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/10

JANUARY 10

Research - Cell communication, the EU way:
http://ec.europa.eu/research/headlines/news/article_11_01_07_en.html

JANUARY 11

Safeguarding the free movement of goods:
http://ec.europa.eu/enterprise/e_i/news/article_10863_en.htm

A good day for salmon, otters and beech forests:
http://ec.europa.eu/dgs/jrc/index.cfm?id=1410&obj_id=12580&dt_code=NWS&lang=en

European Anti-Fraud Office - Smuggled garlic intercepted in Poland:
http://europa.eu/rapid/pressReleasesAction.do?reference=OLAF/11/1

JANUARY 12

New rules on labelling of hazardous substances:
http://www.europarl.europa.eu/en/pressroom/content/20110110IPR11481/html/Construction-products-new-rules-on-labelling-of-hazardous-substances

Commission publishes statistical and economic report 2010 on Rural Development in the EU:
http://ec.europa.eu/agriculture/newsroom/13_en.htm

EU and Serbia sign bilateral WTO accession agreement:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/20

JANUARY 13

Tools to help close the gender pay gap:

http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=967&furtherNews=yes

Autumn 2010 Eurobarometer - EU citizens support strong EU action to resolve crisis:
http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/16

Commission publishes Annual Growth Survey:
http://ec.europa.eu/economy_finance/articles/eu_economic_situation/2011-01-annual-growth-survey_en.htm

JANUARY 14

Student mobility programmes strengthen EU-US relationship:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/28

Digital Agenda - Survey highlights strengths and weaknesses of parental control programmes:
http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/32

JANUARY 17

Budget - Draft amending budget nr 1 to the budget 2011:
http://ec.europa.eu/budget/documents/2011_en.htm?submenuheader=2

Research - Ageing at the forefront of European research:
http://ec.europa.eu/research/headlines/news/article_11_01_14_en.html

Does Corporate Responsibility Pay Off?:
http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=4830&lang=en&tpa=0&displayType=news

JANUARY 19

Economic and Financial Affairs Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/118888.pdf

Sport - Commission strengthens the European dimension of sport: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/43

Commission presents midterm review of Galileo and EGNOS: http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=4835&lang=en&tpa=0&displayType=news

JANUARY 20

Clearer rules on seeking healthcare abroad: http://www.europarl.europa.eu/en/pressroom/content/20110119IPR11941/html/Clearer-rules-on-seeking-healthcare-abroad

JANUARY 21

Additional legislative proposal to complete the framework for financial supervision in Europe: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/49

EU moving towards 'recycling society' but room for progress remains: http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?lang=cs&item_id=4838

Generation of municipal solid waste in kg per capita

CR	**306**	Finland	522
Poland	320	France	543
Latvia	331	Italy	561
Slovakia	332	UK	565
Romania	382	Spain	575
Lithuania	407	Germany	581
Greece	453	Austria	601
Hungary	453	Netherlands	622
Slovenia	459	Malta	696
Bulgaria	467	Luxembourg	701
Portugal	477	Ireland	733
Belgium	493	Cyprus	770
Estonia	515	Denmark	802
Sweden	515		

Source: Preparing for the Review of the Thematic Strategy on the Prevention and Recycling of Waste – Final Report

JANUARY 24

A step forward for Serbia's relations with the EU: http://www.europarl.europa.eu/en/pressroom/content/20110119IPR11943/html/A-step-forward-for-Serbia's-relations-with-the-EU

Monthly Labour Market Monitor January 2011: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=975&furtherNews=yes

JANUARY 25

Agriculture and Fisheries Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/agricult/118939.pdf

JANUARY 26

Expert group report - Alternative fuels could replace fossil fuels in Europe by 2050: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/61

JANUARY 27

Commission refers 8 Member States to Court over their VAT rules for travel agents: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/76

Commission launches ambitious programme to deepen the Single Market for services: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/96

JANUARY 28

Commission requests Ireland to amend restrictive exit tax provisions for companies: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/78

EU Regional Policy - key for achieving Union's 2020 sustainable growth goals: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/99

Commission asks three Member States to comply with EU water quality legislation: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/94

JANUARY 31

Financing services of general interest in compliance with EU rules: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=977&furtherNews=yes

Attempting to deal with the face of female poverty in Europe: http://www.europarl.europa.eu/news/public/story_page/014-112307-021-01-04-902-20110121STO12295-2011-21-01-2011/default_en.htm

The main event of February will be the European Council extraordinary summit in Brussels. The main part of the agenda will be connected with energy: interconnection of energy networks, increasing energy efficiency and reducing dependence on energy imports. The agenda will also include the EU's innovation strategies, issues associated with the rescue package for the euro area, as well as the current events in Egypt and other Arab states.

