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Dear readers,

It is interesting to note that the 12th Brussels Economic Forum (BEF), which was held amidst various European integration events, was more significant and important then in the past. This year's Forum specifically sought to find effective ways out of the economic crisis and to correct economic policies in order to ensure that Europe's economic systems do not become disproportionately prone to any possible repeat crises in the future.

From this particular perspective, this year's BEF provided the best and most authoritative debate and opinions from the core of the European institutions, as well as thoughts and ideas from the private sector. There were no limits restricting the recommendations put forth by the world of academia. In contrast to EU officials, individuals from the business world and universities proposed the most radical solutions for the situations that have arisen, such as "well, let Greece crash", without presenting even a slightly rational scenario of the consequences that would result from this decision. It was encouraging to see that a rare consensus was reached that a coordinated economic policy would assist in strengthening economic governance in Europe and would make it possible to be better prepared for any future crises.

The six-point package of reform measures for economic policy were aimed at stricter compliance with the rules of the Stability and Growth Pact, the inclusion of monitoring public debt, strengthening and imposing stricter sanctions in the event of non-compliance with these rules, the inclusion of additional manifestations of imbalance and instability, and associated corrective measures. This is evidence that living in debt without any real guarantees of how the debt will be repaid should be a thing of the past, as far EU economic policy is concerned. Of course, some might object that the stricter conditions could be an indication of hidden pressure exerted by certain member states with regard to the others. However, I see this in a more positive light: if our economic system remains healthy and free of any deformities or imbalances, then we have nothing to fear with regard to sanctions and pressure.

Our path to competitiveness brings us back to our own intensified preparations for the next period of the EU's Cohesion Policy after 2013. It is now crystal clear that the development of competitiveness will be the central theme of the next period's interventions. It is apparent that this competitiveness needs to be defined at the level of individual regions and that this, together with the optimal balance for sharing competencies between the regions and the center, will be the key points of discussion on the form that competitiveness will take. We must wait another month or two before we see its final form.

From the perspective of external relations and the further enlargement of the EU, there is only one piece of significant news: the fact that Ratko Mladić is languishing in Scheveningen, thus greatly improving the prospects for Serbia's accession in the foreseeable future.

Petr Zahradník

Poland introduced the priorities for its EU presidency, which will take place during the second half of this year. The Poles primarily want to support economic growth. The eurozone states and the IMF have approved loans totalling EUR 78 billion for Portugal. Of this amount, 12 billion will be allocated for the recovery of that country's banking sector. The Czech Republic will participate in the rescue package, as well with a guarantee for a loan of up to CZK 7.7 million.

POLITICS

Polish Presidency to Focus on the EU Budget

Poland has published its **priorities for its six-month presidency of the Council of the European Union.** It will take over the baton from Hungary on 1 July 2011. The main topics of the presidency will include the next multiannual EU budget. Poland wants to use it as a means of supporting economic growth and makes no secret of the fact that it wants to obtain as much benefit out of it as possible for the less advanced EU member states.

Whilst during the preceding years Europe has concentrated its attention on rescuing the banking sector and solving problems associated with public budgets, during their leadership of the EU the Poles want to **focus primarily on supporting economic growth.** The upcoming presiding country considers the multiannual budget for the period of 2014 to 2020 to be most essential in this respect.

The document prepared by Poland states, "If Europe is to be competitive on the global scale, it **must not concentrate solely on public finance** and limiting budget deficits. Additional action is required."

From Poland's perspective, this means primarily retaining the **high level of reallocation directed at the less advanced EU member states** through cohesion (regional) policy and, at the same time, ensuring "fair" subsidies from the Common Agricultural Policy, which, according to Poland, farmers need in order to "modernise".

The EU budget is, however, not the only priority of the upcoming Polish presidency. Prime Minister Tusk's cabinet has presented a total of three basic priority areas:

- **"European integration as the source of growth"** – this particular chapter includes the EU budget and the single internal market;
- **"A secure Europe"** – within this area Poland would like to focus on security in relation to food, energy and defence;
- **"Europe benefiting from openness"** – this is the chapter that includes the Southern Neighbourhood, the Eastern Partnership, the Western Balkans and Russia, as well as the global trade negotiations in Doha.

The debate on the next European budget promises to be stormy. France, Germany and Great Britain already made it apparent last October that if the majority of the EU member states have to constrain their budgets due to excessive deficits, then Europe should do the same. The enforcement of the Polish priorities would be in the pragmatic interests of the Czech Republic, which **also obtains significant benefits from the subsidies from the EU's funds.**

http://www.premier.gov.pl/en/press_centre/news/the_priorities_of_the_polish_p,6689/

Polish Presidency Logo: Inspiration in Solidarity

The Polish presidency, which will take over the helm of the European Union on 1 July, has unveiled its logo. The multi-coloured picture, which will appear on all official documents and other items associated with the presidency, is **reminiscent of the symbols used by the legendary Polish Solidarity anti-communist movement.**

The new logo of the Polish presidency, which officially saw the light of day on 10 May, consists of six arrows aimed upwards, each portrayed in a different colour: **red, orange, blue, green, black, and yellow.** The rightmost arrow, which is red, symbolises Poland itself (and appears as if it is holding a red and white flag). Anyone who sees in the logo design a reminder of the symbol of the Polish Solidarity movement, which originated at the start of the 1980s and vocally opposed the communist regime of that time, is not far from the truth.

Mikołaj Dowgielewicz, the Polish Minister for European Affairs, who is responsible for the preparations for the presidency, is aware that the **Polish presidency is not assuming the leadership during easy times.** In an interview for Polish radio, he declared that his country will be facing difficult challenges.

For example, Poland will have **to battle the issues associated with the Union's immigration policy**. It can also be expected that, during the time this country is leading the EU, debates will come to a head with regard to the changes in the rules for the Schengen border-free area. These were initiated by France and Italy after it came to light that Rome cannot handle the mass influx of refugees from northern Africa and is sending them further into Europe. (More information is provided below in the section on Justice and Internal Affairs).

Minister Dowgielewicz, however, allegedly said that he does not expect the entire matter to be successfully resolved in the near future. Personally, he is amongst those politicians who do not hide their concern that any sizable revisions to the Schengen Agreement could herald **the end of the concept of free movement throughout Europe.**

http://prezydencjaue.gov.pl/en/what-is-the-presidency/419-the-logo-of-the-polish-presidency-unveiled

ECONOMY AND EURO

Eurozone Approves Financial Assistance for Portugal

In line with expectations, the ministers of finance from the eurozone **unanimously approved a loan of 52 billion euro to indebted Portugal.** Up until last week, the great unknown was Finland's position. However, after that country's parliament voiced support for the rescue plan, nothing more stands in the way of releasing the financial assistance.

Portugal asked the EU and the IMF for assistance after the government led by José Sócrates did not succeed in pushing through a package of savings measures and ultimately resigned in March. **Lisbon will receive loans totalling EUR 78 billion,** of which EUR 52 billion will be shared equally by the European Union through the European Financial Stability Facility (EFSF) and the European Financial Stabilisation Mechanism (EFSM). The remaining EUR 26 billion will be provided by the International Monetary Fund. The Czech Republic will guarantee loans totalling CZK 7.7 billion within the framework of the EFSM.

Portugal will use the loans to finance its debts. According to the Reuters News Agency, up to EUR 12 billion will be **used to recapitalise Portuguese banks.** In addition, the agreement requires that the banks gradually increase their capital adequacy. Shares in any banks that are not capable of achieving this will be temporarily taken over by the state.

The conditions under which Portugal will obtain the assistance are less extreme than were negotiated previously by Greece and Ireland. The measures that have now been sanctioned by the EU and the IMF **consist of savings measures** – salaries in the public sector will be frozen, social benefits and pensions will be taxed, and unemployment benefits will be decreased – in combination with **reform measures.**

Specifically, reforms are anticipated on the labour market and the Portuguese political parties are considering a decrease in employee social security insurance contributions. Thus far however, it is not clear how these reductions in the income to the state budget, which would result from such a step, would be substituted. Portugal should also sell off some shares in state-owned enterprises. As far as this step is concerned, the TAP airlines, energy companies and broadcast companies have been mentioned. The state should obtain EUR 5.3 billion through the privatisation.

