



EU News

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- | | |
|----------------|---|
| Page 2 | Greek Parliament Approves Cuts – EU Will Release Additional Aid |
| Page 2 | Commission Presents “Innovative” Seven-Year EU Budget |
| Page 5 | Vegetable Farmers to Receive Compensation for the E. Coli |
| Page 9 | Ministry: The Use of EU Funds Will be Easier in the Future |
| Page 13 | Topic of the Month:
The CR’s Priorities for
EU Cohesion Policy after 2013 |



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Dear readers,

We had to wait until almost the very end of the month for what is obviously June's most important event. If we disregard the fact that the never-ending Greek story kept rolling on and that the discussions concerning the future form of the EU's Cohesion Policy continued at a brisk pace (the results as they currently stand are described in detail in the special Topic of this issue), we can consider the number one event to be the first version of the proposed priorities and parameters for the next multi-year EU financial framework, which is based on annual EU budgets.

From the perspective of the Czech Republic and its regions, the primary interest lies in maintaining a sufficient volume of overall resources from the EU budget (approximately 1% of the EU's GDP and not somewhere around the level of 0.85% as recommended by some of the member states) and retaining the existing seven-year period, which ensures a medium-term perspective as far as the amount of available resources is concerned. If weights are redistributed amongst the key budget chapters, it is in the Czech Republic's interest to shift a large proportion of resources to the benefit of cohesion policy (the structural funds). In our position as one of the less developed member states, maintaining the volume of the budget at a level that is reduced as little as possible even during the post-2013 period gives us a chance to remain in the fairly stable position of a net beneficiary. It would also be in our interest if the effectiveness and efficiency of the EU resources used in the Czech Republic and its regions were significantly strengthened.

The proposal put forward by the European Commission should therefore suit us. According to it, the decrease in expenditure reached a level equal to 1% of the Union's GDP. A relatively high volume of funds should remain available for cohesion policy and the main cuts will be felt primarily by agriculture. The demands placed on the quality and the recoverability of investments will increase and primary emphasis will be focused on the measurability of the impact and benefits of those activities towards which the EU budget made a contribution. For this reason, the Czech Republic should be satisfied with the European Commission's proposal and complete the appropriate preparations in order to ensure that the country will be able to realistically meet the increased demands for the effective use of EU resources and to use them to its benefit.

When considered overall, the proposal for the future EU budget and its multi-year framework is moving in the right direction. Actually, the only balanced budget in the EU provides us with a sign as to how necessary budgetary discipline is. In addition, it strives to give preference to supporting qualitatively more demanding projects, thanks to which the economies should become stronger – not only the EU economy as a whole within the framework of global competition, but also the economies of the individual member states within the EU framework, which, with the support they receive from the EU budget, should provide a corresponding and measurable level of performance the next time around.

Petr Zahradník



Events

The Greek Parliament approved a package of savings measures, thus enabling the release of the next EUR 12 billion tranche of assistance from the EU and the IMF. In addition, negotiations are already being launched for an entirely new bailout package. The European Commission has presented its long-awaited proposal for the EU's fiscal framework for 2014 to 2020. Relatively speaking, it should be lower than the current one – its volume as compared to gross national income is at a level of 1.05%.

ECONOMY AND EURO

Greek Parliament Approves Cuts – EU Will Release Additional Aid

The Greek government, headed by Prime Minister George Papandreou, **successfully pushed another set of savings measures through** the country's parliament, specifically those measures that the EU and the IMF defined as conditions for releasing another EUR 12 billion from last year's rescue package of 119 billion euro. The proposal, which relies on laying off and decreasing the salaries of state employees, limiting social benefits and an extensive privatisation programme, obtained the support of 155 members of parliament. The 138 that were against were mostly members of the opposition party. On the next day, the Greek Parliament also approved the appropriate implementing measures. The implementation of measures proposed by the plan should bring Greece a total of EUR 78 billion by 2015.

Structure of Greece's New Austerity Plan

Measure	Volume (EUR bn)
Privatisation	50.00
Increased taxes	6.40
Changes in the collection of taxes	5.20
Increased social contributions	3.25
Pay decreases in the public sector	2.20
Defence cuts	1.20
Limits on public investments	0.95
Savings in healthcare	2.12
Social security cuts	5.16
Other (layoffs in the state sector, education, etc.)	1.73

Source: Lidové noviny, Reuters

The acceptance of the austerity plan opened the door for **the release of the next tranche of EU and IMF aid totalling EUR 12 billion**, however this does not in any way mean that Greece has won the battle. The worse than expected development of the Greek economy will more than likely require an entirely new bailout package, the amount of which is once again estimated to be over EUR 100 billion.

The leaders of the European Union have agreed that, in addition to the eurozone states and the IMF, creditor banks – investors in Greek bonds, will also participate in financing the bailout package. The most suitable method is through **the exchange of currently due and payable Greek bonds for new ones**, which will be paid in the future. The creditors cannot however be forced to make the exchange, as the ratings agencies would consider this to a loan default and it

would have much more far-reaching consequences, such as the inability of the ECB to hold Greek bonds as security against the loans it provides to European banks.

Within the individual EU member states, discussions are being launched as to under what conditions the local banks, which are in the possession of Greek bonds, would **willingly agree to exchange them**.

The approval of an additional twelve-billion euro tranche to Greece (the fifth in sequence) does not mean much from the long-term perspective, as the **risks associated with the restructuring of the Greek debt remain high**. The approval of the second bailout package and the voluntary involvement of the bond holders will, in our opinion, be a hard nut to crack.

Voluntary participation of investors in the exchange of bonds

Apparently, the agreement on the voluntary participation of the banking sector in the rescue of Greece has progressed the farthest in France, whose banks are amongst the largest creditors. French banks are considering exchanging up to 70% of the Greek bonds they currently hold in their portfolios for new ones which will mature in thirty years. German financial institutions are also voicing their consent with the voluntary exchange of bonds under conditions similar to those in the case of France. As far as Germany is concerned, the absolute value involved is EUR 3.2 billion, which is approximately one-tenth of total amount that should be contributed by private creditors. According to sources close to the negotiations however, German banks are requesting that state incentives be provided in return for participating in the plan.

Italian banks are also willing to extend the maturity date for Greek state bonds as soon as the current bonds mature. The banks want to use a process comparable to that of the Vienna Initiative in 2009, at which time they voluntarily committed to leaving credit lines open to their subsidiaries in Central and Eastern Europe in order to minimise the impact of the financial crisis.

http://ec.europa.eu/economy_finance/eu/countries/greece_en.htm

BUDGET

Commission Presents “Innovative” Seven-Year EU Budget

The European Commission presented its proposal for a multi-year EU budget covering the 2014-2020 timeframe, which counts on **increasing the costs included in the**

overall budget to EUR 1,025 billion (an increase of 4.8%). The ratio of costs to gross national income should however decrease. Whilst during the current 2007-2013 period, the obligations in the European budget (EUR 976 billion) represent 1.12% of the GNI, after 2013 the ratio should decrease to 1.06% of GNI.

One of the new features is that, in the future, the paying out of resources from the European budget will be subject to the fulfilment of common objectives. This “**positive conditionality**” will apply primarily to **cohesion policy and common agricultural policy**, which will continue to represent the most significant entries on the expense side. Their expense chapters will not change very much as far as nominal value is concerned; expressed in real value, they will decrease slightly.

A controversy has arisen around the **creation of an “infrastructure fund”**, which would supplement the current structure of the cohesion policy funds to their detriment. As a result, EUR 40 billion would be used for pre-approved priority projects associated with trans-European networks in the transport, energy and telecommunications sectors.

The expenditure included in the European budget should be aimed at realising the objectives set out in the Europe 2020 Strategy. Each euro outlaid should **contribute towards realising a number of objectives** – supporting economic growth, strengthening cohesion, increasing energy efficiency, combatting climate change or the greater integration of socially disadvantaged groups.

The greatest opposition is expected for the proposal that addresses a decrease in the contributions made to the European budget directly by the member states. According

to the Commission, this cut should be **compensated by Europe-wide taxes**. One of these is a Union-wide VAT and the other a financial transaction tax (FTT). The Commission also intends to do away with the British rebate and other comparable corrective mechanisms.

In order for the new EU financial framework to be approved, it must receive the consent of all of the member states and a majority of the MEPs.

http://ec.europa.eu/budget/biblio/documents/fin_fw1420/fin_fw1420_en.cfm

ENTERPRISE

Approval Process for EU Technical Norms to be Quicker

The method used to create the technical norms for the industry sector in the European Union will be **quicker, simpler and based on the needs of companies and consumers**. According to the European Commission, the faster creation of voluntary European standards should help European industries when it comes to international competition.

The European Commission envisions that its newest proposal will lead to a faster and more effective method for accepting European technical standards. The existing system, when the preparation of European standards frequently took so long that, in the interim, technological development had progressed so far that the **new standards were out-dated immediately**, should become a thing of the past.