Meeting of the key EU institutions

4. 2. 2011	**Brussels, Belgium**	- European Council
7. – 8. 2. 2011	**Gödöllő, Hungary**	- Informal Meeting of Transport Ministers
14. 2. 2011	**Brussels, Belgium**	- Education, Youth, Culture and Sport Council
14. 2. 2011	**Brussels, Belgium**	- Eurogroup
15. 2. 2011	**Brussels, Belgium**	- Economic and Financial Affairs Council
21. 2. 2011	**Brussels, Belgium**	- Foreign Affairs Council
21. 2. 2011	**Brussels, Belgium**	- General Affairs Council
21. – 22. 2. 2011		- Agriculture and Fisheries
22. – 23. 2. 2011	**Budapest, Hungary**	- Informal meeting of Sports Ministers
24. – 25. 2. 2011	**Brussels, Belgium**	- Justice and Home Affairs
24. – 25. 2. 2011		- Informal Meeting of EU Defence Ministers
28. 2. 2011		- Transport, Telecommunications and Energy Council

The main topic of the February EU News Monthly smoothly resumes the information of the last issue. It brings the continuation of the comparison of selected indicators of the socio-economic advancement of the individual regions, which is followed in the conclusion by the quantification of the estimated potential of the absorption capacity of these regions in terms of the EU Cohesion Policy for the years 2014 to 2020 and the whole Czech Republic.

ABSORPTIVE CAPACITY OF REGIONS IN THE CZECH REPUBLIC WITH A VIEW TO THE FUTURE EU COHESION POLICY - II

In the last issue, we started a detailed analysis of the individual regions in the Czech Republic (within both the concept of NUTS 2 relevant to EU cohesion policy and the concept of regional arrangement) in terms of their economic and social parameters relevant to their involvement in the next programming period of EU Cohesion Policy after 2013. In today's issue, we bring the second part of this analysis as a summary of the conclusions and policy recommendations as well as topical comments of the key events of the late 2010 and early 2011 in a debate about the shape of cohesion policy.

DEVELOPMENT OF STANDARD OF LIVING – REGIONAL BREAK-UP

Standard of living measured by net disposable household income per capita – historical data

Net disposable household income per capita in CZK

	1995	2000	2004	2005	2006	2007	2008
Czech Republic	78 600	113 398	136 795	143 841	155 232	169 219	181 728
Czech Republic without Prague	76 129	108 501	130 312	137 292	147 732	161 401	173 505

Source: Czech Statistical Office

Net disposable household income per capita in NUTS II region in CZK

	1995	2000	2004	2005	2006	2007	2008
Prague	97 184	150 994	187 074	194 277	212 792	228 853	243 497
Central Bohemia	80 744	118 665	147 494	152 842	165 869	181 255	193 753
SouthWest	78 312	111 855	134 867	141 518	152 526	165 672	178 534
NorthWest	75 406	105 586	121 521	127 373	137 953	147 701	159 023
NorthEast	75 821	109 140	129 584	137 434	147 322	159 953	171 711
SouthEast	75 142	107 590	131 939	138 709	147 476	163 928	175 434
Central Moravia	73 209	104 943	125 405	132 280	145 304	158 509	169 470
Moravia-Silesia	75 260	103 028	121 892	130 866	138 305	152 118	165 784

Source: Czech Statistical Office

Net disposable household income per capita in NUTS III region in CZK

	1995	2000	2004	2005	2006	2007	2008
Prague	97.184	150.994	187.074	194.277	212.792	228.853	243.497
CentralBohemia r.	80.744	118.665	147.494	152.842	165.869	181.255	193.753
SouthBohemia r.	77.354	110.459	132.149	139.075	151.520	162.969	175.619
Plzeň region	79.392	113.439	137.961	144.302	153.671	168.733	181.801
Karlovy Vary region	75.648	110.701	124.103	129.048	138.179	149.817	159.924
Ústí nad Labem r.	75.316	103.702	120.566	126.752	137.869	146.918	158.690
Liberec region	74.566	108.753	128.899	135.001	144.672	156.443	167.059
Hradec Králové r.	78.966	113.871	131.362	140.095	150.528	163.127	175.079
Pardubice region	73.460	104.338	128.239	136.611	146.095	159.501	172.030
Vysočina region	71.844	103.358	130.310	134.889	146.485	161.109	171.495
SouthMoravia reg.	76.623	109.492	132.675	140.433	147.923	165.201	177.206
Olomouc region	72.221	103.623	124.640	130.331	141.862	155.203	165.977
Zlín region	74.280	106.369	126.233	134.389	149.036	162.098	173.263
Moravia-Silesia r.	75.260	103.028	121.892	130.866	138.305	152.118	165.784