Increase in the Size of the Eurozone's EFSF Rescue Fund

One piece of good news for the problematic member states of the EU is the agreement reached by the six members of the eurozone with the highest ratings to increase the guarantees in the rescue fund (EFSF). This fund could subsequently lend eurozone members facing financial difficulties up to EUR 440 billion as compared to the current EUR 250 billion.

Germany, France, Austria, Luxembourg, Finland and the Netherlands have committed to increasing their guarantees. Out of all the member states, Germany bears the greatest burden and will contribute EUR 210 billion to the EFSF.

The eurozone countries established the rescue fund last year during the Greek crisis. At that time, they promised that they would provide EUR 440 billion, but, out of that amount, the fund had to use EUR 190 billion as guarantees in order to attain the highest possible "AAA" rating. Therefore, in reality, it was possible to provide credit of EUR 250 billion. Since the fund was first established however, the eurozone has also had to rescue Portugal and Ireland. As a result, the available financial resources started to become significantly depleted.

According to the Reuters Agency, the decision to increase the guarantee in the rescue fund will not be adopted at the actual meeting of the ministers of finance, but will be included in the broader agreement on the European Stabilisation Mechanism (ESM), which will be replaced in 2013 by the current EFSF.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/122011.pdf

Is a Second Bailout Package for Greece under Preparation?

Over the past two months the worse than expected development of public finances in Greece has led to **speculations about the need for another bailout package for this Balkan country.**

EU sources have specified that the **new bailout package of EUR 65 billion** would consist of a combination of guaranteed loans from the EU and the IMF and additional reform steps to be undertaken by the Greek government. In addition, the EU would supervise the course of the privatisation tasks to which Athens has previously committed itself but has thus far not been capable of completing.

"It would require collateral for new loans and EU technical assistance – **EU involvement in the privatisation process**," one EU official said, speaking on condition of anonymity.

Of the eurozone countries, in particular **Finland, the Netherlands and Germany oppose** the release of new

The European Commission's economic forecast has indicated the European economy's gradual rise from the bottom. In both of the years that are the subject of the prognosis – 2011 and 2012 – the EU's GDP will increase by not quite two percentage points. The European Commission has proposed a plan for the implementation of European-wide standards for the provision of services on the EU's internal market.

loans for Greece. Primarily Germany's requirement that private investors be involved in rescuing Athens presented the major block to the agreement, however it has stepped back from this demand.

Several weeks ago the International Monetary Fund voiced its dissatisfaction with Greece's progress in implementing the reforms upon which the **IMF and the EU made the release of a loan of EUR 110 billion conditional last May**. The IMF has declared that if Greece does not convincingly prove that it is capable of covering its obligations over the next twelve months, the next EUR 12 billion instalment of the loan from the IMF will not be released at the end of June – an instalment that the country needs desperately. This particular impasse was however successfully resolved at the end of May, when the Greek opposition voiced its consent to implement additional reforms in exchange, specifically to decrease VAT from the current 23% to 20%.

The situation surrounding Greece's debt is becoming more and more complicated. Consistently more EU officials are suggesting that some form of **debt restructuring** would be appropriate for resolving the "Greek crisis" (for example, Euro Group Chairman Jean-Claude Junker is promoting the concept of debt reprofiling, specifically extending the maturity of Greek bonds). The ECB is however strongly against this approach, as apparently it is the primary holder of Greek securities. We believe that Greece will ultimately restructure its debt in some way – and we would not even exclude the possibility of Greece's departure from the eurozone.

The ministers of finance from the eurozone will address the second bailout package for Greece at their session to be held on 20 June 2011 in Luxembourg.

EC's Prognosis: European Economic Recovery Continuing

In its annual mid-year forecast, the European Commission has provided a slightly better outlook for the **Union's economic performance in spite of the fiscal problems currently being faced** by some of the peripheral countries.

The EU's economy is gradually recovering and **GDP is expected to increase by approximately 1.8% this year** with a further slight acceleration predicted for 2012. This forecast is supported by better prospects for the global economy and the overall positive mood of the business sector.

Nevertheless, the increasing prices of raw materials are causing **inflation to grow at a faster rate.** It is expected that this year the average inflation rate will reach of a level of at least 3% in the EU, followed by a decrease to 2% in 2012.

The conditions on the labour market should slowly improve during the period for which the prognosis is made. **Unemployment is expected to decrease by 0.5% by 2012** to a level slightly above 9%. The consolidation of public finances is underway, which should result in a reduction of the public budget deficit to approximately 3.8% of GDP by 2012 as compared to the current level of 4.7%.

The political changes in the Middle East and in North Africa, the economic impact of the earthquake and tsunami in Japan and the possible escalation of the problems in Greece and other vulnerable countries pose the greatest risk to the fulfilment of the prognosis.

Based on cumulative data, there are no visible differences in the anticipated development in the individual member states. Certain countries, Germany in particular, but also other smaller export-focused countries, are once again reporting decent improvement, whilst others, **namely certain peripheral countries, are continuing to lag behind.**

The Czech Republic belongs to the first category and **GDP growth is expected to climb up to 2.9%** in 2010 from last year's value of 2.3%. The economy's improvement will drive down the unemployment rate to an estimated 6.4% in the last year of the forecast. Inflation should not pose a serious problem – it is expected to increase to a level somewhere between 2 and 3%.

According to the estimates made by Brussels, we can expect to see the least positive results in **the tempo at which public budget deficits** are decreased, which will be slower than in the EU overall (an unambitious -4.1% in 2012).

Economic outlook by EC – Spring 2011

in %	**2010**		**2011**		**2012**	
	EU	CR	EU	CR	EU	CR
GDP	1.8	2.3	1.8	2.0	1.9	2.9
Unemployment	9.6	7.3	9.5	6.8	9.1	6.4
Inflation	2.1	1.2	3.0	2.3	2.0	2.5
Public budget deficit *)	-6.4	-4.7	-4.7	-4.4	-3.8	-4.1
Public debt *)	80.2	38.5	82.3	41.3	83.3	42.9

*Source: European Commission, *) as of GDP*

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/565

FOREIGN TRADE

Russia and Ukraine Show Interest in Customs Union with the EU

Within the framework of the discussions at the European Business Summit in Brussels, Russian and Ukrainian representatives stated that their relations with the EU **over the next fifteen to twenty years could take on the form**

of a customs union or some other type of common economic area.

Oleg Fomichev, the Russian Deputy Minister for Economic Development, said that **Moscow shares the EU's values and has no problem at all with increasing mutual relations,** not even at the political level.

However, taking into account that Russia is three times larger than the EU in area, **Moscow cannot in any respect be considered as a potential future EU member.**

Fomichev envisions three stages for the development of relations between the EU and Russia. According to him, the short-term timeframe should see the introduction of **a visa-free regime.** Within the medium-term, a free trade agreement could be concluded and then, in the long-term, "maybe in twenty years", even a customs union could be set up.

According to Valeryi Pyatnytskiy, the Ukrainian Deputy Minister of Economy, relations with the EU are amongst the **"key priorities" of the Ukrainian government.** The Deputy Ministry allowed that a customs union could be established within a timeframe of fifteen years. He also indicated that, theoretically, relations between the EU and Ukraine could become even closer over the long-term.

Pyatnytskiy went on to say that **Ukraine would like to finalise an Association Agreement with the EU** as early as this year. This would cover a broad spectrum of issues: the political dimension, justice and home affairs, sectoral cooperation, the establishment of a comprehensive free trade area, a visa agreement, the convergence of legislation, improving the capacity of Ukrainian institutions, and the ability of Ukrainian enterprises to compete on the EU's single market.

Although we do believe in intensifying cooperation between the EU and Ukraine and Russia in the future, we do not think that Ukraine will **become an EU member state during at least the next fifteen to twenty years** and, in the case of Russia, most likely never.

http://www.ebsummit.eu/programme/details/50/session-6-eu-russia-ukraine-towards-a-pan-european-market/

INTERNAL MARKET

Brussels to Start Process for Standardisation of Services

At the very beginning of June, the European Commission published its plan to introduce **European-wide standards for the provision of services** on the EU's Single Internal Market.

The new regulation, which was presented by Industry Commissioner Antonio Tajani, would enable the Commission **"to issue mandates requesting the development of European services standards".** Currently, the Commission's rights with regard to standardisation only apply to goods designated for sale on the single internal market. This proposal would expand them to also apply to the provision of services.