Proposal of the financial framework of the EU for 2014-2020

COMMITMENT APPROPRIATIONS	2014	2015	2016	2017	2018	2019	2020	Total 2014-20
1. Smart and Inclusive Growth	64.696	66.580	68.133	69.956	71.596	73.768	76.179	490.908
<i>of which: Economic, social and territorial cohesion</i>	<i>50.468</i>	<i>51.543</i>	<i>52.542</i>	<i>53.609</i>	<i>54.798</i>	<i>55.955</i>	<i>57.105</i>	<i>376.020</i>
2. Sustainable Growth: Natural Resources	57.386	56.527	55.702	54.861	53.837	52.829	51.784	382.927
<i>of which: Market related expend. and direct paym.</i>	<i>42.244</i>	<i>41.623</i>	<i>41.029</i>	<i>40.420</i>	<i>39.618</i>	<i>38.831</i>	<i>38.060</i>	<i>281.825</i>
3. Security and citizenship	2.532	2.571	2.609	2.648	2.687	2.726	2.763	18.535
4. Global Europe	9.400	9.645	9.845	9.960	10.150	10.380	10.620	70.000
5. Administration	8.542	8.679	8.796	8.943	9.073	9.225	9.371	62.629
<i>of which: Administrative expenditure of the instit.</i>	<i>6.967</i>	<i>7.039</i>	<i>7.108</i>	<i>7.191</i>	<i>7.288</i>	<i>7.385</i>	<i>7.485</i>	<i>50.464</i>
TOTAL COMMITMENT APPROPRIATIONS	142.556	144.002	145.085	146.368	147.344	148.928	150.718	1.025.000
<i>as a percentage of GNI</i>	<i>1,08%</i>	<i>1,07%</i>	<i>1,06%</i>	<i>1,06%</i>	<i>1,05%</i>	<i>1,04%</i>	<i>1,03%</i>	<i>1,05%</i>
TOTAL PAYMENT APPROPRIATIONS	133.851	141.278	135.516	138.396	142.247	142.916	137.994	972.198
<i>as a percentage of GNI</i>	<i>1,01%</i>	<i>1,05%</i>	<i>0,99%</i>	<i>1,00%</i>	<i>1,01%</i>	<i>1,00%</i>	<i>0,94%</i>	<i>1,00%</i>

Source: European Commission



Events

The ministers of agriculture from the member states have decided that the European vegetable growers who suffered significant losses as a result of the panic ensuing from the spread of the EHEC bacteria will receive compensation. The European Council Summit gave its blessing to completing the accession talks with Zagreb. Croatia's accession to the European Union can be expected to take place in mid-2013.

The Commission wants to prepare a **list on an annual basis in which it will define the standards that it considers to be of high priority**. It will then request the European standardisation authorities to ensure that these standards are created as quickly as possible. For this reason, it intends to make the financing for these authorities conditional on certain criteria, for example, the speed with which it prepares new standards.

Currently, the **European Committee for Standardisation (CEN)** and various specialised organs, which are responsible for creating standards for electronics (CENELEC) and telecommunications (ETSI), are involved in the creation of technical standards in the European Union.

As compared to directives and regulations, industrial companies do not necessarily have to respect the standards. However, as the stimulus to create a new standard is generally the result of the needs of a specific industry segment a general consensus throughout the segment is expected; any company that decides not to join in complying with the standard faces the **risk that it will become an outsider**.

One specific example of a successful European standard is **the GSM standard for mobile operators**. It is now expected that uniform chargers for mobile phones will come into existence. The electric car industry and the "smart grids" industry are also calling for common standards.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/11/668>

European Commission lays Down the Gauntlet to Corruption

In June, Cecilia Malmström, the European Commissioner for Home Affairs, presented a set of measures that are intended to **help the member states fight corruption**. European Commission statistics say that the expenses associated with eliminating the damages the Union's economy suffers as a result of this type of criminal activity attain a level of up to EUR 120 billion annually, which is only slightly less than the EU budget.

The most important of the proposed measures is the introduction of a new evaluation mechanism for assessing the anti-corruption efforts in the member states – **the EU Anti-Corruption Report**.

The Commission will publish this report **on an annual basis every two years** (starting in 2013) using information from a wide range of sources – including the monitoring mechanisms used by the Council of Europe, the Organisation for Economic Cooperation and Development

(OECD), CD and the United Nations; independent experts; stakeholders and representative of civic associations.

According to the Commissioner, the purpose of the report is not only to identify the successes achieved by the individual governments in their battle against corruption, but also to reveal any deficiencies and point out weaknesses. It should also serve as a **platform to be used by the member states for exchanging experience and proven procedures**.

"Fighting corruption successfully is a constant struggle, and the measures we propose today are only one part of a more comprehensive response to the challenges that corruption poses to our societies," said Malmström. She went on to add that, over the coming years, we can expect to see further proposed actions along these lines – **such as new rules for confiscating criminal assets** and an strategy to improve criminal financial investigations in Member States

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/11/678>

ENERGY AND TRANSPORT

Airlines Storm against Emission Permits

Representatives of the world's airlines criticised the European Union's plan to include the aviation industry in the Emissions Trading Scheme starting in 2012. Certain transporters consider the prepared measures to be illegal and are **intending to lodge a complaint about them with the European Courts**. The EU however, appears to intend to stand its ground.

If Brussels forces international airlines travelling to destinations in the EU to start participating in the Emissions Trading System (ETS) at the start of next year, it might see **retaliatory measures in the form of price wars and lawsuits**.

Air transporters are concerned about the increase in **costs, which many say might be high enough to drive some airlines out of business**. A large portion of the aviation industry refuses to accept the plan, according to which all airlines flying into and out of European airports would have to start using emission permits starting on 1 January 2012, claiming that it is illegal. Transporters from countries outside of the EU argue that Brussels has no right to demand that they participate in the ETS.

The European Union's decision to include air transport in the European Emissions Trading Scheme was adopted in 2008. By **requiring the participation of the aviation industry in the ETS**, the EU wants to force it to decrease its share of the world's greenhouse gas emissions. This

share is not all that high at this time (it is at a level of 2-3%), but it is growing quickly.

This March, the European Commission set a **ceiling for the aviation industry of 213 million tonnes of carbon dioxide** in 2012 and, starting in 2013, it expects it to decrease to a level of 208 million tonnes of CO₂.



Airlines will receive **82 % of the permits free of charge**. They will have to purchase an additional 15%. The EU has set aside the remaining 3% as a reserve for new air transporters who enter the market in the future.

The Commission **has not excluded the possibility of further negotiations** when, for example, it sent Chinese airlines a letter in which it made clear that it is willing to grant Chinese air transporters an exception from the ETS if the country is able to prove that it has implemented its own measures to ensure a comparable decrease in emissions.

<http://europa.eu/rapid/pressReleasesAction.do?reference=M/EMO/11/139>

AGRICULTURE AND FISHERY

Vegetable Farmers to Receive Compensation for the E. Coli Outbreak

Europe's vegetable growers, whose sales suffered as a result of the panic caused by the alarming daily reports of the increasing number of deaths and persons infected with the dangerous EHEC intestinal bacteria, will **receive compensation for damages**. The final amount of this compensation is also now known.

After the plan was **approved by the ministers of agriculture at their extraordinary session held in Luxembourg** last week, it was also approved by the experts from the member states who are members of the European Commission's Steering Committee.

The compensation, which will be paid out to the vegetable farmers from the EU budget, will **reach a total of EUR 210 million**. Farmers from around the EU who grow cucumbers, tomatoes, lettuce, peppers and probably also endive will have the right to receive compensation for their losses.

The compensation will most likely reach a level **equal to no more than 50% of the standard production price** in June; however this will not be fully clarified until 22 July. This is the date by which the member states should report their losses.

According to the report published by the Robert Koch Institute in Berlin, since the start of the epidemic in mid-May and to date, the disease **has claimed a total of thirty-six victims**. Over three thousand people have been infected.

The source of the epidemic could not be successfully identified for a long time. Cucumbers from Spain and vegetable sprouts are two of the things that fell under suspicion. As a result of their fear of becoming infected, people stopped buying vegetables, which was reflected in the sales earnings of the growers. The situation was made even **worse by the ban placed on the import of European vegetables**, which was announced by, amongst others, Russia and some of the Arab states.

Based on the data provided by the Spanish authorities, the losses attained a level of EUR 220 million per week in that country. According to the Vegetable Growers' Union of Bohemia and Moravia, **the decrease in the sale of vegetables hit even the Czech Republic**. In comparison to preceding years, Czechs bought approximately fifty per cent fewer cucumbers, tomatoes and lettuce. In the case of other types of vegetables, sales and prices decreased by fifteen to twenty per cent.

<http://europa.eu/rapid/pressReleasesAction.do?reference=S/PEECH/11/422>

ENLARGEMENT

Croatia Celebrates: Summit Declares Accession Talks Completed

June's European Council Summit confirmed that **Croatia will most likely be the next member state of the EU**. The EU's leaders approved the decision to complete accession talks with Zagreb by the end of June and Croatia is expected to expand the ranks of the EU in exactly two years, i.e. in mid-2013.

The accession treaty should be signed by the end of this year and will then be presented to all of the current EU member states for ratification.