Standard of living measured by net disposable household income per capita in comparison to the CR's average in 2008 – regional data

NUTS 2 Region	Relative position (CR's average = 0)	NUTS III Region	Relative position (CR's average = 0)
Prague	+3,4	Prague	+3.4
Central Bohemia	+0,7	CentralBohemia region	+0.7
SouthWest	-0,2	SouthBohemia region	-0.3
NorthWest	-1,2	Plzeň region	0.0
NorthEast	-0,6	Karlovy Vary region	-1.2
SouthEast	-0,3	Ústí nad Labem region	-1.3
Central Moravia	-0,7	Liberec region	-0.8
Moravia-Silesia	-0,9	Hradec Králové region	-0.4
		Pardubice region	-0.5
		Vysočina region	-0.6
		SouthMoravia region	-0.2
		Olomouc region	-0.9
		Zlín region	-0.5
		Moravia-Silesia region	-0.9

Source: Czech Statistical Office

RESEARCH AND DEVELOPMENT – REGIONAL BREAK-UP

Research and Development Expenditures as of GDP – historical data

Research and Development Expenditures as of GDP in %

	1995	2000	2004	2005	2006	2007	2008
Czech Republic	**1.205**	**1.199**	**1.246**	**1.414**	**1.549**	**1.535**	**1.467**
Czech Republic without Prague	1.013	1.031	1.012	1.163	1.258	1.182	1.148
CR without Prague and Central Bohemia	0.706	0.726	0.784	0.909	1.059	0.916	0.926

Source: Czech Statistical Office

Research and Development Expenditures as of GDP in NUTS 2 region in %

	1995	2000	2004	2005	2006	2007	2008
Prague	1.826	1.737	2.009	2.211	2.457	2.601	2.407
Central Bohemia	3.003	2.936	2.426	2.773	2.464	2.766	2.473
SouthWest	0.586	0.651	0.66	0.867	0.893	0.881	0.996
NorthWest	0.277	0.247	0.241	0.254	0.237	0.258	0.287
NorthEast	0.797	0.781	0.983	1.068	1.13	1.095	1.104
SouthEast	0.978	0.996	1.111	1.259	1.211	1.239	1.283
Central Moravia	0.624	0.888	0.687	1.051	0.993	0.987	0.896
Moravia-Silesia	0.775	0.601	0.78	0.706	1.695	0.768	0.715

Source: Czech Statistical Office

Research and Development Expenditures as of GDP in NUTS 3 region in %

	1995	2000	2004	2005	2006	2007	2008
Prague	1.826	1.737	2.009	2.211	2.457	2.601	2.407
CentralBohemia r.	3.003	2.936	2.426	2.773	2.464	2.766	2.473
SouthBohemia r.	0.621	0.624	0.743	0.978	0.967	0.962	1.008
Plzeň region	0.547	0.68	0.573	0.746	0.814	0.794	0.984
Karlovy Vary region	0.122	0.129	0.148	0.114	0.103	0.104	0.125
Ústí nad Labem r.	0.334	0.291	0.274	0.302	0.280	0.309	0.340
Liberec region	0.843	0.848	0.916	1.06	1.352	1.150	1.329
Hradec Králové r.	0.586	0.551	0.869	0.835	0.674	0.792	0.746
Pardubice region	1.009	0.992	1.168	1.344	1.447	1.386	1.320
Vysočina region	0.306	0.397	0.441	0.561	0.383	0.363	0.459
SouthMoravia reg.	1.267	1.250	1.394	1.552	1.555	1.602	1.619
Olomouc region	0.644	0.733	0.763	0.972	0.893	0.932	0.828
Zlín region	0.604	1.044	0.606	1.131	1.091	1.041	0.965
Moravia-Silesia r.	0.775	0.601	0.780	0.706	1.695	0.768	0.715

Source: Czech Statistical Office

Research and Development Expenditures as of GDP – regional comparison

Research and Development Expenditures as of GDP in comparison to the CR's average in 2008 – regional data

NUTS 2 Region	Relative position (CR's average = 0)	NUTS III Region	Relative position (CR's average = 0)
Prague	+6,4	Prague	+6.4
Central Bohemia	+6,9	CentralBohemia region	+6.9
SouthWest	-3,2	SouthBohemia region	-3.1
NorthWest	-8,0	Plzeň region	-3.3
NorthEast	-2,5	Karlovy Vary region	-9.1
SouthEast	-1,3	Ústí nad Labem region	-7.7
Central Moravia	-3,9	Liberec region	-0.9
Moravia-Silesia	-5,1	Hradec Králové region	-4.9
		Pardubice region	-1.0
		Vysočina region	-6.9
		SouthMoravia region	+1.0
		Olomouc region	-4.4
		Zlín region	-3.4
		Moravia-Silesia region	-5.1