"The Regulation will allow the Commission to intervene in standards ranging **from tourism to green economy services**," one of the European Commission's representatives explained to EurActiv.

According to the Commission official, the regulation would also include liberal professions, such as **legal services and engineering consultancies,** which "could go as far as imposing standards on tariffs."

Most likely, the same authorities currently responsible for the standardisation of materials and products would be responsible for the standardisation of services as well. Specifically these consist of the **European Committee for Standardisation** (CEN) **and the specialised authorities** that are responsible for developing the standards for electronics (CENELEC) and telecommunications (ETSI).

Brussels is convinced that common **standards are a key prerequisite for economic development** as the products that companies introduce on the market are mutually compatible and, in the case of investment decision making, decrease the level of uncertainty.

Standardisation is a double-edged sword that offers sizable potential benefits but also has its negative aspects. A positive textbook example can be seen in the **implementation of the common European GSM standard for mobile phones,** which assisted in attaining a position on the global market. However, a stricter form of standardisation, which could lead as far as the standardisation of tariffs and pricing, could present a significant obstacle to competition and a free market economy. Primarily consumers should make the decision with regard to the form that is taken by the services offered.

If the proposal obtains support, it would enter into force on 1 January 2013.

http://ec.europa.eu/enterprise/policies/european-standards/standardisation-policy/index_en.htm

ENERGY AND TRANSPORT

Nuclear Testing Does Not Take Terrorism into Account

In cooperation with the European Commission, European nuclear safety experts have agreed on **the parameters for**

Nuclear safety experts have agreed with the European executive branch on the rules for the stress tests to be performed at all 143 of the nuclear power plants located in the EU. Croatia's chances for accession to the Union next year are slowly disintegrating. The most probable accession date for that country is therefore the start of 2013 or possibly not until sometime in 2014.

the stress tests that will be applied to all 143 nuclear power plants in the European Union. The fourteen member states in which the nuclear power plants are situated are to start the testing in June. The results should be made available to the European Council by the end of the year.

The final version of the tests does not take into account the resistance of the power plants to terrorist attacks but only their ability to withstand **unpredictable natural catastrophes.** According to Commissioner Oettinger, the power plants should be tested for such things as the effects of floods, tsunamis, earthquakes, extreme heat or cold, and all possible combinations thereof. Based on the statement that the Commissioner made at today's press conference, the tests have been planned taking into account human error, such as aeroplane crashes, but do not include terrorist attacks.

Stricter tests were requested primarily by the traditionally anti-nuclear Austria, but also by Oettinger's native Germany, where opposition to nuclear technology started to intensify even prior to the events in Japan. Other countries, led by France, Great Britain and the Czech Republic, were against this plan, as the governments of these countries are counting on the development of nuclear energy in the future.

Although the resistance of power plants to terrorist attacks will not be included in the stress tests, according to the Commissioner **a special working group will be established at the European level,** which will address the threat of terrorism. In addition to nuclear experts, the group will include representatives from other national agencies who might have a relevant opinion.

We agree with the principle of performing European-wide testing of the reliability of nuclear power plants. However the choice of the most appropriate mix of energy sources, including the decision whether or not use nuclear energy, **should remain within the competencies of the individual states.**

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/640

Distributors to be Responsible for Energy Savings

Distribution companies and energy traders **should ensure energy savings equal to 1.5% of their market share** on the part of their end customers. This obligation ensues from a proposed directive on performing energy audits, maintaining registers containing data on the efficiency of all electricity and heat distributors, and meeting obligations associated with energy efficiency.

If the proposed new rules, which are currently being prepared by the European Commission, are approved by the European Parliament and the member states, **large companies will have to undergo an energy audit once every three years.** These will be performed by independent accredited experts. According to the proposal, the first audits should be completed by the end of June 2014.

In the case of small enterprises and households, the audits would not be mandatory. However each of the EU member states will be obliged to create conditions that will motivate small consumers to perform these audits as well.

Based on the proposal, each state should also ensure that **meters are installed for all end consumers of electricity, gas, remote heating, and hot water,** which will make it possible to determine actual energy usage and the period of energy usage. In the case of apartment buildings and buildings with more than one user of remote heating, meters should be installed both at the entry to the building as well as for each individual customer.

The aim of the proposed directive is to **ensure the fulfilment of the Union's goal, which counts on increasing energy efficiency** by 20% by 2020.

According to the proposal, the member states should **inform the European Commission on an annual basis about their progress** in meeting their national energy efficiency plans. Additionally, starting in 2014, every three years this report should be supplemented with information on the policies that are in place for supporting energy efficiency and the measures that are being implemented at the national, regional and local levels in order to achieve the defined goals.

http://ec.europa.eu/energy/efficiency/action_plan/action_plan_en.htm

EU Pushing for Standardised Rail Ticket Reservation System

Anyone wishing to travel through Europe by train **should have the ability to reserve an international ticket just as easily** as for intrastate connections or for air tickets. The European Commission has published a proposal for a relevant regulation.

Each of the twenty-seven member states of the European Union has its own reservation system for rail travel. Information on more connections to more distant locations is however generally easily accessible. The **new regulation would however simplify** the process of reserving and purchasing rail tickets. According to the text of the regulation, information on ticketing and reservations should be standardised throughout the EU, which would facilitate the exchange of information amongst international transporters and ticket sellers.

According to European Commissioner for Transport Siim Kallas, "If we are serious about getting people onto rail, and particularly about **having rail compete with air travel** over middle distances then we need to offer rail passengers the **seamless planning and ticketing offers that match the airlines."**

The Commissioner believes that the process for reserving a ticket between Barcelona and Brussels or between Berlin and Bratislava should be **just as simple as is the process for making a comparable airline reservation.**

The Union regulation assigns to transporters the obligation to publish information on timetables and to share this information with each other. According to the Commission, this will lead to the creation of compatible systems for reserving and selling tickets and both rail companies as well as sellers will have the ability to exchange the relevant information.

The Commission intends to present a second regulation next year, in which it will require transporters to convert to standardised computer systems and processes that will allow the mutual exchange of data. These measures will make it possible in the future to reserve (and purchase) a rail ticket to anywhere in Europe.

http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/534

ENLARGEMENT

Possible Clouds Gathering over Croatia's Speedy Accession to the EU

Even after the May meeting of the foreign ministers of the EU-27 it is still not clear when Croatia, the most serious candidate for accession to the European Union, **will actually become an EU member.**

The press conference that was held after the end of the ministerial session did not come across as especially encouraging for Croatia as a candidate for accession to the EU. The meeting **did not even result in any sort of concluding document** containing a common opinion on the part of the ministers.

One of the participants in the session with the journalists was Mikuláš Dzurinda, the head of Slovak diplomatic relations. He was not able to provide a clear answer as to what **Zagreb's chances are for successfully concluding the accession talks** by the end of the Hungarian presidency (30 June).

Personally, he "would like to see it happen", however, according to Dzurinda, EU Enlargement Commissioner Štefan Füle has just **received a large quantity of new information from the Croatian government,** which requires in-depth analysis.

The entire process of Zagreb's accession to the European Union could be quite significantly prolonged due to the possible implementation of the monitoring mechanism that certain EU member states, **including, for example, the Netherlands,** are requesting in the case of Croatia.

The monitoring mechanism **(specifically the Co-operation and Verification Mechanism or "CVM")** was also implemented at the time of the Union's enlargement to include Romania and Bulgaria. The Commission uses this mechanism to monitor the progress of both countries with regard to the implementation of necessary reforms (e.g. in the case of the judiciary) and it helps in rectifying any deficiencies.

In the past, however, Commissioner Füle has been against the implementation of such measures in Croatia's case.

With the arrest of the former Bosnian Serb General Ratko Mladić and his extradition to the International Criminal Tribunal in The Hague, Serbia has taken a significant step forward on its path to the European Union. The Members of European Parliament voiced their criticism of the passivity displayed thus far by the European Union's joint foreign and security policy, which is headed by the EU High Representative Catherine Ashton.