Events

In comparison to Croatia, the accession talks with Iceland are in the very first stages, as that country has thus far closed only two of the negotiation chapters. The European Parliament approved an amendment to the directive on electronic road tolls, which will allow the member states to include external air and noise pollution costs and traffic congestion costs in the amount of the toll.

However, certain commentators have indicated that the year 2013 is mentioned in relation to Croatia's membership in the EU at only a "technical" level. This means that Croatia's **accession could be postponed** if any complications arise.

For example, Czech Prime Minister Petr Nečas recently indicated that, although up to now Prague has always been a great supporter of Croatia's membership in the Union, it **could end up causing a problem for Zagreb**.

The Prime Minister announced that he is counting on the fact that, at the same time that it votes on Croatia's accession treaty, the Czech Parliament will **also be making a decision on the exception to the Lisbon Treaty** that was negotiated for the Czech Republic in the autumn of 2009 by President Václav Klaus.

The treaty could thus run into an obstacle in the upper chamber of parliament – the Senate, where the majority of seats are held by the opposition Social Democrats. This party has often proclaimed in the past that it does not agree with the contractual inclusion of Klaus's exception.

Another delay could be caused by Croatia itself. The EU leaders have stressed the fact that **Zagreb must continue with the required reforms** (primarily with regard to the judicial system and fundamental rights) and that it must cooperate fully with the International Criminal Tribunal for the former Yugoslavia (ICTY). The implementation of a mechanism for monitoring the fulfilment of obligations, comparable to that which is in place in the case of Romania and Bulgaria, thus also continues to play a role.

We however believe in the anticipated time schedule, on the basis of which **Croatia will become the twenty-eighth member of the European Union in mid-2013**.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/123075.pdf

Accession Talks with Iceland Proceeding Successfully

The accession talks underway between Iceland and the European Union have proceeded to the next phase. After the successful completion of the screening process, negotiations on thirty-five chapters will be launched. The inter-governmental conference organised by the Hungarian Presidency, has recorded its first success; the country **opened negotiations on four chapters**, specifically public procurement; an information society and media; science and research; and education and culture. Thanks to the **high level of harmonisation that already exists between Iceland's legal system and the legislation of the EU** it was possible to close two chapters immediately – the

chapter on science and research and the chapter on education and culture.

Iceland, an island country located in the Northern Atlantic, is thus one step closer to membership in the European Union. The country **applied for EU membership in the summer of 2009** as a result of the financial crisis, which severely affected Iceland's economy.

It is expected that the accession talks will be much easier in the case of Iceland as compared to those held with the newbie states of preceding years. The main reason for this is **that Iceland has been a member of the European Economic Area since 1972** and the country is also a signatory to the Schengen Agreement on the free movement of persons.

Nevertheless, some obstacles could arise over the course of the accession negotiations. The agenda includes certain **disputed chapters related to fisheries and the financial sector**.

The Icelandic economy is dependent on fishery to a significant degree. This particular industry brings in 40% of the country's export income and employs 8% of the employable population. For this reason, it is expected that Iceland's government will not accept any agreement that **might negatively impact on its fishing policy** – for example the implementation of fishing quotas, which Brussels is promoting as a part of its Common Fisheries Policy, and the ban on whaling.

The negotiations associated with finance and banking will also not be easy. **Iceland is still involved in unresolved disputes with Great Britain and the Netherlands**. Iceland's citizens have already twice refused a referendum that would result in the payment of compensation to those investors from the two aforementioned countries who lost their money as a result of the crash of Iceland's banks.

As a result, it seems that the super-optimistic expectations that Iceland will expand the ranks of the EU at the same time as Croatia will not be met. It is more realistic that Iceland will **join the EU at some point during the 2015 to 2016 timeframe**.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/genaff/123123.pdf

EXTERNAL RELATIONS

Brussels Launches Pilot Programme for European "Peace Corps"

The European Commission has started **the first phase of the European Voluntary Humanitarian Aid Corps**, which



will recruit almost one hundred European volunteers and provide them with an opportunity to participate in humanitarian aid projects in all the corners of the world. The experience this brings will provide the Commission with a base on which to establish a permanent voluntary humanitarian aid programme.

The Lisbon Treaty also contains provisions for establishing a European version of the Peace Corps, which was set up by American President John F. Kennedy in 1961. Kristalina Georgieva, who is the current Eurocommissioneer for International Cooperation, Humanitarian Aid and Crisis Response, designated the launch of this programme as one of her priorities.

The pilot projects, which will result in expenditure of approximately EUR 1.25 million, will be implemented by a **trio of non-profit organisations**, who have long years of experience with providing humanitarian aid. Specifically, these are the French Red Cross and the British branches of Save the Children and Voluntary Service Overseas.

The Eurocommissioneer confirmed that the primary inspiration for the project does indeed lie in Kennedy's Peace Corps. On the other hand, there are certain differences. The **European Voluntary Humanitarian Aid Corps** do not yet have an established tradition and will not focus on as broad a range of areas.

The American Peace Corps also focuses on additional activities, teaching English for example, and cooperates with governments, schools, non-profit and non-governmental organisations and entrepreneurs in areas such as education, healthcare, trade, information technology, agriculture and the environment.

The European version is just at the toddler stage and, according to Commissioner Georgieva will **"focus primarily on humanitarian aid programmes."** The main task at this point is to collect information, which can be used as the basis for proposing the establishment of a permanent corps. The final proposal should be ready at the start of 2012.

<http://europa.eu/rapid/pressReleasesAction.do?reference=M/EMO/11/413>

ENVIRONMENT

EU States Will be Able to Increase Road Tolls for Pollution

Cargo hauliers might soon face higher charges in some of the EU member states. The European Parliament has **approved an amendment to the directive on electronic road tolls**, which will allow states to include certain external

costs for such things as air and noise pollution and traffic congestion together with the road tolls. Up to now, the states could only include costs associated with the infrastructure (i.e. roadway construction and maintenance) in the road toll amounts. The new rules should be in force throughout the Union in no more than two years.

By its approval, the European Parliament confirmed a **compromise reached at the end of May by negotiators** representing the Parliament, the Commission and the EU member states.

The new rules apply to **cargo vehicles of over 3.5 tonnes**. The states will however have the right to exclude vehicles under 12 tonnes under the condition that they notify the European Commission of their intent in time and can properly justify their decision.

According to the directive, only those states **participating in the electronic toll system** will be able to apply the new rules. At this time, this is applicable to eleven member states, including the Czech Republic. Poland and Hungary are both intending to implement electronic tolls.

Thanks to the new rules, the states will be able to **change the amount of the charges over the course of the day and therefore regulate the occurrence of traffic congestion**. In those areas where traffic congestion occurs most often, the fee can be set to a level of 175% of the average. This increased rate will apply only during peak times and for a period of five hours per day. During the remaining time, the fees on the same segments of road will be lower.

According to Siima Kallas, the EU Commissioner for Transport, the purpose of this measure is **to remove heavy cargo vehicles from the roads during peak hours**.

The amended directive also only **"invites" the member states to invest 15% of the income they receive from road tolls in the development of infrastructure**. This is however not a commitment, but only a recommendation that the members states do not have to follow.

<http://www.europarl.europa.eu/en/pressroom/content/20110606IPR20809/html/Road-haulage-EP-introduces-polluter-pays-principle>

EU Countries to Maintain "Green Accounts"

The European Parliament voiced its support for a new directive that will require the member states to **harmonise environmental statistics**. The objective is to develop a European system of "environmental economic accounts".

The legislation will enter into force twenty days after its publication in the Official Journal of the EU, which will



Starting this year, the member states should start reporting a number of harmonised environmental statistics. This new obligation is required by a newly adopted regulation, which has the objective of instituting a European system of “environmental economic accounts”. The Union is currently preparing new rules for punishing hackers. In accordance with the EU Roaming Directive, starting in July the maximum retail prices that can be charged for calling to and from abroad will be reduced even more.

happen once the proposal is approved by the Council. It is expected that the consent will be given this year. If the proposed legislation enters into force this year, **2011 will be the base year** for all future statistics. The first phase of the harmonisation process will have impact on three areas:

1. Air Emissions

The member states will be obliged to keep statistics on air pollutants, such as **carbon dioxide, nitrogen oxide, methane, ammonia and solid particles**. These hazardous substances will be classified according to economic activities and according to whether they are generated by industry or by households. The evaluation will also separate household emissions into three categories: transport, heating and cooling, and other.

2. Environmental Taxes

The statistics associated with **environmental taxes will keep track of income according to economic activity**. Within this area, the member states will be obliged to report to Eurostat the income they receive from the taxes they impose on energy, transport, pollution, and the use of resources. This income will further be classified according to whether it is generated through economic activities or by households.

3. Material Flows

Within this area, the statistics will include information on all **solids, liquids and gases**, with the exception of air and water. The member states will report the domestic acquisition of all input materials as well as the import and export of goods at all levels of the production process, ranging from natural resources to finished products. The reported material flows will cover all raw materials, from nuts to biomass, including metals, sand, fossil fuels and the import and export of waste.