Source: Czech Statistical Office

MULTICRITERIAL ANALYSIS OF THE CZECH REGIONS

Multicriterial analysis of the innovative potential

The multicriterial analysis of the innovative potential was carried out based on a different procedure as compared to the previous categories and indicators. It was built on the qualitative and quantitative assessment of the following factors conditioning the quality of the innovation environment: students, job attractiveness, natural advantages offered in the region (agglomeration), concentration of research and development, potential of technology centres, investments, industrial zones, project activity, institution of innovation infrastructure, macroeconomic position of the region, high-tech branches, mid-tech branches, intellectual property outputs, intellectual property costs.

The result of the detailed analysis conducted on this basis is the average score of the innovative potential, which for the sake of the output comparability will be subsequently converted into the rating range used in this analysis.

Quality of innovative potential in regions

NUTS 2 Region	**Average grade** (1 – the best, 5 – the worst)	**NUTS III Region**	**Average grade** (1 – the best, 5 – the worst)
Prague	1.86	Prague	1,86
Central Bohemia	2.50	CentralBohemia region	2,50
SouthWest	2.75	SouthBohemia region	2,64
NorthWest	4.07	Plzeň region	2,86
NorthEast	3.17	Karlovy Vary region	4,57
SouthEast	3.04	Ústí nad Labem region	3,57
Central Moravia	3.11	Liberec region	3,79
Moravia-Silesia	3.21	Hradec Králové region	2,71
		Pardubice region	3,00
		Vysočina region	3,93
		SouthMoravia region	2,14
		Olomouc region	2,93
		Zlín region	3,29
		Moravia-Silesia region	3,21

Source: Czech Statistical Office, own calculations

The average score of the national average in the evaluation of the multicriterial innovative potential is 2.96.

Quality of innovative potential in regions – regional comparison to the CR’s average

NUTS 2 Region	**Relative position (CR’s average = 0)**	**NUTS III Region**	**Relative position (CR’s average = 0)**
Prague	+5.9	Prague	+5,9
Central Bohemia	+1.8	CentralBohemia region	+1,8
SouthWest	+0.8	SouthBohemia region	+1,2
NorthWest	-2.8	Plzeň region	+0,3
NorthEast	-0.5	Karlovy Vary region	-3,8
SouthEast	+0.7	Ústí nad Labem region	-1,7
Central Moravia	-0.5	Liberec region	-2,2
Moravia-Silesia	-0.8	Hradec Králové region	+0,9
		Pardubice region	-0,1
		Vysočina region	-2,5

	SouthMoravia region	+3,8
	Olomouc region	+0,1
	Zlín region	-1,0
	Moravia-Silesia region	-0,8

Source: Czech Statistical Office, own calculations

Multicriterial analysis of socio-economic advancement

It is appropriate to measure the level of socio-economic development of the region based on a mutually comparable and comprehensive set of indicators.

Outcome of multicriterial analysis of innovative potential in NUTS 2 regions – ranking (sum of deviations; average = 4, eventually 12)

4 indicators	12 indicators
1. Prague – 8.779	1. Prague – 25.159
2. Central Bohemia – 4.415	2. Central Bohemia – 14.214
3. SouthWest – 4.03	3. SouthWest – 12.916
4. SouthEast – 3.797	4. NorthEast – 11.05
5. NorthEast – 3.495	5. SouthEast – 10.944
6. Central Moravia – 3.25	6. Moravia-Silesia – 10.261
7. Moravia-Silesia – 3.179	7. Central Moravia – 10.093
8. NorthWest – 2.924	8. NorthWest – 9.445

Source: Czech Statistical Office, own calculations

Outcome of multicriterial analysis of innovative potential in NUTS 3 regions – ranking (sum of deviations; average = 4, eventually 12)