Now it seems that he will have to convince countries such as **France and Great Britain, which have voiced their support for the mechanism.**

Croatia started accession talks in 2006. Thus far the country has successfully (temporarily) closed thirty chapters out of a total of thirty-five. The accession agreement, which must be ratified by all of the EU member states, could then be signed this autumn. **The actual accession of Croatia to the Union can be anticipated sometime between the start of 2013 and mid-2014.**

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

Serbia's Chances of Joining the EU Increase after Mladić's Arrest

The arrest of the former Bosnian Serb General Ratko Mladić, whom the International Criminal Tribunal has accused of committing the most serious of war crimes against humanity, has moved Serbia **one step closer to the gates of the EU.** All of the highest officials of the European Union have agreed on this fact, including the Czech Republic's representative in the Commission – Enlargement Commissioner Štefan Füle.

At a hastily called press conference on 27 May, which was broadcast live by Serbian television, Serbian President Boris Tadić confirmed the arrest of the sought after war criminal Ratko Mladić by the Serbian police. The President announced that, **"Mladić was detained on Serbian territory early this morning."** He did not add any further details other than to state that "His extradition process is underway."

In response to yesterday's upheaving events, the Eurocommissioner for Enlargement also convened an extraordinary press conference at which he congratulated the Serbian authorities and security agencies for capturing the wanted criminal. He particularly praised President Tadić – not only for assisting with bringing Mladić to the Hague Tribunal but also for **significantly contributing to reconciliation and to regional stability.**

As the accusations against Mladić were made in 1995 and since then it had not been possible to find him (the last tracks went cold in 2002), some of the representatives from the West had believed that **Serbia was not very willing to extradite the former army general.**

"Is Serbia closer to the European Union today than it was yesterday? **Yes! Most definitely yes,"** Commissioner Füle said, not concealing his optimism. "Does this erase the list of reforms that must be implemented and the criteria that must still be met before the Commission makes any sort of decision? No. The list has just been shortened by one point," he went on to add.

The extradition of the war criminal General Mladić to the Hague Tribunal represents **the removal of the most significant obstacle to Serbia's path to the European Union.** However, this Balkan state does not yet even hold the status of an official candidate country to the EU and, in our opinion, the Serbs will not become EU citizens at any time prior to 2020.

http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/350

EXTERNAL RELATIONS

MEPs Demand a Stronger Role for the EU in the International Sphere

During a discussion with EU High Representative Ashton held six months after the European External Action Service was launched, the MEPs have **requested a stronger and better coordinated role for the EU in international conflicts,** such as the uprisings currently taking place in the Arab world.

Within the resolutions that were adopted, the Parliament has told the EU Foreign Policy Chief Catherine Ashton that it is necessary to **exert greater diplomatic efforts in order to achieve a timely end to the Libyan conflict.** The MEPs are also calling upon the EU to take a stronger stance against Syria, Bahrain and Yemen and request that the local officials in those countries are made to face justice.

In three non-legislative resolutions, Parliament has stated that the EU's **foreign, security and defence policies need a new "roadmap".**

One of the key demands put forward in the first two resolutions is to impose an embargo on the **export of arms from the EU member states to Syria, Yemen and**

Bahrain. The MEPs also called upon the EU to terminate the negotiations that are underway for an agreement with Syria and to support sanctions against the Syrian regime. Subsequently, on Friday 6 May, the Council approved an entry ban for thirteen high-level Syrian representatives. These sanctions do not however apply to President Bashar Al-Assad.

The UN mandate to protect Libyans should not be exceeded by using disproportionate force, warned the MEPs and **urged High Representative Ashton to work closely with the Libyan opposition force** – the Interim Transitional National Council – and to "play a strong role in fostering political initiatives" in an effort to end the conflicts and the bloodshed that are taking place.

Other demands made by the MEPs include **pressure to be placed on Belarus for the release of political prisoners** and an investigation into organ trafficking allegations in Kosovo.

Foreign Affairs Minister criticises Catherine Ashton

Even Belgian Foreign Minister Steven Vanackere voiced his criticism of the insufficient actions that are undertaken with regard to European foreign policy issues and which are characterised by "silence". He publicly attacked Catherine Ashton, the EU's High Representative for Foreign Affairs and Security Policy, stating that she has no long-term foreign policy strategy and that her agenda is poorly organised.

According to Vanackere, the "European Foreign Affairs Minister" failed when she did not successfully ensure that the twenty-seven member European Union spoke with one voice in the global arena.

"In the absence of a central player that reacts, makes analyses and conclusions quickly, it is the Germans today, the French tomorrow or the English who partially take up this role ...", said Vanackere.

http://www.europarl.europa.eu/cs/pressroom/content/20110510IPR19132/html/EEAS-pod-drobnohledem-poslanci-po%C5%BEaduj%C3%AD-siln%C4%9Bj%C5%A1%C3%AD-roli-EU-na-mezin%C3%A1rodn%C3%ADm-poli

JUSTICE AND HOME AFFAIRS

Ministers of the Interior Agree: Schengen Will Be Revised

The ministers of the interior from the EU-27 have agreed that the functional **mechanism of the Schengen border-free area must be modified.** The possible revisions that might be made to the Schengen Treaty, which enabled unrestricted travel throughout Europe, were the main topic of the ministerial meeting in Brussels.

The key reason behind the entire debate about revisions to Schengen, which has already been underway for several weeks, is the **mass influx of immigrants from North Africa,** who have been landing on the shores of Italy and Malta since the start of this year. Berlusconi's government, which cannot handle this onslaught, started granting the immigrants temporary visas and they scattered to other areas, France in particular. This led to a dispute between the two countries who consequently turned to the European Commission requesting the other member states to revise the Schengen rules.

In addition, Denmark recently announced that, due to its fears of an onslaught of immigrants and an increase in cross-border criminal activities, it will **reinstate permanent controls (although not passport checks) at its borders with Germany and Sweden.**

The ministers agreed that the reintroduction of border controls (including passport checks) by a Schengen member state is possible, however **only in extraordinary situations and under strict conditions.** A decision on the conditions that will be involved and how the competencies associated with this issue will be divided amongst the member states will not be decided until the Brussels Summit, which is scheduled to take place on 24 June.

The Czech Republic also submitted its proposal: if any of the signatories to the Schengen Agreement cannot sufficiently ensure the security of the European Union's external borders, it **should be expelled from the entire mechanism,** even if only temporarily.

In any case, the debate will be demanding, in particular due to the fact that if any country is expelled, the **burden of protecting the external border will be shifted to its neighbours.**

The Schengen border-free area is one of the most visible symbols of European integration. Any **restrictions that are introduced would be a step backwards into the past.**

http://www.eu2011.hu/news/extraordinary-home-affairs-council-preserving-schengen

REGIONAL POLICY

Ministry for Regional Development Proposes Reallocation of Funding Among OP

The Ministry for Regional Development, headed by Kamil Jankovský, has proposed **the reallocation of CZK 3.6**

The Ministry for Regional Development has pushed a proposal through the government that would reallocate resources from the operational programmes OP Technical Assistance and the OP Education for Competitiveness to the Regional Operational Programmes. However, the European Commission still has the final say on the matter.

billion among specific operational programmes in order to avoid a situation in which the Czech Republic would not be capable of using these funds by the end of the programming period. The government headed by Petr Nečas subsequently approved its proposal at its session on 18 May.

The reallocation is associated with the “high-risk” operational programmes, where there is a threat that the resources allocated to them **will not be used in time.**

Specifically two operational programmes are involved – the **OP Technical Assistance,** which helps authorities with financing instruments designed to support the use of European subsidies and for which EUR 290 million was allocated for the current programming period, and the **OP Education for Competitiveness,** which is aimed at modernising and improving the quality of the educational system and which has a total of EUR 1.83 billion available to it for the 2007-2013 programming period.

In the case of the first OP mentioned, the Ministry proposes that a large part of the available resources (CZK 800 million) be **reallocated to the individual regional operational programmes** and used for financing technical equipment for schools and their modernisation.

The Ministry for Regional Development proposes that an additional CZK 600 million be reallocated to the Integrated Operational Programme, which is focused on finding solutions to common regional problems with the infrastructure in place for public administration, public services and territorial development. Some examples of areas in which the funds are used include the development of information technology for public administration, support for the tourism industry, cultural heritage, and the improvement of the environment in residential areas.

“We would like to use the available resources for the verification of the JESSICA financial engineering instrument, which uses revolving funds to support improvements in urban environments,” says Jankovský.