According to the directive, the European Commission can choose to implement **additional “green accounts”** focused on such things as the expenditure outlaid for environmental protection, environmental goods and services, water, waste, forests, energy, and ecosystem services.

<http://www.europarl.europa.eu/en/pressroom/content/20110606IPR20814/html/Measuring-sustainable-development-and-supplementing-GDP>

JUSTICE AND HOME AFFAIRS

EU Wants to Put Hackers in Prison

The new European rules according to which the EU member states should **punish hackers** are just about ready to see the light of day.

The ministers of the interior from the member states have voiced their support for a directive that defines exactly what falls into the category of **cybercrime** and establishes the minimum punishment for those who commit the most serious crimes.

The European Parliament is the next in line to discuss the materials. The directive will cover such things as **illegal entering into an information system**, tampering with a system, the theft or removal of data, and interfering with non-public data transmissions.



According to the directive, in the case of less serious crimes, such as unauthorised access to information, the perpetrator could face imprisonment of **at least two years**. If however the number of computers that are attacked in this manner exceeds a certain threshold or if the attacks are aimed at important entities, such as airports or nuclear power plants, hackers could face a prison term of at least five years.

At the moment, the EU member states cooperate only at an informal level when it comes to catching cybercriminals. The **exchange of information between the police** in the individual member states is facilitated by Europol, the European law enforcement agency. In the EU’s opinion, there are shortcomings in the way cybercriminals and cybercrimes are currently investigated. This has led to the proposal that will result in the establishment of a European Cybercrime Centre starting in 2013. This agency will be responsible for coordinating cross-border actions and will provide training for the law enforcement authorities.

Security experts are not as pleased with the performance of the zealous European politicians. According to them, the EU should focus more on understanding cybercrimes and **releasing the resources for its eradication**.

http://ec.europa.eu/information_society/newsroom/cf/itemdet ail.cfm?item_id=6184&language=default



INFORMATION SOCIETY

Further Reductions in EU Roaming Prices

Between 1 July 2011 and 30 June 2012, the European Union's mobile operators will once again have to **reduce the retail prices they charge for roaming calls**, specifically in compliance with the EU regulations that were first implemented in 2007 and subsequently amended in 2009.

Customers who select the EU-regulated "Eurotariff" will pay **no more than 35 eurocents per minute for outgoing calls** and a maximum of 11 eurocents per minute for incoming calls whilst travelling abroad within the EU. This is the last in the series of the price decreases in accordance with the current EU Roaming Regulation, which will expire at the end of June 2012.

Starting 1 July 2011, **the maximum wholesale prices for data roaming** (the prices that the operators charge each other) **will be decreased** to 50 eurocents per megabyte (down from the original 80 eurocents per MB). Retail price caps for data services are not included in the current regulation. Customers and business travellers will continue to be protected from unexpected "bill shocks" for downloading data over mobile networks as monthly bills for data downloading are limited to EUR 50 unless the customer explicitly agrees otherwise.

However, the Commission is still not satisfied with the developments in roaming prices and is already **preparing further regulation for this area**. Although roaming prices did decrease during the regulated period, the rules currently in place did not resolve the problems that exist in relation to an insufficient level of competition in the area of roaming services and therefore prices remained just below the ceiling in place for retail prices.

For this reason, a new regulatory intervention is required, with the objective of decreasing the difference between roaming tariffs and domestic calls made from mobiles to a level **close to zero by 2015**. This goal can be realised if customers are able to select a roaming service quickly and simply and with pricing conditions that are either the same or comparable to those in place for domestic calls.

Direct price regulation is a weapon of the highest calibre and any decision to apply it **must be examined under a microscope**. Sometimes instruments that open the market as much as possible, thus allowing a maximum level of competition, are much more effective.

<http://europa.eu/rapid/pressReleasesAction.do?reference=P/11/814>

REGIONAL POLICY

MRD: The Use of EU Funds Will be Easier in the Future

Allegedly it will be **much simpler to obtain resources from the EU funds after 2013** than it is in the current programming period. The Ministry for Regional Development (MRD) is making this promise to new applicants for subsidies from the European cashbox.

In order to ensure that it keeps its word, it will use the detailed analyses it prepares as well as **the questionnaires that were distributed amongst the applicants** and beneficiaries of European resources from amongst the ranks of the ministries, the non-profit sector, business groupings, and others.

The purpose of this measure is for the MRD to become more familiar with the experiences of those surveyed, in particular with regard to the use of electronic applications and project administration. The Ministry will use the collected information to improve **the existing system and to make it as simple as possible for the users**. The primary objective is to unify the rules in place for providing subsidies to different groups.

A significantly simplified and unified process for using European resources is an essential prerequisite for the successful use of the funding that the Czech Republic obtains for the post-2014 period," explains **Daniel Braun, the Czech Republic's Deputy Minister for Regional Development**.

The main reason behind the existing convoluted system lies in its complexity. **No other member state of a comparable size has twenty-four operational programmes** or a situation in which each of the programmes (with only a few exceptions) has a different managing authority – either one of the ministries or regions.

A radical simplification of the system will lead to only **one authority responsible for distributing subsidies or at least only one contact point**, a common handbook for applicants, a uniform information system, common rules for preparing applications and using subsidies, etc. The way things are now, the experience obtained from obtaining a subsidy from one operational programme is quite frequently entirely useless when applying for a subsidy through a different programme.

<http://www.mmr.cz/Pro-media/Tiskove-zpravy/2011/Braun--musime-zjednodusit-proces-cerpani-evropskyc>

The proposed new directive penned by the European Commission is intended to increase energy savings and activities in the energy industry, It contains, amongst other things, the obligation of distributors and retail energy sellers to save 1.5% of the energy that is sold. Brussels is launching a research project to determine the impact that the implementation of the REACH Regulation has had on the European chemical industry. Eurostat statistics have revealed that workers in Greece have the longest working week.

1 JUNE

Less red tape for smaller businesses:

<http://www.consilium.europa.eu/showFocus.aspx?lang=EN&focusID=610>

2 JUNE

Recession and renewables cut greenhouse emissions in 2009: <http://www.eea.europa.eu/pressroom/newsreleases/recession-and-renewables-cut-greenhouse>

3 JUNE

Digital Agenda – building and flourishing digital economy – Scoreboard outlines progress so far:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/361>

6 JUNE

50,000 tourists to promote low season travel in the EU and South America:

http://ec.europa.eu/enterprise/newsroom/press/longdetail.cfm?item_id=5172&lang=en&tpa=0&displayType=news

7 JUNE

Euro cash transport vote postponed:

<http://www.europarl.europa.eu/en/headlines/content/20110526FCS20303/5/html/Euro-cash-transport-rolling-the-money-back-across-the-EU>

Safer shopping – European Consumer Centres help 71,000 EU shoppers in 2010:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/671>

Commission fights corruption – a stronger commitment for greater results:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/678>

8 JUNE

The News – E. coli outbreak - Truck tax : The News: E. coli outbreak - Truck tax:

<http://www.europarl.europa.eu/en/headlines/content/20110601MUN20649/html/The-News-E.-coli-outbreak-Truck-tax>

Delivering on growth and jobs – Commission presents 2011 country-specific recommendations:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/685>

Transport commissioner launches challenge for journey planner for Europe:

http://ec.europa.eu/enterprise/newsroom/press/longdetail.cfm?item_id=5183&lang=en&tpa=174&displayType=news

Erasmus – Record number of students receive EU grants for study and training abroad:

http://ec.europa.eu/enterprise/newsroom/press/longdetail.cfm?item_id=5184&lang=en&tpa=0&displayType=news

9 JUNE

European Commission to guarantee suspects' rights to speak with a lawyer, inform family of arrest:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/689&format=HTML&aged=0&language=EN&quillanguage=en>

10 JUNE

Strengthening security at EU external borders:

<http://www.consilium.europa.eu/showFocus.aspx?id=1&focusid=615&lang=en>

Commission report highlights Europe's innovation emergency and analyses Member States' progress:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/692>

The fact that no payment is made does not mean that the intentional nature of surreptitious advertising can be ruled out: <http://europa.eu/rapid/pressReleasesAction.do?reference=CJE/11/57>

14 JUNE

Commission proposes to continue economic crisis support for jobless from EU Globalisation Fund until end 2013:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1036&furtherNews=yes>

15 JUNE

Commission proposes to revamp rules to protect EU workers from harmful electromagnetic fields:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1037&furtherNews=yes>

16 JUNE

Solidarity Aid to flood-stricken countries: solution to budget deadlock?:

<http://www.europarl.europa.eu/en/pressroom/content/20110614IPR21343/html/Solidarity-Aid-to-flood-stricken-countries-solution-to-budget-deadlock>

17 JUNE

Budget 2012 – EU must keep investing to help recovery from crisis:

<http://www.europarl.europa.eu/en/pressroom/content/20110614IPR21344/html/Budget-2012-EU-must-keep-investing-to-help-recovery-from-crisis>



20 JUNE

CoR teams up with Commission in search for European Green Capital 2014:

<http://www.cor.europa.eu/pages/PressTemplate.aspx?view=detail&id=06d3dce7-a2fa-4a1f-9591-6af7d047a2a3>