4 indicators	12 indicators
1. Prague – 8.779	1. Prague – 25.159
2. CentralBohemia region – 4.415	2. CentralBohemia region – 14.214
3. SouthBohemia region – 4.193	3. Plzeň region – 13.756
4. SouthMoravia region – 3.903	4. SouthBohemia – 12.076
5. Plzeň region – 3.867	5. Pardubice region – 11.848
6. Vysočina region – 3.691	6. SouthMoravia – 11.160
7. Pardubice region – 3.678	7. Zlín region – 10.936
8. Zlín region – 3.494	8. Hradec Králové – 10.781
9. Hradec Králové region – 3.450	9. Vysočina region – 10.728
10. Liberec region – 3.357	10. Liberec region – 10.521
11. Moravia-Silesia region – 3.179	11. Moravia-Silesia region – 10.261
12. Olomouc region – 3.006	12. Ústí nad Labem region – 9.588
13. Ústí nad Labem region – 3.003	13. Karlovy Vary region – 9.302
14. Karlovy Vary region – 2.844	14. Olomouc region – 9.250

Source: Czech Statistical Office, own calculations

OVERALL SUMMARY OF THE FACTORS UNDER REVIEW

Summarising the findings gathered, namely the presented focus of the rules and priorities of the future EU cohesion policy, the formulation of substantive priorities and needs of the individual regions and the quantification of their current and anticipated performance, the cohesion regions in the Czech Republic can be roughly divided into four basic groups.

The first group is formed by a single representative, the capital of Prague, which is the fifth richest region across the EU (measured by per capita GDP). Prague is a region whose priority focus is typically directed toward competitiveness, i.e. the development rather than convergence priorities. In all the observed criteria, Prague dominates the Czech Republic's regions, except for one only criterion – it is placed second behind Central Bohemia in the ratio of research and development expenditures to GDP.

Central Bohemia together with the Southeast and Southwest regions constitute the second performance category, characterised by economic underdevelopment, but, at the same time, also by a platform suitable to address even qualitatively more demanding development priorities. In particular, the existing platform and experience of dealing with research projects in the Central Bohemian and South Moravian Regions open considerable prospects for these regions also in terms of utilising the EU cohesion policy resources. On the other hand, we have not registered any major development handicaps in these regions.

The third performance group consists of the regions of Northeast, Moravia-Silesia and possibly Central Moravia, although it is not by far a homogeneous group. An important inhibiting parameter of the Northeast is, for example, the significantly insufficient investment activity in the immediately pre-crisis period, which tends to express itself in only a very slow growth performance in the subsequent period. The inhibitors of Moravia-Silesia are the parameters of the labour market, social cohesion and the existence of a number of deprived areas, while its advantage was the very dynamic growth performance in the pre-crisis period and the significant catch-up of the deficit of non-completed highway transport infrastructure from the recent period. Nevertheless, it is true that in these regions, their convergence needs so far – at least in terms of the volume of financial demands – are exceeding the development needs.

This fully applies to the last performance group, represented by the Northwest, i.e. a region which thanks to the region of Ústí nad Labem creates a relatively very large GDP in absolute terms but which has an extremely low ratio of research and development expenditures to GDP, and where the investment activity during the prosperity period had not been very dynamic as compared to the national average. The Northwest region was virtually the only region in the Czech Republic where the process of real convergence showed rather an embarrassing progression. In addition, this region is associated with significant convergence needs in the area of social and environmental priorities and in the revitalisation of neglected areas.

Convergence versus Development Priorities

Based on the content evaluation of the respective regional development strategies and outcomes resulting from the analysis and, at the same time, based on the appropriateness of addressing these needs through the EU cohesion policy instruments, the relevance of the individual regions to the convergence and development priorities can be roughly classified as follows:

Breakdown of regional priorities between convergence and development ones in %

	Convergence priorities	Development priorities (EU 2020)
Prague	10	90
Central Bohemia	50	50
SouthWest	70	30
NorthWest	65	35
NorthEast	55	45
SouthEast	50	50
Central Moravia	60	40
Moravia-Silesia	60	40

Source: own calculations and estimates

Expected cumulative GDP in 2014-2020 period (CZK mil.)

	GDP 2014 – 2020 - cumulative	% of EU-27 GDP per capita average
Prague	8,861.056	182
Central Bohemia	3,682.129	92
SouthWest	3,573.797	89
NorthWest	2,950.416	79
NorthEast	3,878.746	83
SouthEast	4,884.446	90
Central Moravia	3,181.015	82
Moravia-Silesia	3,574.724	87
Czech Republic	**34,638.863**	**94**

Source: own calculations and estimates

The initial data will be modified based on the defined potential determined by the estimated economic performance. As pointed out above, the volume of the EU cohesion policy funds approximately corresponds to 3.0% – 3.5% of regional GDP. This means that the region of Prague is excluded from this interval. Based on the calculations, values of around 3.0% of regional GDP will be assigned to more developed regions and values of more than 3.5% to less developed regions.