The European Commission will have the final say with regard to the reallocation of funds. We can expect to see their decision in approximately one year.

http://www.mmr.cz/Pro-media/Materialy-pro-vladu/Vlada-projedna-presuny-mezi-operacnimi-programy

Concept of New Categories of Regions Appeals to MEPs

The European Parliament finds the idea of separating the European regions into three categories according to their per capita GDP to be appealing. The **European Parliament’s Committee on Regional Development approved** this concept at the end of May.

For the current programming period (2007-2013), the 271 EU regions were classified into two categories. The first consists of the “convergence regions”, in which the per capita GDP does not exceed a level equal to 75% of the EU average. The second category includes all of the remaining regions. The members of the European Parliament’s Committee for Regional Development (REGI) have now called upon the Commission to propose a third transitional category of regions. **This new category would include those European regions whose per capita GDP is equal to 75-90% of the Union average.**

According to official statistics, approximately fifty regions with a total number of 72 million inhabitants (14% of the total European population) **could meet the criteria of the proposed third category.**

According to Danuta Hübner, the REGI Chair, the primary reason for introducing this third category is the fact that the way in which the **current system is defined is not fair:** quite frequently equally rich regions (measured according to per capita GDP) receive a different level of support from the European funds. For example, regions that were originally considered to be poor (convergence) regions but are now somewhat better off, **receive the benefit of funding even several years** after their economic situation has improved (the so-called “phasing-in regions”).

The proposal put forward by the MEPs who are members of REGI **is another contribution to the discussion on the form to be taken by cohesion policy for the next programming period of** 2014-2040. The final version will without a doubt be a compromise, just as in the case of the entire EU financial framework for the same period.

Czechs against Transitional Category of Regions

The Czech Republic will apparently not be one of the states voting in favour of the new transitional category of regions. Resources from European funds should continue to be aimed primarily at support for the most backward regions and member states.

As explained by Daniel Braun, the Czech Republic’s First Deputy Minister for Regional Development, if the Commission were indeed to propose a transitional regime for all of the regions falling within the range equalling 75-90% of the EU’s average per capita GDP, it would mean support for a higher number of regions, however, at the same time, it would make cohesion policy significantly more expensive.

http://www.europarl.europa.eu/meetdocs/2009_2014/documents/regi/pr/861/861909/861909en.pdf

The European Commission has launched a campaign for the annual European SME Week, which will take place from 3 to 9 October. The purpose of this event is to promote and support entrepreneurship in the EU. Apparently influenced by the recovery in the Union's economic growth, CO_2 emissions have increased – in 2010, their increase was 3.2% as compared to the preceding period.

MAY 2

Commission remains committed to publication of beneficiaries of EU farm aid: http://ec.europa.eu/agriculture/newsroom/31_en.htm
Economic and Financial Affairs: Business and Consumer Surveys: http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm
Framework contract for financial audits of EU funded programmes or actions: http://ec.europa.eu/information_society/newsroom/cf/itemlongdetail.cfm?item_id=6805

MAY 3

European SME Week 2011 campaign launched: http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=5085&lang=cs&tpa=0&displayType=news#
A first class act fostering the competitiveness of small businesses: http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=5084&lang=en&tpa=0&displayType=news

MAY 4

EU financial system still weighed down by risk: http://www.europarl.europa.eu/en/pressroom/content/20110502IPR18524/html/EU-financial-system-still-weighed-down-by-risk
Environment: Biodiversity - Commission announces new strategy to halt biodiversity loss within ten years: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/526

MAY 5

Cross-border transactions: European Commission publishes expert group's feasibility study on European contract law: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/523
Migration challenges - new initiatives for a comprehensive and rapid-response approach: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/532

MAY 6

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

MAY 9

Reducing Youth unemployment by fostering entrepreneurship and new enterprises: http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=5096&lang=en&tpa=168&displayType=news

Development: Commission underlines its commitment to helping world's least: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/546

MAY 11

EU Task Force to advise how to promote eHealth to help patients and healthcare systems in Europe: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/551
Trade: Focusing on needs: the EU reshapes its import scheme for developing countries: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/553

MAY 12

3085th Justice and Home Affairs Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/jha/121967.pdf
More frequencies for mobile internet by 2013: http://www.europarl.europa.eu/en/pressroom/content/20110510IPR19123/html/More-frequencies-for-mobile-internet-by-2013

MAY 13

Monthly Labour Market Fact Sheet -May 2011: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1024&furtherNews=yes

MAY 16

Council of the European Union - Towards a European framework for foreign direct investment: http://www.consilium.europa.eu/showFocus.aspx?lang=EN&focusID=596
Four Chinese agricultural products receive protected status in the EU: http://ec.europa.eu/agriculture/newsroom/36_en.htm
Education - Half of young Europeans ready to work abroad: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/567

MAY 17

3088th Economic and Financial Affairs Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/122072.pdf
3087th Agriculture and Fisheries Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/agricult/122074.pdf

MAY 18

Climate Action: EU ETS emissions increased in 2010 but remain well below pre-crisis level: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/581

Emissions of greenhouse gases from businesses participating in the EU Emissions Trading System

	2009	2010	Change
Portugal	28.3	24.2	-14.5%
Spain	136.9	121.5	-11.3%
Greece	63.7	59.9	-5.8%
Romania	48.6	47.3	-2.6%
Malta	1.9	1.9	-1.0%
Denmark	25.5	25.3	-0.8%
Slovakia	21.6	21.7	0.5%
Norway	19.2	19.3	0.6%
Slovenia	8.1	8.1	0.8%
Ireland	17.2	17.4	0.8%
UK	231.9	237.4	2.4%
CR	**73.8**	**75.6**	**2.5%**
Hungary	22.4	23.0	2.7%
Total	**1 873.2**	**1 932.5**	**3.2%**
Luxembourg	2.2	2.3	3.3%
France	111.1	114.7	3.3%
Italy	184.8	191.5	3.6%
Netherlands	81.1	84.4	4.1%
Poland	191.0	199.7	4.6%
Bulgaria	32.0	33.5	4.7%
Germany	428.2	454.7	6.2%
Belgium	46.2	50.1	8.4%
Lithuania	5.8	6.4	10.5%
Austria	27.3	30.9	13.3%
Finland	34.3	41.3	20.4%
Sweden	17.5	22.7	29.6%
Latvia	2.5	3.2	30.1%
Estonia	10.3	14.4	39.7%

Source: EC, data for Cyprus are not completed

MAY 19

3089th Employment, Social Policy, Health and Consumer Affairs Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/lsa/122116.pdf

Commission publishes Spring 2011 Review of Economic Adjustment Programme for Ireland: http://ec.europa.eu/economy_finance/articles/governance/2011-05-18-ireland-review_en.htm

EU to provide micro-loans to farmers and small entrepreneurs in Romania: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1027&furtherNews=yes

MAY 20

3090th Education, Youth, Culture and Sport Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/educ/122118.pdf

Commission requests implementation of latest bank capital requirements rules: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/612

MAY 23

3092nd General Affairs Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/genaff/122186.pdf

3091st Foreign Affairs Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/122187.pdf

MAY 24

Galileo - Europe prepares for October launch: http://www.esa.int/esaNA/SEM9IVMSNNG_index_0.html

MAY 25

EU Globalisation Fund pays €777,390 to help redundant workers in Czech Republic and Poland: http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1030&furtherNews=yes

MAY 26

€4.75 billion bond issued for EU's assistance packages to Ireland and Portugal: http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/336

MAY 27

3093rd Transports, Telecommunications and Energy Council meeting: http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/trans/122294.pdf

Taxation and Customs Union: European Commission seeks tougher rules to protect taxpayers' money from fraud: http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/644

MAY 30

EU adopts ambitious measures to fight against falsified medicines: http://ec.europa.eu/health/documents/latest_news/md_27052011_falsified_en.pdf

MAY 31

The Fight Against Tobacco in the EU: http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/349

June's session of the Council of the EU for Internal Affairs will continue with "May's" topic, when it will discuss primarily the proposed revisions to the legislation associated with the Schengen border-free area. However, the bulk of attention will be focused on the European Council. It will address this particular issue but also certain others. Without a doubt, the one that will stand out the most is the debate on a possible second bailout package for Greece.