Inhabitants of Brussels' commune of Schaerbeek can benefit from microloans to start their own business:

<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1041&furtherNews=yes>

21 JUNE

Launch of report on renewable energies' role in fighting climate change:

http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj_id=644&dt_code=HLN&lang=en

Stronger sanctions on Belarus:

http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/122937.pdf#page=17

22 JUNE

Integrated multi-channelling: combining e-services with personalised services in a customer-oriented and efficient way: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1042&furtherNews=yes>

Food quality labels: simpler rules for farmers, more clarity for customers:

<http://www.europarl.europa.eu/en/pressroom/content/20110620IPR21908/html/Food-quality-labels-simpler-rules-for-farmers-more-clarity-for-customers>

23 JUNE

Food labelling: final deal one step closer:

<http://www.europarl.europa.eu/en/pressroom/content/20110615IPR21422/html/Food-labelling-final-deal-one-step-closer>

How did the REACH requirements impact on your business?:

http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=5230&lang=en&tpa=0&displayType=news

24 JUNE

Strong impetus to energy savings and energy efficiency:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/770>

Aid to regions is a vital driver of growth, says Parliament:

<http://www.europarl.europa.eu/en/pressroom/content/20110622IPR22330/html/Aid-to-regions-is-a-vital-driver-of-growth-says-Parliament>

Agricultural policy after 2013 – greener, fairer, more competitive: <http://www.europarl.europa.eu/en/pressroom/content/20110622IPR22328/html/Agricultural-policy-after-2013-greener-fairer-more-competitive>

27 JUNE

Single Market Act – EU public procurement framework has saved around 20 billions euros:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/785>

28 JUNE

Commission welcomes progress of Macro-Regional Strategies: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/786>

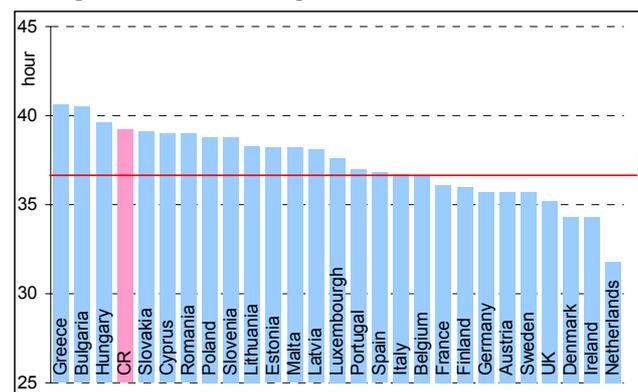
29 JUNE

EU to provide micro-loans to women entrepreneurs in Lithuania: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1049&furtherNews=yes>

Employment and Social Situation Quarterly Review: Signs of recovery on EU labour market, but social costs of crisis still high:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/11/464>

Average number of working hours a week



Source: Eurostat; in 4Q 2010

Europe strikes against the trafficking of counterfeit goods: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/793>

30 JUNE

CoR Forum on 'Industrial competitiveness – Global challenges, regional responses':

<http://www.cor.europa.eu/pages/PressTemplate.aspx?view=detail&id=b6c7e033-2c13-43e6-a265-7f89207e2b57>

Starting in July, Poland will take over the presidential seat of the European Union. The new presidency will immediately have enough to do. The July Ecofin session will address a new bailout package for Greece, as the current one is proving to be insufficient. The session of the Competitiveness Council, which will discuss a solution to the future Research and Development Framework Programme is also worth mentioning.

Meeting of the key EU institutions

4. – 7. 2011	Strasbourg, France
- EP Plenary Session	
5. – 6. 7. 2011	Sopot, Poland
- Informal Meeting of Ministers for Health	
7. – 8. 7. 2011	Sopot, Poland
- Informal Meeting of Ministers for Labour and Social Affairs	
11. 7. 2011	Brussels, Belgium
- Eurogroup meeting	
12. 7. 2011	Brussels, Belgium
- Economic and Financial Affairs Council (ECOFIN)	
11. – 12. 7. 2011	Sopot, Poland
- Informal Meeting of Ministers for Environment	
14. – 15. 7. 2011	Sopot, Poland
- Informal Meeting of Ministers for Development	
18. – 19. 7. 2011	Brussels, Belgium
- General Affairs Council	
18. – 19. 7. 2011	Brussels, Belgium
- External Relations Council	
18. – 19. 7. 2011	Sopot, Poland
- Informal Meeting of Ministers for Justice and Home Affairs	
18. – 19. 7. 2011	Brussels, Belgium
- Agriculture and Fisheries Council	
20. – 22. 7. 2011	Sopot, Poland
- Informal Meeting of Ministers for Competitiveness	



Main topic

As the 2014-2020 programming period draws nearer and with the publication of the proposed future budget framework, debates in the individual member states concerning the development priorities from the perspective of post-2013 cohesion policy requirement have reached full speed. The Czech Republic is no exception. The main topic of this month's issue of the EU News Monthly Journal summarises the current status of the debates on this issue in the Czech Republic.

THE CZECH REPUBLIC'S DEVELOPMENT PRIORITIES FOR EU COHESION POLICY AFTER 2013

1. ANALYTICAL PERSPECTIVE

1.1 The Position of the Czech Republic within an International Context

In the most recent comparison of international competitiveness, the Czech Republic was placed thirty-sixth. The country has recorded a perceptible decrease in competitive strength both at the European as well as at the global level, particularly over the past five years, and this trend must be stopped. A reasonably defined development strategy and policies, together with the resulting specific interventions and measures funded from public resources will make it easier to use the country's economic potential to the maximum level possible, to concentrate on removing (or at least minimising) the identified deficiencies and to respond flexibly and appropriately to the current development trends in Europe and around the world.

1.2 The Weaknesses in Czech Economic Strength

The greatest long-term obstacles that have been identified with regard to the development of the Czech economy, which is characterised by a narrow domestic market and a high level of openness (i.e. focus on exports), are considered to include poorly functioning institutions, and an insufficiently developed infrastructure that does not meet current economic and social needs. Significant shortcomings were also identified in the education of the populace at all levels. In addition to the actual status as described, it is also important to monitor the development trends in the specified areas. Unfortunately, it must be noted that the situation is gradually getting worse. In particular, there has been an obvious drop in education and it has gone down to a level that does not correspond to the Czech Republic's level of development or to its needs and does not fulfil the existing and future requirements that the public and private sectors must meet in order to ensure the competitive strength of the labour market.

Certain macroeconomic indicators also reflect the insufficient competitive strength of the Czech Republic, such as market size and the growth of financial markets. In the case of these parameters however, it is problematic, up to the point of being impossible, to influence them through cohesion policy instruments.

1.3 Support for Competitiveness Founded on Innovation and Knowledge Potential

In order to ensure the competitive strength of companies, it is necessary to not only significantly improve the functionality of public institutions and the entrepreneurial environment overall, but a specific focus must be aimed at strengthening the role that innovation plays in the strategic decision making of companies with regard to their economic life. Long gone are the times when it was possible to attract a large number of foreign companies to the Czech Republic, who, when making key decisions with regard to expanding their capacity, regrettably responded to various investment incentives and subsequently relocated to locations that offered better conditions.

As far as the Czech Republic is concerned, the competitive advantage of a cheap labour force is still heavily relied on, however, with the passage of time, it is fighting a losing battle as a result of competitive pressure from other countries. One solution would be to improve the competitive strength of companies, increase the added value of their production and promote innovative manufacturing processes and products. Strengthening innovative ability requires taking several consecutive and mutually conditional steps. It is not enough to only redirect the flow of resources to the benefit of innovative companies and to replace the traditional subsidy and grant distribution channels with contemporary credit instruments and other financial engineering mechanisms.

The process must be a gradual one, established on developing already existing instruments and targeting them better, from both the material as well as the regional perspectives. Innovation must be unambiguously driven by the needs of the manufacturing sector and science and research entities must be able to react to these requirements flexibly and effectively and possibly even to help identify and apply new trends. An important stimulus for promoting innovation lies in providing support to the entire chain, starting with a high-quality scientific environment. It is also necessary to establish a long-term rational support system for applied research, which is clearly and practically linked with the trends and needs in the entrepreneurial sphere.

It will be possible to justify further increases in interventions from public resources for research and development only if all



Main topic

of these conditions are met, with the main condition consisting of the introduction of the proper management and transparency of financial flows, including the independent retrospective evaluation of the impact that the interventions have in the relevant areas. As far as this aspect is concerned, the Czech Republic's relatively strong starting position, based on an international comparison of the technological and innovation factors of the country's economy, is a good foundation, although a lag behind the world's leading economies is visible even in this particular area.

1.4 Education, Human Resources and Integration

The development and management of human resources is also of the utmost importance with regard to the Czech Republic's competitive strength. In addition to the aforementioned drop in the level of the knowledge and skills of students at all levels, there are a number of other factors that will have a significant impact on the structure and functionality of the labour market in coming years.