Estimates of absorptive capacity potential and real allocation in 2014-2020

Absorptive capacity potential of Czech NUTS 2 regions in 2014-2020

	Estimate in CZK bn
Prague	43
Central Bohemia	137
SouthWest	133
NorthWest	130
NorthEast	154
SouthEast	173
Central Moravia	145
Moravia-Silesia	149
Czech Republic	**1.064**

Source: own calculations and estimates

The absorptive capacity potential will undergo in reality further modifications resulting from the fact that the regions of the Czech Republic do not rank among the poorest in the EU, and the Czech Republic will pay a kind of “tax on growing richer” already in the next period. The modification is also based on the fact that our current allocation will be most likely reduced in the next period approximately by an estimated amount of EUR 4 billion, i.e. perhaps more than CZK 100 billion.

Estimates of real allocation in 2014-2020

	Estimate in CZK bn
Prague	14
Central Bohemia	76
SouthWest	73
NorthWest	70
NorthEast	85
SouthEast	95
Central Moravia	80
Moravia-Silesia	82
Czech Republic	570 – 600

Source: own calculations and estimates

Interpretation of regional priorities in terms of the Europe 2020 Strategy and its key indicators

In the current text, we have classified regional needs into convergence, development, welfare and post-crisis needs. Besides Prague, the regions of Central Bohemia and Southeast are best prepared for addressing the qualitatively more demanding development priorities arising from both the content of the Europe 2020 Strategy and other similarly conceived development documents.

In our classification of priorities, these concern predominantly the priorities in Economic Competitiveness (the share of expenditures on research and development) and Successful Society (employment and education), and partly also Infrastructure (environmental indicators). The problem of poverty is not critical in the Czech Republic and has a rather local dimension.

Interpretation of convergence-type regional priorities

As already mentioned above, most regions will be still addressing in most cases the convergence priorities in the next period of EU cohesion policy. In terms of addressing disparities and inequalities of particularly infrastructural, but also social and environmental character, these regions include primarily the Northwest and Moravia-Silesia. The convergence need of mobility and transport infrastructure development is the common need of all regions without exception, including in some respects even Prague.

The debates on the future of cohesion policy continue dynamically

The end of 2010 brought several fundamental contributions to the form of shaping the EU cohesion policy as it should work after 2013. Of great importance naturally is the October Communication of the European Commission on the EU budget review, which after its final approval and adoption, will represent the most important parameter that should answer the question: How many financial funds – in total and for individual countries and regions – will be available in the next period. For what purpose and under what scenario? – these are two additional essential questions, the answers to which are perhaps partially revealed in the November Fifth Report of the European Commission on Economic, Social and Territorial Cohesion. Moreover, also the conclusions of the December European Council regarding the enhanced coordination of economic policies and within its framework also the extension and

tightening of the conditionalities – i.e. the proposed sets of conditions whose fulfilment will condition the smoothness of use, or conversely, whose non-fulfilment would lead to the application of various forms of sanctions, which would be associated with restrictions on the use of EU funds.

Finally, the very start of the year 2011 has been marked by several important activities that contributed to the clarification of the formulation of the rules and principles of the future EU cohesion policy. These include the January report on the state the EU economy and the Cohesion Forum and there will be a longer-term impact of the activities of the just started Hungarian EU presidency, to be followed by the Polish presidency – where in both countries, there is considerable interest in the progress of the cohesion policy debates. During early spring, the member states will submit to the European Commission their updated positions on this issue and by about the middle of the year, we should know the draft medium-term financial framework of the EU and the legislative proposals regarding the individual chapters of the future EU budget, including, of course, cohesion policy.

When we consider the main merit of the Fifth Cohesion Report (the content of which we will address in detail in the next issue), we have to highlight primarily the extremely valuable analytical part – with emphasis on the trends in the economic, social and territorial development, showing the connections between national policies and cohesion, the other EU policies and the cohesion policy as well as the cohesion policy actual impacts. It has been noted that the cohesion policy – albeit to varying degrees – contributed to the approximation of the differences between regions and, at the same time, to the dynamism of the whole Union – it helped the underdeveloped and backward regions as well as the highly competitive ones.

The Fifth Cohesion Report also emphasises the connection with the EU 2020 Strategy and with respecting the situation of public finances (especially in view of the tenseness of the future EU budget). It brings the already mentioned new term that will be strongly accented for the first time in the next period: **conditionality** (as an effort to punish chronic sinners while – through the performance reserve and bonus – award those who abide by the rules and behave in a disciplined way). However, the content of the criteria by which conditionality will be measured will be of great importance. The Report has also highlighted the enhancement of efficient use of the financial resources dedicated to cohesion policy and the utilisation of new innovative financial instruments, emphasising the element of return. It also underlines the strong accent on the cross-border nature of cohesion policy.