Meeting of the key EU institutions

6. 6. 2011	**Luxembourg, Luxembourg**	- Employment, Social Policy, Health and Consumer Affairs Council meeting
6. – 8. 6. 2011	**Eger, Hungary**	- Informal Meeting of Rural Development Directors
6. – 9. 6. 2011	**Strasbourg, France**	- EP Plenary Session
9. - 10. 6. 2011	**Luxembourg, Luxembourg**	- Justice and Home Affairs Council meeting
10. 6. 2011	**Luxembourg, Luxembourg**	- Transport, Telecommunications and Energy Council meeting
16. 6. 2011	**Luxembourg, Luxembourg**	- Transport, Telecommunications and Energy Council meeting
17. 6. 2011	**Luxembourg, Luxembourg**	- Employment, Social Policy, Health and Consumer Affairs Council meeting
20. 6. 2011	**Luxembourg, Luxembourg**	- Foreign Affairs Council meeting
21. 6. 2011	**Luxembourg, Luxembourg**	- Economic and Financial Affairs Council meeting
21. 6. 2011	**Luxembourg, Luxembourg**	- Environment Council meeting
21. 6. 2011	**Luxembourg, Luxembourg**	- General Affairs Council meeting
22.6.2011	**Brussels, Belgium**	- EP Plenary Session
24. 6. 2011	**Brussels, Belgium**	- European Council meeting
27. – 28. 6.	**Luxembourg, Luxembourg**	- Agriculture and Fisheries Council

EU TRANSPORT WHITE PAPER II.

Many European enterprises and corporations are world leaders in infrastructure, logistics and transport management systems, not to mention the specific sector of the manufacturing industry aimed at transport infrastructure and transport equipment. However, as other regions of the world are undertaking extensive and ambitious projects to modernise transport and are implementing investments in infrastructure, it is of critical importance to ensure that European transport continues in its development and investments in order to maintain its competitive position.

Infrastructure facilitates mobility

It will not be possible to institute any significant changes for transport without the support of a corresponding network and the greater involvement of the scientific, research and information component that is utilised by the relevant systems. Overall, investments in transport infrastructure have a positive impact on economic growth, the generation of resources, prosperity and employment, strengthened trade relations, accessibility, and human mobility. This infrastructure must be planned and designed in a way that maximises the positive impact on economic growth and minimises any negative impact on the environment.

Traffic congestion, in particular within road and air transport, poses the main threat and risk and jeopardises accessibility. In addition, transport infrastructure is not equally developed in the eastern and western parts of the EU and needs to be brought more into balance and be better interconnected. Increased pressure is being exerted on public resources for financing infrastructure and new access to financing is proving to be desirable and necessary.

On the other hand, much has been accomplished since the previous Transport White Paper was published in 2001. The market has been opened further for air and road transport and partially for rail transport as well. The Single European Sky was successfully initiated and launched. The security aspect has been improved across all transport types and resources.

New rules for working conditions and passenger rights have been adopted. **Trans-European transport systems (financed through the TEN-T programme, the structural funds and the Cohesion Fund) have made an important contribution to territorial cohesion and the development of high-speed railways. International ties, connections and cooperation have all been significantly strengthened.** In addition, a number of steps have been implemented to improve and support the environment in relation to the impact that transport systems have on it.

Nevertheless, the transport system is still not sustainable over the long-term. If we take a look at the predictions for the next forty years, it is obvious that transport cannot continue to develop at the same pace as now. If we focus on the entrepreneurial sector as the standard comparison base used to illustrate the situation, transport's dependency on oil might continue at a level of slightly below 90% (within this particular scenario, a certain increase in the use of biofuels and electric motors as compared to today could also be taken into account), with the use of renewable energy sources only slightly more than 10% of the goals that should be met by as early as 2020. In 2050, the CO2 emissions from transport would still be 33% higher than their 1990 levels.

The costs associated with traffic congestion will increase by approximately 50% by 2050. The gap in access between central and peripheral areas will become even wider. Likewise the social costs associated with accident and noise pollution will continue to grow. (A description of how transport might develop up to 2050 if new policies aimed at modifying the trends described above are not adopted is presented in the last appendix to the White Paper, which is entitled "Referential Scenarios (2010-2050) Assessing the Impact of the Transport White Paper".

If we look for support in the lessons that have been learned, the Transport White Paper contains a global view of the

development in the transport sector, at the challenges it will face in the future and at the political initiatives that must be considered.

1. EUROPEAN COMMISSION'S VISION FOR A COMPETITIVE AND SUSTAINABLE TRANSPORT SYSTEM

1.1. Increased transport and improved support for mobility whilst attaining the goal of a 60% reduction in emissions

The financial and economic dimension of the overall issue is large. The transport sector represents a sizable part of the economy. In the EU, this sector directly employs approximately 10 million people and contributes approximately 5% to GDP.

The EU and its member states need to ensure clear and transparent frameworks for future policies for manufacturers and for the entire sector overall (relying to the greatest degree possible on those instruments founded on market-conforming mechanisms) so that they can plan and prepare their investment programmes. Conformance and uniformity at the EU level is of key importance – for example, a situation in which one member state decides to use exclusively electric cars and another focuses on the use of biofuels, would lead to the concept of free travel and mobility across all of Europe becoming compromised.

Another challenge lies in breaking through the transport system's dependence on oil without sacrificing the system's effectiveness and posing a threat to mobility. In accordance with the core "**Resource-Efficient Europe**" initiative, founded within the **EU 2020 Strategy** (COM(2010)2020), and the **New Energy Efficiency Plan 2011** (COM(2011)109), **the primary goal of European transport policy** is to help **establish a system that supports European economic progress, strengthens competitiveness and offers a high quality of mobility services whilst using resources more efficiently**. In practice, transport must use less and cleaner energy, take better advantage of modern infrastructures and reduce its negative impact on the environment and key natural assets, such as water, soil and eco-systems.

On the other hand, limiting and suppressing mobility **is not** a solution.

New transport models must be proposed, within the framework of which larger volumes of freight and a higher number of passengers can be transported to their destinations together by either the most efficient individual or combined means of transport. Individual transport should be preferentially used for the final leg of a journey and should utilise ecologically clean vehicles. Information technology should be used to ensure simpler and more reliable transport transfers. Transport users should then pay the full costs for transport in exchange for less traffic congestion, more information, better services and a higher level of safety. According to the Transport White Paper, future development must rely on a number of areas:

- the improved energy efficiency of the vehicles used in all forms and types of transport and the development of sustainable fuels and propulsion systems;
- the optimised development of multi-modal logistics chains, including the greater use of specifically more resource-efficient transport types, especially where further technological innovations might not be effective (for example, the transport of freight over long distances); and
- the more efficient use of transport and infrastructure through utilising improved transport management and transport information systems (e.g. ITS, SESAR, ERTMS, SafeSeaNet, and RIS), advanced logistics and market measures, such as the full development of an **integrated European railway market, the removal of restrictions for cabotage, the abolition of barriers to short maritime voyages and transport, the undistorted valuation of the outputs of transport services**, and others.

Activities in these areas should not be delayed. The phases for the preparation and development of infrastructure, its construction and its equipment will take many years. In the case of railways, airplanes and ships, this process might even take decades. The choices that are made today will directly influence the form that transport takes on in 2050. As has been stated previously, activities must be undertaken at the European-wide level in order for the transformation of transport to be defined uniformly within the EU rather than for it to be determined and created elsewhere in the world.

In order to solve the issues identified above, very difficult goals must be attained by 2050 – and certain challenges must be met by 2020 and 2030 in order to ensure that the EU is moving in the right direction as far as transport policy is concerned. The scope that exists for changing the methods and paths applied to transport functionality vary across the individual segments of the transport sector and in relation to the different technological changes and options

that exist for each individual transport segment. In relation to this perspective, the European Commission's vision as presented in the Transport White Paper focuses on three major transport segments:

- medium distances;
- long distances; and
- urban transport.

The actual attainment of this vision involves and relies on a number of players far in excess of solely the European institutions and the member states. In addition to them, a key role and responsibility lies with the regions and the relevant regional authorities. The same applies to towns and municipalities, not to mention the business sector and its representative, social partners and the activities of individuals.

2. EU POLICY WITH REGARD TO THREE KEY TRANSPORT SEGMENTS

2.1 An efficient core network for multi-modal intercity travel and transport

As far as ensuring mobility over longer distances is concerned, new technologies and the methods that can be used to apply them are not as numerous or as standard and the options that exist for selecting individual modes of transport are not as varied as is the case with urban transport. Nevertheless, it is specifically this segment that may see the most immediate impact of the EU's activities (fewer obstacles and restrictions ensuing from subsidiarity or international treaties).