One of these is the unfavourable demographic development, which has been slightly brought into balance by the increased birth rate in certain stronger years and increasing international migration. For this reason, emphasis should be placed on increasing the quality of education and the creation of appropriate conditions and motivation for the broader application of lifelong learning, which will be of key importance for maintaining the overall competitive strength of the Czech Republic,

Efforts to integrate certain groups that are either excluded or face the threat of exclusion into society are inseparably linked with the improvement of the quality of education at all levels and the development of the labour market. The goal is to create conditions for these excluded groups that will allow them to become actively involved or to return to the labour market and to social life.

1.5 Improved Infrastructure

The completion of backbone infrastructures (transport, energy and products, information and communication) and their connection to the main European networks has long been requested not only by our country's companies and inhabitants, but also by their foreign partners and European institutions. Greater involvement in the international division of labour is a necessity for our enterprises and the existence of quality infrastructures can significantly contribute towards attaining this goal. The quality of infrastructures is however also lacking at the national level. There are significant differences between regions and even within individual

regions. In the case of developing and improving information and telecommunication infrastructures, it is necessary to provide significant motivation to implement new commercial and public services which will use these infrastructures and to define the appropriate standards for the services that are provided.

1.6 Use of Development Potential and Specific Territorial Characteristics

Directly associated with the steps to improve the functionality of the Czech economy is the need to take into account the better use of the spatial interactions that exist in the Czech Republic. It is necessary to provide support for the maximum use of the potential offered by the country's territories with special emphasis on the effective use of vicinity, agglomeration savings, savings resulting from specialisation and the benefits of scope.

These parameters are important and often decisive when it comes to the competitiveness of an enterprise or even an entire sector at the national, European and global levels (in particular, the effectiveness of where private investments are placed is a key parameter). The end result of different conditions and various levels of success is the current situation, when there are objective differences between regions and individual types of areas, which consequently affect their further development potential.

The primary focus of the economy is aimed at agglomerations. Agglomerations with a high concentration of inhabitants and economic activities are defined as national and regional development and growth poles. They are also natural centres for education, research and development.

In spite of the diversity of the territories and certain long-term negative tendencies, it is possible to see and monitor certain positive trends from the macroeconomic perspective, as regional disparity is decreasing and the desirable convergence process is underway (in particular, at the NUTS II level). Territorial diversity is a natural phenomenon. The development of specific potential brings with it a favourable synergetic effect and leads towards strengthening the competitive strength of the Czech economy.

2. MAIN STRATEGIC DOCUMENTS FOR DEFINING NATIONAL DEVELOPMENT PRIORITIES FOR POST-2013 PERIOD

The proposed national development priorities are based on the key strategic documents of the EU and the CR and strive to insure the maximum level of interconnectedness.

2.1 Europe 2020 Strategy

At the EU level, the key strategic document for establishing the development priorities for post-2013 cohesion policy is the Europe 2020 Strategy document, which was approved by the European Council in 2010 and presents the EU's growth strategy for the coming decade. It focuses on the future direction the EU will take with regard to economic policy, increasing competitiveness, attaining social stability, and respecting the environment.

In addition to defining three growth priorities for all of Europe (intelligent growth, sustainable growth and inclusive growth), the EU has specified five European-wide quantifiable goals that should be attained by 2020, specifically increased employment, a higher level of investment in science and research, a decreased economic dependency on energy, an increase in the number of people with tertiary education, and decreased poverty. This set of priorities, goals and associated instruments defined at the EU level is transferred to the level of the individual EU member states through their National Reform Programmes.

In order to assist with the definition of national objectives, specific recommendations are presented in the form of "Integrated Guidelines", of which there are six for economic policy and four for employment policy. In the case of the former, they address the quality and sustainability of public financing; finding a solution to macroeconomic imbalances; decreasing the disproportions that exist in the eurozone; optimising support for research, development and innovation, strengthening the knowledge triangle and releasing the existing potential of a digital economy; promoting the more effective use of resources and decreasing greenhouse gas emissions; and improving the business and consumer environment and modernising the industry base.

The guidelines for employment policy consist of increasing participation in the labour market and decreasing structural unemployment; developing the use of a qualified workforce on the labour market, promoting the quality of employment and support for lifelong education; improving the results from the educational system and professional training, including an increase in the number of participants in tertiary education; and supporting social integration and the battle against poverty.

2.2 EC's Fifth Report on Economic, Social and Territorial Cohesion

Another important document is the European Commission's Fifth Report on Economic, Social and Territorial Cohesion, which was published on 10 November 2010. This report

emphasises the fact that future investments in cohesion must be closely linked to attaining the goals defined in the Europe 2020 Strategy and proposes the implementation of stricter conditions (i.e. conditionality) in combination with greater incentives in order to ensure the effective use of the financial resources aimed at cohesion policy and a greater focus on results.

According to this report, it is necessary to ensure that the member states and the regions successfully concentrate both Union as well as national resources on a low number of priorities that correspond to the specific problems encountered by the individual states. The process used to prepare the development priorities for post-2013 cohesion policy is in line with this recommendation, as the anticipated priorities refer back to the Integrated Guidelines as well as to the key initiatives set forth in the Europe 2020 Strategy.

2.3 Strategic Programming for the European Regional Development Fund, the European Social Fund and the Cohesion Fund

At its sessions held in December 2010 and April 2011, the European Commission Working Group on Future Cohesion Policy addressed the issues associated with the strategic programming for the aforementioned funds. In relation to the Europe 2020 Strategy, the Integrated Guidelines and the mainstay initiatives, it is considering a total of fifteen thematic priorities for cohesion policy.

2.4 National Reform Programme

The principal supporting source document, created at the national level, is the National Reform Programme (NRP), which represents the Czech Republic's contribution towards realising the goals of the Europe 2020 Strategy. It is based on the government's reform priorities and takes into account the recommendations presented in the Integrated Guidelines for the Europe 2020 Strategy.

It defines the reform measures planned by the Czech Republic with regard to the consolidation of public financing, a functional labour market and social system, education, support for the business sector, the development of digitalisation, support for growth that is based on research and innovation, environment-friendly support for competitiveness, and an improved transport infrastructure. As far as the emphasis placed on the reform objectives for the Czech Republic's economic and social policy is concerned, the NRP is one of the key documents that were used for preparing the proposed national development priorities for the post-2013 period.



Main topic

2.5 Strategic Framework for the Czech Republic's Sustainable Development

The umbrella document at the national level is the Czech Republic's Strategic Framework for Sustainable Development (SFSD). This document plays a key role in the preparation of the proposal for national post-2013 development activities primarily because it is prepared at the multi-ministerial level and thus is of a more long-term and general nature (it contains the Czech Republic's strategic vision up to 2030). The SFSD presents the key economic, social and environmental priorities and objectives focused on the following priority axes: Society, People and Health; Economy and Innovation; Spatial Development; Landscape, Ecosystems and Biodiversity; and A Stable and Secure Society.

2.6 Competitiveness Strategy Framework and the International Competitiveness Strategy

One of the key conceptual documents prepared at the national level in the Czech Republic is the Competitiveness Strategy Framework published by the government's National Economic Council (NERV) in April 2011. This document introduces a number of incentives and proposals for specific measures, which should help improve the individual areas of competitive strength (institutions, education, effectiveness of the labour and goods markets, financial markets, technological preparedness, improved entrepreneurial characteristics and innovation).

The Competitiveness Strategy Framework, and, in particular, the binding International Competitiveness Strategy prepared by the Ministry of Industry and Trade, are, and will continue to be, used for justifying the focus of the cohesion policy development priorities after 2013. The competitiveness strategy is perceived as a broader document and it will be appropriate to use European resources to realise a significant number of its goals during the 2014-2020 programming period.

These areas include enterprise, instruments for increasing the effectiveness of the labour market, investments in education, and support for technology and innovations. The finding that the institutional environment in the Czech Republic is of insufficient quality, especially with regard to public administration, is of key importance.

2.7 Regional Development Strategy of the Czech Republic for 2014+

The Regional Development Strategy (RDS) of the Czech Republic valid for the period of 2007-2013) established the main starting points for formulating the approaches taken by the regions with regard to sectoral and branch policies and for the programmes that strive to strengthen competitiveness through the maximum use of a region's production potential.

Likewise, for the 2014+ programming period, it will be necessary to respect the specifics of regional development in the Czech Republic when defining the national priorities, such as in relation to the changing internal and external conditions (the globalisation of markets, demographic changes, climate change, and energy self-sufficiency to name but a few). The aforementioned regional specifics will be elaborated on in the Regional Development Strategy that is currently being prepared and is expected to be completed in October 2012.

2.8 Conclusion

On the basis of all of the strategic documents mentioned above, it is obvious that there exists the necessity to strengthen the **competitiveness of the national economy** during the upcoming period. The core of the economy can be found in the competitive strength of companies, which must be built on the support provided to enterprise through the corresponding development of skills and training; research, development and innovation; a functional labour market; and education. A broader scope of conditions for strengthening competitiveness can be found in the functionality of institutions and a well-developed infrastructure – both in the broadest sense as well as at the regional level. At the same time, it is necessary to take social aspects into consideration and integrate the most threatened groups within society.