There should be very substantial enhancement of strategic planning with the aim of increasing the benefits of cohesion policy through the newly used instruments. In simple terms, it consists primarily in the effort to introduce strict budget constraints and have a clearly determined strategic framework. At the same time, there should be a significant reduction in priority areas to be supported (intervened) by the cohesion policy – this problem is solved by increasing the thematic concentration, which should focus on a small number of priorities that would flexibly reflect the specific problems of countries and regions – it has been proposed to divide priorities into mandatory and optional.

There should be radical strengthening in the evaluation of performance and results (which should not only check the effectiveness of the cohesion policy instruments, but also eliminate the possibility of its abuse). Strong emphasis will be placed on the measurability of objectives and performance indicators and an integrated approach should be applied for the individual areas of intervention. At the same time, financial management and the performance of the related procedures should be simplified. It is these areas, along with the promotion of the use of the new financial instruments and the increased emphasis on territorial cohesion that represent the expected list of innovations, which we will encounter in the future programming period when using the EU cohesion policy instruments. Other innovations include strengthening the cross-border dimension of cohesion policy, including addressing specific problems of cities and urban agglomerations, macro-regional strategies, various forms of partnership and enhanced flexibility.

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 %	2007	2008	2009	2007	2008	2009	X-10	XI-10	XII-10	X-10	XI-10	XII-10
Belgium	2.9	1.0	-3.1	2.2	-2.9	0.5	8.3	8.2	8.1	3.1	3.0	3.4
Bulgaria	6.2	6.0	-5.0	-26.8	-24.0	-9.4	10.0	10.1	10.1	3.6	4.0	4.4
CR	6.1	2.5	-4.8	-3.2	-0.7	-1.1	7.2	7.4	7.7	1.8	1.9	2.3
Denmark	1.7	-0.9	-4.9	1.5	2.2	4.0	7.9	8.0	8.2	2.4	2.5	2.8
Germany	2.5	1.3	-5.0	7.6	6.7	4.9	6.6	6.6	6.6	1.3	1.6	1.9
Estonia	7.2	-3.6	-14.1	-17.8	-9.4	4.6	na	na	na	4.5	5.0	5.4
Ireland	6.0	-3.0	-7.5	-5.3	-5.2	-2.9	13.9	13.9	13.8	-0.8	-0.8	na
Greece	4.5	2.0	-2.0	-14.4	-14.6	-11.2	na	na	na	5.2	4.8	5.2
Spain	3.6	0.9	-3.6	-10.0	-9.7	-5.4	20.6	20.4	20.2	2.3	2.2	2.9
France	2.3	0.4	-2.2	-1.0	-2.3	-2.2	9.7	9.7	9.7	1.8	1.8	2.0
Italy	1.5	-1.3	-5.0	-2.4	-3.4	-3.2	8.7	8.6	8.6	2.0	1.9	2.1
Cyprus	5.1	3.6	-1.7	-11.7	-17.5	-8.3	7.1	7.2	7.3	3.2	1.7	1.9
Latvia	10.0	-4.6	-18.0	-22.3	-13.0	9.4	na	na	na	0.9	1.7	2.4
Lithuania	9.8	2.8	-15.0	-14.5	-11.9	3.8	na	na	na	2.6	2.5	3.6
Luxembourg	6.5	0.0	-3.6	9.7	5.3	5.6	4.7	4.8	4.9	2.9	2.5	3.1
Hungary	1.0	0.6	-6.3	-6.6	-7.0	0.2	11.2	11.4	11.7	4.3	4.0	4.6
Malta	3.8	2.1	-1.9	-6.1	-5.6	-3.9	6.4	6.2	6.2	2.2	3.4	4.0
Netherlands	3.6	2.0	-4.0	8.7	4.8	5.4	4.4	4.4	4.3	1.4	1.4	1.8
Austria	3.5	2.0	-3.6	3.6	na	na	4.8	4.9	5.0	2.0	1.8	2.2
Poland	6.8	5.0	1.7	-4.7	-5.1	-1.6	9.8	9.9	10.0	2.6	2.6	2.9
Portugal	1.9	0.0	-2.7	-9.4	-12.0	-10.3	11.0	10.9	10.9	2.3	2.2	2.4
Romania	6.3	7.3	-7.1	-13.4	-11.6	-4.5	na	na	na	7.9	7.7	7.9
Slovenia	6.8	3.5	-7.8	-4.8	-6.2	-1.0	7.6	7.6	7.8	2.1	1.6	2.2
Slovakia	10.6	6.2	-4.7	-5.7	-6.6	-3.2	14.5	14.5	14.5	1.0	1.0	1.3
Finland	4.9	1.2	-7.8	4.3	3.1	1.3	8.1	8.1	8.1	2.3	2.4	2.8
Sweden	2.5	-0.2	-4.9	8.4	9.5	7.3	8.1	7.8	7.8	1.6	1.7	2.1
UK	2.6	0.5	-4.9	-2.7	-1.5	-1.3	7.8	na	na	3.2	3.3	na
EU	2.9	0.8	-4.2	-1.0	-1.9	-1.1	9.6	9.6	9.6	2.3	2.3	2.6