More resource-efficient vehicles and cleaner fuels will most likely not be sufficient to attain the requisite reduction in emissions and cannot resolve the issue of traffic congestion. They need to be accompanied by the consolidation of large transported volumes during transfers over long distances.

An improved selection of types of transport will result thanks to the greater integration of modal networks: airports, harbours, railway stations, metro stations and bus terminals, which should see a consistently higher level of interconnectivity and should be transformed into multi-modal interconnected platforms for travellers. On-line information and electronic reservation and payment systems, which will serve to integrate all modes of transport, will contribute to easier multi-modal travel. An appropriate set of corresponding passenger rights must accompany the wider use of these mutually interconnected transport modes.

Freight shipments over short and medium distances (approximately less than 300 kilometres) will, to a large degree, continue to use delivery vans and lorries. (According to Eurostat data, more than one half of all goods using road transport – measured in units of weight – is transported for distances of 50 kilometres or less and more than three quarters of all goods for distance of up to 150 kilometres.)

It is therefore important that, in addition to strengthening the options available for alternative transport (rail and a core shipping network), the efficiency of truck transport must be improved through the development and improvement of new engine types and the use of cleaner fuels, the use of intelligent transport systems and other measures that will strengthen the market mechanism for the transport sector.

In the case of long distances, the options available for the decarbonisation of road transport are much more limited and multi-modal freight transport must be made more attractive for transporters. Efficient co-modality is required, The EU needs specially designed corridors for the transport of freight, which are optimised with regard to energy demands and emissions and which minimise environmental impact, but that, at the same time, are attractive due to their reliability, limited traffic congestion and lower operational and administrative costs.

Railways, in particular for freight transport, are often viewed as an unattractive option. However, examples from some of the member states have shown that this mode of transport can in fact offer quality services. The primary challenge lies in ensuring structural changes, which will make it possible for railways to compete effectively and take over a significant proportion of freight transport for medium and long distances (that can also be used for passenger transport).

Sizable investments will be required to expand and qualitatively improve the capacity of the railway network. New technological elements are gradually being introduced that are aimed in this direction.¨

In the case of maritime transport, it is necessary to establish more effective entry points to the European markets, which will make it possible to avoid the sometimes unnecessary criss-crossing across Europe. Seaports play a leading role as logistics centres and require an efficient environment in the form of corresponding connections for further transport. Their development is highly dynamic and has future perspective for ensuring higher volumes of freight transported both within the framework of maritime transport in the EU as well as in the rest of the world.

Inland waterways, which have much unused potential, must start playing a larger and more important role, in particular with regard to the transport of goods from maritime harbours to inland areas and connecting the ports located on the individual European seas.

2.2 Global-level playing field for long-distance travel and intercontinental freight

The maritime and aviation sectors are inherently of a global nature. Within the air sector, improving the efficiency of operational management for the manufacture of aircraft and for air transport is of key importance. This will ensure a competitive edge in addition to the actual technological options that are available for reducing emissions. However, close attention must be paid in order to avoid the introduction and application of excessive barriers to the functionality of air transport in the EU, which could ultimately threaten the EU's position as a global aviation hub.

Airport capacity needs to be optimised, and where necessary, increased to handle the growing demand for travel to and from third countries and European territories that are otherwise poorly connected and difficult to reach using other types of transport. This could result in more than doubling the activities in the EU air transport segment by 2050.

In other cases, (high-speed) railways could absorb more medium distance traffic. The EU aviation industry should become the frontrunner in the use of low-carbon fuels in order for the defined goals to be reached by 2050.

As far as maritime transport is concerned, the need to become a key player on the global playing field is just as crucial and pronounced. The EU, working in cooperation with the IMO and other international organisations, should try to achieve the universal application and enforcement of high safety standards, environmental protection and working conditions and to implement measures that will eliminate piracy. The environmental performance of maritime transport must be improved and there is room to do so, both through technological innovation as well as by means of better fuels and operating parameters: overall, by 2050 the EU's CO2 emissions from maritime transport should be decreased by 40% (and even by as much as 50% if feasible) as compared to 2005 levels.

2.3 Clean urban transport and its interconnectivity and interchangeability

In urban areas, the shift to cleaner transport is facilitated by the lower requirements for vehicle range and population density. Public transport choices are more widely available as are the options of walking and cycling. As far as transport is concerned, cities suffer the most as a result of traffic congestion, poor air quality and high levels of noise pollution. Urban transport is responsible for approximately one quarter of CO2 emissions from transport and 69% of all road accidents occur in cities.

The gradual elimination of conventionally-fuelled vehicles from the urban environment represents a significant contribution towards a reduction in oil dependency, greenhouse gas emissions and local air and noise pollution. It will have to be complemented with the development of an appropriate infrastructure, with regard both to the purchase of environment-friendly fuels as well as to the infrastructure required for charging fees and additional measures for limiting the intensity of transport in urban areas.

A higher percentage of travel using mass transport, combined with minimum administrative and operational obligations and very few other barriers to the provision of services from the perspective of passengers will make it possible to increase the density and frequency of mass transit, therefore creating a strong and influential sphere and a system for the more intensive use of the individual types of public transport.

The management of demand and precisely-defined land-use planning with a detailed knowledge of the environment can also contribute towards decreasing the overall volume of traffic and transport in urban areas. Simplified conditions in

place for pedestrians and cyclists should be implemented as an integral component of urban mobility and proposals for urban infrastructure. The use of smaller, lighter and more specialised types of personal passenger vehicles must also be encouraged and supported.

Large fleets of municipal buses, taxis and delivery vans are particularly appropriate for the implementation of alternative propulsion systems and fuels. This should significantly contribute towards the reduction of the carbon intensity of urban transport whilst, at the same time, ensuring a testing platform for new technologies and opportunities and their timely deployment and use on the market. Road transport pricing and the removal of distortions in taxation can also assist in encouraging the use of public transport and the gradual introduction of alternative propulsion methods.

The link between long-distance freight transport and last-mile transport should be organised more efficiently. The aim is to limit individual deliveries, i.e. the most inefficient leg of transport, to the shortest route possible. The use of intelligent transport systems contributes to real-time transport management, decreases delivery time and reduces congestion in distribution areas close to the final destination. These last transport segments could be undertaken by low-emission urban delivery vans. The use of electric, hydrogen and hybrid technologies would not only reduce air emissions but also noise levels. It would also make it possible for a greater portion of freight transport in urban areas to take place during night hours, thus easing the problem of road congestion during morning and afternoon peak periods.

3. TEN GOALS FOR ACHIEVING THE 60% EMISSION REDUCTION TARGET

Developing and using new sustainable fuels and propulsion systems

1) Cut the use of conventionally-fuelled cars in urban transport by 50% by 2030; gradually phase them out in cities by 2050; and achieve essentially CO_2-free city logistics in major urban centres by 2030.
2) Ensure a 40% level for the use of low-carbon sustainable fuels in aviation by 2050; and, at the same time, by 2050 reduce CO_2 emissions from maritime transport by 40% (or, if realistic and feasible, by 50%).

Optimising the performance of multi-modal logistics chains, including the greater use of more energy-efficient modes of transport

3) 30% of road freight for distances of more than 300 kilometres should shift to other types of transport, such as rail or waterborne transport, by 2030 and more than 50% by 2050. The process should be facilitated by efficient and green freight corridors. The attainment of this goal will require the development of an appropriate infrastructure.
4) By 2050, finish off and complete a European high-speed rail network. Triple the length of the existing high-speed rail network by 2030 and maintain a dense railway network in all of the Member States. By 2050 the majority of medium-distance passenger transport should go by rail.
5) A fully functional and EU-wide multimodal TEN-T ‘core network’ by 2030, with a high quality and capacity network by 2050 and a corresponding set of information services.
6) By 2050, connect all core network airports to the rail network, with high-speed rail given preference. Ensure that all key seaports are sufficiently connected to the rail freight system and, where possible, the inland waterway system.