All of the requirements specified above form the basis for proposing the post-2013 development priorities.

3. CURRENT PROGRESS WITH PREPARING THE NATIONAL POST-2013 COHESION POLICY DEVELOPMENT PRIORITIES

3.1 First Preparation Stage

As the first stage of the Czech Republic's preparations to use funds during the 2014+ period consists primarily of determining the strategic approaches that should be

applied, the most appropriate platform for formulating the proposed priorities proved to be the Coordination Committees for the National Strategic Reference Framework (NSRF CCs). The individual committees were established as working bodies of the Management and Coordination Committee, which is responsible for, amongst other things, coordinating the preparation of the programme documents and the system measures that are necessary for implementing the economic, social and territorial cohesion policies as well as for other related activities that fall within their competence. The Coordination Committees are comprised of representatives from the central administrative offices, the Association of Regions of the Czech Republic, the Union of Towns and Municipalities of the Czech Republic, various universities, non-profit organisations, and various economic and social partners.

The first joint session of the NSRF CCs took place in March 2010. The agenda included defining the basic links between the strategic documents. The individual NSRF CCs subsequently met over the course of May 2010 to start the process of creating the roadmaps for the strategic documents for the individual subjects, their links with regard to cohesion policy and the general definition of sectoral priorities for the 2014+ period.

3.2 Second Preparation Stage

The second round of meetings convened by the individual NSRF CCs took place in October 2010. The main topic concerned the proposals for sectoral priorities for the EU 2010+ planning period, which were submitted by the individual ministries and other partners (over 100 were proposed). Other discussions centred on the strategic documents of the different ministries and their time validity. As a result of these meetings, it was determined that the submitted priorities and strategic documents used different structures, there is a wide range of perceptions as to what the term “priority” means, there is a significant difference in the number of priorities submitted by the individual ministries, there are no sectoral strategic documents covering the 2014-2020 period, and other similar issues.

A recommendation was accepted to narrow the number of priorities to between five and seven per sector according to the size of the role played by a sector in relation to cohesion policy, to assign the sectoral priorities to the applicable individual Integrated Guidelines of the Europe 2020 Strategy, to define the strategic documents upon which the priorities for the 2014+ period will be defined, and to evaluate the territorial dimension of the priorities contained in the sectoral strategic documents. By January 2011, at which time a second joint session of the NSRF CCs was

held, the conclusions from the preceding meetings had been confirmed and intense communications between the ministries and the Ministry for Regional Development took place. More detailed specifications were defined for the sectoral priorities and further reductions were made (in January there were approximately 80, not taking into account any hierarchical levels). On the basis of these outputs, an agreement was reached to identify three levels of priorities, specifically national development priorities, sectoral and regional priorities and potential areas of intervention.

3.3 Third Preparation Stage

In January 2010, the EU Committee adopted a resolution that assigned the Minister for Regional Development the task of working in cooperation with the applicable government members and preparing and submitting to the government by no later than 31 July 2011 a cumulative proposal for the direction that future EU cohesion policy should take after 2013 within the conditions specific to the Czech Republic and also including a proposal for the development priorities that should be applied to the use of EU funds after 2013.

Work started on preparing a summary of the macroeconomic relationships that exist with regard to the Czech Republic’s economic and social development and a SWOT analysis. Both of these documents provide information that is of importance for the further preparations for the 2014-2020 timeframe.

During the next preparation steps for the national development priorities, the number of priorities was gradually narrowed down and they were defined in more detail. The proposed national development priorities and the sectoral priorities, including key areas for receiving support, were assessed from the perspective of their compliance and their closeness to the development goals and priorities contained in the key documents published by the EU and the Czech Republic.

The steps described above were performed during March and April 2011 by the representatives of the individual ministries working in close cooperation with the representatives from the Ministry for Regional Development, both at the level of the deputy ministers as well as at the working level. At the same time, all of the regional governors, the Mayor of Prague and the President of the Union of Towns and Municipalities of the Czech Republic were invited to submit their materials for defining the national cohesion policy development priorities for the next programming period.



Main topic

This approach resulted in the initial identification of thirteen proposed national development priorities and forty-two sectoral priorities in April 2011. These were narrowed down even further and in May 2011, a total of five national development priorities were formulated with thirteen thematic areas, along with a definition of their contents and further specifications.

The discussions concerning the proposed process for preparing the national development priorities took place within the framework of a wide range of special working groups, such as the Management and Coordination Committee Working Group for Future Cohesion Policy, the Ministry of Regional Development's Interregional Advisory Group for Future Cohesion Policy, and the Council for Economic and Social Development Work Team for Regional Development. The members of all of the above-specified platforms are primarily representatives from the individual ministries, the regions, towns, municipalities and other economic and social partners. In addition, the preparation of the priorities was discussed by the Ministry for Regional Development's Expert Advisory Group on Future Cohesion Policy (EPOS).

3.4 Conclusion

The approach taken by the Ministry for Regional Development with regard to the preparations for the future post-2013 programming period and for processing the national development priorities is presented using **various platforms**, which include the ministries, regional and municipal representatives and the representatives of various social and economic partners.

The Ministry for Regional Development's conceptual approach for creating the Ministry's development priorities is based on the needs of the Czech Republic and the existing EU documents. Taking into account the fact that the priorities of the EU 2020 Strategy and other relevant EU documents are thematically based and structured using a "top-down" approach, at the national level, the Ministry for Regional Development approaches its focus on future cohesion policy as a response to a wider range of needs at the level of the sectors, regions, towns and municipalities, which are based on their analytical and strategic documents (a "bottom-up" approach).

Currently, the most essential documents used at the national level as the starting point for defining the development priorities include the Competitiveness Strategy Framework (NERV), the Strategic Framework for the Czech Republic's Sustainable Development, the National Reform Programme, and various strategic and analytical documents prepared at the level of the sectors, regions, towns, and

municipalities. Whilst the proposals are being processed, the regular outputs and materials from the Midterm Evaluation of the NSRF Material and Financial implementation will also be taken into consideration as well as the Regional Development Strategies for 2014+ that are being prepared.

The preparation of future cohesion policy is also based on the new aspects defined at the EU level, with regard to territorial development, conditionality, the measurability of the effects of assistance, concentration on a smaller number of objectives, etc., which are used as the main starting points for defining the focus of national development priorities.

4. FOCUS AND LINKS BETWEEN NATIONAL POST-2013 COHESION POLICY DEVELOPMENT PRIORITIES

4.1 Increased Economic Competitiveness (within the Competitiveness chapter)

The growth of the Czech Republic's competitive strength at both the EU as well as the global level must be founded on the long-term sustainable strengthening of the business sector. The competitiveness of companies will be built on four basic pillars:

- support for business endeavours;
- support for promoting research, development and innovation;
- a functional labour market; and
- the development of education.

The instruments used thus far to provide support for business must be optimised, in order to ensure that they are defined to fit the needs of the entities that receive the support and assist them with using available resources effectively. Emphasis will also be placed on creating a quality business environment, including improvements to the infrastructures that are directly linked to enterprise. Support instruments will be modernised, by such means as the greater use of financial engineering instruments. A sufficiently qualified and flexible high-quality workforce is a requirement that goes hand in hand with the new concept of support for business.

This will be provided by a modern functional and flexible labour market, based on the demands in the business sector but also on the basis of the specific requirements of the public sector. Individuals who, for a variety of reasons, have been outside of the labour market will have access to it and the ability to return to it. More than ever in the past, the



key element for competitive strength will consist of an educated population, which is motivated and willing to expand their knowledge and skills through the lifelong learning process.



Education should reflect the regionally different requirements for the labour market in line with the applicable regional educational strategies. This applies, in particular, to primary and secondary education, which is fully within the competence of the regional players, but also to lifelong learning. Over the long-term, the competitiveness of companies must be driven by an increase in the use of research and development results and innovation in production and services.

Only the practical application of innovations resulting from basic research provides justification for the increasing costs for support research and development from public sources. In the case of research and development, the supply must be brought into balance with demand, to a point where the demand for innovations will be decisive and will lead to the truly effective use of the invested resources. A marked improvement must also be made with regard to the way the entire support system providing public funding for research and development is managed, in particular if the trend of increasing public expenditure in this area is maintained.

Competitiveness must be built on a quality infrastructure – and not only for business. The regional dimension cannot be overlooked and a well-functioning public administration system must be supported, i.e. the institutions at national, regional and local levels. The social dimension of business also cannot be left out of the scope of interest. On the one hand, this dimension creates sources that support integration; on the other, both the business as well as the public sectors should be capable of offering a corresponding

level of opportunity to disadvantaged individuals through the labour market.

4.2 Development of Basic/Backbone Infrastructure (within the Infrastructure chapter)

The completion and modernisation of high-quality backbone infrastructures is a necessary prerequisite for strengthening the competitiveness not only of the Czech Republic as a whole but also that of the individual regions, towns and municipalities. Well-designed and developed infrastructures in the transport, energy, IT and communications sectors will make it possible to increase the standard of the services that are provided using these infrastructures and to make them more accessible to the general population and the entrepreneurial sphere. Infrastructure also plays a key role in providing a corresponding level of education.