	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
in %	2007	2008	2009	2007	2008	2009	2007	2008	2009	2007	2008	2009
Belgium	-0.3	-1.3	-6.0	84.2	89.6	96.2	116.0	115.0	116.0	108.3	111.1	113.9
Bulgaria	1.1	1.7	-4.7	17.2	13.7	14.7	40.0	44.0	na	46.2	50.2	52.7
CR	-0.7	-2.7	-5.8	29.0	30.0	35.3	80.0	81.0	82.0	62.4	72.8	70.6
Denmark	4.8	3.4	-2.7	27.4	34.2	41.4	123.0	123.0	121.0	137.4	141.2	144.6
Germany	0.3	0.1	-3.0	64.9	66.3	73.4	116.0	116.0	116.0	101.9	103.8	106.4
Estonia	2.5	-2.8	-1.7	3.7	4.6	7.2	69.0	68.0	64.0	73.1	78.0	75.1
Ireland	0.0	-7.3	-14.4	25.0	44.3	65.5	147.0	133.0	127.0	124.5	127.6	125.0
Greece	-6.4	-9.4	-15.4	105.0	110.3	126.8	91.0	93.0	93.0	90.7	94.0	97.4
Spain	1.9	-4.2	-11.1	36.1	39.8	53.2	105.0	103.0	103.0	92.8	95.4	97.4
France	-2.7	-3.3	-7.5	63.8	67.5	78.1	108.0	107.0	108.0	108.1	110.8	114.3
Italy	-1.5	-2.7	-5.3	103.6	106.3	116.0	104.0	104.0	104.0	102.9	105.6	106.5
Cyprus	3.4	0.9	-6.0	58.3	48.3	58.0	93.0	97.0	98.0	88.1	90.5	91.2
Latvia	-0.3	-4.2	-10.2	9.0	19.7	36.7	56.0	56.0	52.0	66.6	72.6	74.8
Lithuania	-1.0	-3.3	-9.2	16.9	15.6	29.5	59.0	61.0	55.0	60.0	64.7	67.8
Luxembourg	3.7	3.0	-0.7	6.7	13.6	14.5	275.0	280.0	271.0	115.3	119.1	121.3
Hungary	-5.0	-3.7	-4.4	66.1	72.3	78.4	62.0	64.0	65.0	66.7	68.1	65.5
Malta	-2.3	-4.8	-3.8	61.7	63.1	68.6	77.0	78.0	81.0	75.5	78.8	81.4
Netherlands	0.2	0.6	-5.4	45.3	58.2	60.8	132.0	134.0	131.0	101.9	104.0	108.5
Austria	-0.4	-0.5	-3.5	59.3	62.5	67.5	123.0	124.0	124.0	102.2	105.1	107.9
Poland	-1.9	-3.7	-7.2	45.0	47.1	50.9	54.0	56.0	61.0	62.0	69.1	58.6
Portugal	-2.8	-2.9	-9.3	62.7	65.3	76.1	78.0	78.0	80.0	85.7	87.0	89.3
Romania	-2.6	-5.7	-8.6	12.6	13.4	23.9	42.0	47.0	46.0	63.8	60.9	57.5
Slovenia	0.0	-1.8	-5.8	23.4	22.5	35.4	88.0	91.0	88.0	79.0	82.3	85.5
Slovakia	-1.8	-2.1	-7.9	29.6	27.8	35.4	68.0	72.0	73.0	63.2	70.2	73.7
Finland	5.2	4.2	-2.5	35.2	34.1	43.8	117.0	118.0	113.0	119.9	124.3	126.4
Sweden	3.6	2.2	-0.9	40.0	38.2	41.9	125.0	122.0	118.0	115.7	114.5	107.0
UK	-2.7	-5.0	-11.4	44.5	52.1	68.2	116.0	115.0	112.0	112.6	100.1	92.7
EU	-0.9	-2.3	-6.8	58.8	61.8	74.0	100.0	100.0	100.0	100.0	100.0	100.0

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