Increasing the efficiency of transport and infrastructure use with information systems and market-based incentives

7) Develop and deploy the modernised air traffic management infrastructure (SESAR) in Europe by 2020 and complete the European Common Aviation Area (ECAA). Develop and use equivalent land and waterborne transport management systems (ERTMS, ITS, SSN and LRIT, and RIS). Develop and deploy the European Global Navigation Satellite System (Galileo).
8) By 2020, establish the framework for a European multimodal transport information, management and payment system.
9) By 2050, move close to a zero fatality rate in road transport. In line with this goal, the EU aims at halving the number of road casualties by 2020. Ensure that the EU is a world leader in transport safety and security within all modes of transport.
10) Move towards the full application of the ‘user pays’ and the ‘polluter pays’ principles and include the private sector engagement in the process for eliminating distortions, including harmful subsidies, supporting the generation of revenues and ensuring the financing for future transport investments.

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	II-11	III-11	IV-11	II-11	III-11	IV-11
Belgium	1.0	-2.8	2.2	2.2	-2.9	0.5	7.7	7.7	7.7	3.5	3.5	3.3
Bulgaria	6.2	-5.5	0.2	-26.8	-24.0	-9.4	11.5	11.4	11.4	4.6	4.6	3.3
CR	2.5	-4.1	2.3	-3.2	-0.7	-1.1	7.0	6.9	6.8	1.9	1.9	1.6
Denmark	-1.1	-5.2	2.1	1.5	2.2	4.0	7.5	7.5	7.2	2.6	2.5	2.8
Germany	1.0	-4.7	3.6	7.6	6.7	4.9	6.3	6.2	6.1	2.2	2.3	2.7
Estonia	-5.1	-13.9	3.1	-17.8	-9.4	4.6	13.8	13.8	na	5.5	5.1	5.4
Ireland	-3.5	-7.6	-1.0	-5.3	-5.2	-2.9	14.8	14.7	14.7	0.9	1.2	1.5
Greece	1.0	-2.0	-4.5	-14.4	-14.6	-11.2	na	na	na	4.2	4.3	3.7
Spain	0.9	-3.7	-0.1	-10.0	-9.7	-5.4	20.5	20.7	20.7	3.4	3.3	3.5
France	-0.1	-2.7	1.5	-1.0	-2.3	-2.2	9.5	9.5	9.4	1.8	2.2	2.2
Italy	-1.3	-5.2	1.3	-2.4	-3.4	-3.2	8.2	8.3	8.1	2.1	2.8	2.9
Cyprus	3.6	-1.7	1.0	-11.7	-17.5	-8.3	7.2	7.3	7.6	3.1	3.2	3.5
Latvia	-4.2	-18.0	-0.3	-22.3	-13.0	9.4	na	na	na	3.8	4.1	4.3
Lithuania	2.9	-14.7	1.3	-14.5	-11.9	3.8	na	na	na	3.0	3.7	4.4
Luxembourg	1.4	-3.6	3.5	9.7	5.3	5.6	4.3	4.3	4.5	3.9	4.0	4.0
Hungary	0.8	-6.7	1.2	-6.6	-7.0	0.2	11.9	11.8	11.6	4.2	4.6	4.4
Malta	5.3	-3.4	3.7	-6.1	-5.6	-3.9	6.4	6.3	6.2	2.7	2.8	2.4
Netherlands	1.9	-3.9	1.8	8.7	4.8	5.4	4.3	4.2	4.2	2.0	2.0	2.2
Austria	2.2	-3.9	2.0	3.6	na	na	4.6	4.4	4.2	3.1	3.3	3.7
Poland	5.1	1.7	3.8	-4.7	-5.1	-1.6	9.3	9.3	9.3	3.3	4.0	4.1
Portugal	0.0	-2.5	1.3	-9.4	-12.0	-10.3	12.5	12.6	12.6	3.5	3.9	4.0
Romania	7.3	-7.1	-1.3	-13.4	-11.6	-4.5	na	na	na	7.6	8.0	8.4
Slovenia	3.7	-8.1	1.2	-4.8	-6.2	-1.0	8.1	8.1	8.2	2.0	2.4	2.0
Slovakia	5.8	-4.8	4.0	-5.7	-6.6	-3.2	14.0	14.0	13.9	3.5	3.8	3.9
Finland	0.9	-8.2	3.1	4.3	3.1	1.3	8.0	8.0	8.0	3.5	3.5	3.4
Sweden	-0.6	-5.3	5.7	8.4	9.5	7.3	7.6	7.7	7.4	1.2	1.4	1.8
UK	-0.1	-4.9	1.3	-2.7	-1.5	-1.3	7.6	na	na	4.4	4.0	na
EU	0.5	-4.2	1.8	-1.0	-1.9	-1.1	9.5	9.5	9.4	2.9	3.1	3.2

	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
in %	2008	2009	2010	2008	2009	2010	2007	2008	2009	2007	2008	2009
Belgium	-1.3	-5.9	-4.1	89.6	96.2	96.8	116.0	115.0	116.0	108.3	111.1	113.9
Bulgaria	1.7	-4.7	-3.2	13.7	14.6	16.2	40.0	44.0	n/a	46.2	50.2	52.7
CR	-2.7	-5.9	-4.7	30.0	35.3	38.5	80.0	81.0	82.0	62.4	72.8	70.6
Denmark	3.2	-2.7	-2.7	34.5	41.8	43.6	123.0	123.0	121.0	137.4	141.2	144.6
Germany	0.1	-3.0	-3.3	66.3	73.5	83.2	116.0	116.0	116.0	101.9	103.8	106.4
Estonia	-2.8	-1.7	0.1	4.6	7.2	6.6	69.0	68.0	64.0	73.1	78.0	75.1
Ireland	-7.3	-14.3	-32.4	44.4	65.6	96.2	147.0	133.0	127.0	124.5	127.6	125.0
Greece	-9.8	-15.4	-10.5	110.7	127.1	142.8	91.0	93.0	93.0	90.7	94.0	97.4
Spain	-4.2	-11.1	-9.2	39.8	53.3	60.1	105.0	103.0	103.0	92.8	95.4	97.4
France	-3.3	-7.5	-7.0	67.7	78.3	81.7	108.0	107.0	108.0	108.1	110.8	114.3
Italy	-2.7	-5.4	-4.6	106.3	116.1	119.0	104.0	104.0	104.0	102.9	105.6	106.5
Cyprus	0.9	-6.0	-5.3	48.3	58.0	60.8	93.0	97.0	98.0	88.1	90.5	91.2
Latvia	-4.2	-9.7	-7.7	19.7	36.7	44.7	56.0	56.0	52.0	66.6	72.6	74.8
Lithuania	-3.3	-9.5	-7.1	15.6	29.5	38.2	59.0	61.0	55.0	60.0	64.7	67.8
Luxembourg	3.0	-0.9	-1.7	13.6	14.6	18.4	275.0	280.0	271.0	115.3	119.1	121.3
Hungary	-3.7	-4.5	-4.2	72.3	78.4	80.1	62.0	64.0	65.0	66.7	68.1	65.5
Malta	-4.5	-3.7	-3.6	61.5	67.6	68.0	77.0	78.0	81.0	75.5	78.8	81.4
Netherlands	0.6	-5.5	-5.4	58.2	60.8	62.7	132.0	134.0	131.0	101.9	104.0	108.5
Austria	-0.9	-4.1	-4.6	63.8	69.6	72.3	123.0	124.0	124.0	102.2	105.1	107.9
Poland	-3.7	-7.3	-7.9	47.1	50.9	55.0	54.0	56.0	61.0	62.0	69.1	58.6
Portugal	-3.5	-10.1	-9.1	71.6	83.0	93.0	78.0	78.0	80.0	85.7	87.0	89.3
Romania	-5.7	-8.5	-6.4	13.4	23.6	30.8	42.0	47.0	46.0	63.8	60.9	57.5
Slovenia	-1.8	-6.0	-5.6	21.9	35.2	38.0	88.0	91.0	88.0	79.0	82.3	85.5
Slovakia	-2.1	-8.0	-7.9	27.8	35.4	41.0	68.0	72.0	73.0	63.2	70.2	73.7
Finland	4.2	-2.6	-2.5	34.1	43.8	48.4	117.0	118.0	113.0	119.9	124.3	126.4
Sweden	2.2	-0.7	0.0	38.8	42.8	39.8	125.0	122.0	118.0	115.7	114.5	107.0
UK	-5.0	-11.4	-10.4	54.4	69.6	80.0	116.0	115.0	112.0	112.6	100.1	92.7
EU	-2.4	-6.8	-6.4	62.3	74.4	80.0	100.0	100.0	100.0	100.0	100.0	100.0

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