At the local level, it is a necessary prerequisite for the desirable integration of disadvantaged population groups. Institutions at all levels should ensure that the resources invested for developing infrastructure are used as effectively as possible and that they limit the operating costs associated with infrastructure, which should not turn into a burden for its owner.

4.3 Increased Quality and Effectiveness of Public Administration (within the Institutions chapter)

Several international comparisons have identified a significant decline in the quality of the way institutions function as a major obstacle to strengthening the economic strength of the Czech Republic and its regions. An evaluation of the use of European subsidies before and after accession to the EU reached similar findings. At the national, regional and local levels, it is necessary to promote the effectively and transparently functioning institutions of a legal state, to implement contemporary management and decision making methods, and to support an increase in effectiveness (both internally as well as in relation to the citizenry), e.g. through the targeted and effective implementation of information and communication technologies.

In particular, when it comes to support received from European funds, it is critical to simplify, clarify and improve the effectiveness overall of the methods used to provide aid. Only then will there be a solid institutional base for the Czech economy's competitiveness. Quality institutions will have a positive impact on the individual elements of the



Main topic

competitiveness of the business sector and, at the same time, will facilitate a smoother process for developing the required infrastructure and the easier integration of disadvantaged groups. In addition, the improved functionality of institutions at all levels will contribute to the more balanced development of regions founded on the appropriate use of growth potential.

4.4 Support for social integration, for the battle against poverty and for the public healthcare system (within the Integration chapter)

The issues associated with the integration of disadvantaged groups and decreasing and eliminating poverty are inseparable components of the implementation of cohesion policy and are based on the essence of the policy's objective. This might appear to be contrary to the support provided for the competitiveness of companies, but this is not the case. Through providing support for the integration of disadvantaged groups and facilitating their entry or return to the labour market, an unutilised resource is activated for the business and public sectors. By being able to participate in the labour market, marginalised groups can find their own way out of the trap of poverty, which, in the majority of cases, would not otherwise be possible without any external (and financial) activation.

Quality education, in this case reflecting not only the requirements of the market, but also the causes of the disadvantages, must be considered as the primary means that will enable a return to the labour market and, in the more general sense, to society as a whole. The use of innovations and research and development results for the benefit of disadvantaged groups of citizens will lead to the much more frequent integration (as opposed to only a few exceptional cases) of these groups in research and development and their involvement in innovation. The development and modernisation of an infrastructure that will support the integration of excluded and disadvantaged groups, specifically in those areas where the integration process is limited specifically due to the lack of the appropriate infrastructure, will contribute to the meaningful inclusion of these groups in the economic and social structures.

Those institutions responsible for working with disadvantaged groups should also increase their functionality. In addition, all institutions should be adapted for providing services to disadvantaged and vulnerable groups, with regard both to material equipment as well as to the approach they take to specific disadvantaged

individuals. The conditions for integration and the long-term meaningful inclusion in social life must be established in specific locations with the assistance of regional and municipal institutions and, of course, take into consideration local specifics, needs and possibilities.

4.5 Integrated Territorial Development

The regional dimension for supporting the Czech Republic's competitive strengths is significant in many respects. Through appropriately defining the contents and forms of intervention for the benefit of companies and the business environment, it will be possible to make use of the different competitive advantages that exist within the individual regions of the Czech Republic, whereby the positive effects, attained at different levels and through various means, will become apparent in all of the country's regions. In order to optimise support and to define the best parameters according to the needs of individual regions and specific locations, the cooperation of state, regional and local institutions is critical. In addition to the support they provide to regional companies, the role of the regional players will also be significant in other areas falling within the competence of the regional authorities.

The regional institutions should also create the conditions required for developing a qualified workforce, in particular through ensuring the appropriate conditions for education, which reflect the needs of regional companies and the public sector. They should communicate with economic and social partners when defining the visions for their region's development. For this specific reason, it is of the utmost importance that the institutional capacity be increased at the level of the regions, towns and municipalities, just as is the case at the national level.

4.6 Final Conclusion

The proposed priorities and strategic themes presented above represent the main starting point for identifying the future development priorities for cohesion policy and emphasise the links that exist between them. This is the result of applying a strategic programming perspective and, for this reason, the structure does not in any way anticipate the future structure of the implementation instruments – the operational programmes. It also applies that the successful fulfilment of a specific priority must be ensured through one or more operational programmes, however, this does not exclude the possibility that one operational programme might be used to realise the objectives of more than one priority. Not even the existence of a specific priority depends anticipates the creation of a corresponding operational programme.



The statistical window in a tabular form shows important macroeconomic indicators from all member states and the EU as a whole. It includes economic performance indicators (per capita GDP as compared to the EU average, GDP growth, unemployment rate), external economic stability indicators (current account to GDP), fiscal stability indicators (public budget to GDP, public debt to GDP), and pricing indicators (annual inflation based on HICP, base price level).

Key macroeconomic indicators

in %	GDP growth y-on-y			Current account to GDP*			Unemployment rate			Inflation y-on-y average		
	2008	2009	2010	2007	2008	2009	III-11	IV-11	V-11	III-11	IV-11	V-11
Belgium	1.0	-2.8	2.2	2.2	-2.9	0.5	7.1	7.2	7.3	3.5	3.3	3.1
Bulgaria	6.2	-5.5	0.2	-26.8	-24.0	-9.4	11.1	11.1	11.2	4.6	3.3	3.4
CR	2.5	-4.1	2.3	-3.2	-0.7	-1.1	6.7	6.6	6.5	1.9	1.6	2.0
Denmark	-1.1	-5.2	2.1	1.5	2.2	4.0	7.6	7.3	7.4	2.5	2.8	3.1
Germany	1.0	-4.7	3.6	7.6	6.7	4.9	6.2	6.1	6.0	2.3	2.7	2.4
Estonia	-5.1	-13.9	3.1	-17.8	-9.4	4.6	13.8	n/a	n/a	5.1	5.4	5.5
Ireland	-3.5	-7.6	-1.0	-5.3	-5.2	-2.9	14.1	14.0	14.0	1.2	1.5	1.2
Greece	1.0	-2.0	-4.5	-14.4	-14.6	-11.2	15.0	n/a	n/a	4.3	3.7	3.1
Spain	0.9	-3.7	-0.1	-10.0	-9.7	-5.4	20.7	20.7	20.9	3.3	3.5	3.4
France	-0.1	-2.7	1.5	-1.0	-2.3	-2.2	9.6	9.6	9.5	2.2	2.2	2.2
Italy	-1.3	-5.2	1.3	-2.4	-3.4	-3.2	8.2	8.0	8.1	2.8	2.9	3.0
Cyprus	3.6	-1.7	1.0	-11.7	-17.5	-8.3	6.9	7.2	7.4	3.2	3.5	4.1
Latvia	-4.2	-18.0	-0.3	-22.3	-13.0	9.4	16.2	n/a	n/a	4.1	4.3	4.8
Lithuania	2.9	-14.7	1.3	-14.5	-11.9	3.8	16.3	n/a	n/a	3.7	4.4	5.0
Luxembourg	1.4	-3.6	3.5	9.7	5.3	5.6	4.3	4.3	4.5	4.0	4.0	3.8
Hungary	0.8	-6.7	1.2	-6.6	-7.0	0.2	10.6	10.3	10.0	4.6	4.4	3.9
Malta	5.3	-3.4	3.7	-6.1	-5.6	-3.9	6.2	6.2	6.2	2.8	2.4	2.5
Netherlands	1.9	-3.9	1.8	8.7	4.8	5.4	4.2	4.2	4.2	2.0	2.2	2.4
Austria	2.2	-3.9	2.0	3.6	n/a	n/a	4.4	4.2	4.3	3.3	3.7	3.7
Poland	5.1	1.7	3.8	-4.7	-5.1	-1.6	9.2	9.2	9.2	4.0	4.1	4.3
Portugal	0.0	-2.5	1.3	-9.4	-12.0	-10.3	12.4	12.4	12.4	3.9	4.0	3.7
Romania	7.3	-7.1	-1.3	-13.4	-11.6	-4.5	7.0	n/a	n/a	8.0	8.4	8.5
Slovenia	3.7	-8.1	1.2	-4.8	-6.2	-1.0	8.2	8.3	8.3	2.4	2.0	2.4
Slovakia	5.8	-4.8	4.0	-5.7	-6.6	-3.2	13.4	13.4	13.3	3.8	3.9	4.2
Finland	0.9	-8.2	3.1	4.3	3.1	1.3	8.0	7.9	7.8	3.5	3.4	3.4
Sweden	-0.6	-5.3	5.7	8.4	9.5	7.3	7.7	7.5	7.7	1.4	1.8	1.7
UK	-0.1	-4.9	1.3	-2.7	-1.5	-1.3	7.6	n/a	n/a	4.0	4.5	4.5
EU	0.5	-4.2	1.8	-1.0	-1.9	-1.1	9.4	9.3	9.3	3.1	3.3	3.2

in %	Public budget to GDP*			Public debt to GDP			GDP per capita to Ø EU			Price level to Ø EU		
	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

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