



# EU News

## Monthly Journal

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Dear Readers,

The month of August provided a period of time that could be used for absorbing the last of July's messages, as well as those from a slightly earlier date, which have accompanied the daily events revolving around the economic situation in the EU and the eurozone. The economic systems, markets and investors all had time to adapt to the new circumstances that have arisen in relation to the development of the European economy and to familiarise themselves with and evaluate the rules and instruments that should serve not only to support the economy's return to a corrected state but also to create preventive mechanisms and strengthen the discipline, which will not allow countries to get into such deep problems so easily and without the resistance of the most important players and investors on the market.

In addition, over the course of the summer months, the tension on the financial markets increased, accompanied by significant volatility and even turbulence in some areas. The issues associated with the debt problems in the EU and even more serious fears with regard to a possible economic slowdown did not in any way contribute anything positive.

Given the existing economic and fiscal situation, the European economy can only be saved by far-reaching and drastic structural reforms, which will radically change the direction of the economy's rudder and direct it along significantly more disciplined and sustainable development trajectories. Let us remind ourselves that, within the framework of the European semester process that has just begun, each of the member states has received a set of specifically prepared recommendations, which it should tackle in the coming period and transform into real economic and political measures. These structural measures are concerned with improving the functionality of the single market, primarily with regard to services, energy and intellectual property rights. They also address tax and social security systems that promote the growth that creates employment. We are also speaking of reforms to the labour markets and pension systems, investment in knowledge and innovation, not to mention a significant simplification of the regulatory environment for the entrepreneurial sphere and stimulating its further development.

The solution to the amassed problems is gradually becoming organised and is starting to consist of more standard steps and not so much those of an improvisational or experimental nature. Nevertheless, a complete specific concept of what the term "European economic government" means has not yet been fully defined and many players imagine it to be something different. This is yet another reason why the most varied attempts, which might even have a rational foundation, such as a tax on financial transaction, a Union-level minister of finance and a common fiscal policy and the issuance of Eurobonds are not being wholeheartedly welcomed. The events of the coming months and possibly even years will be decisive in determining whether they are applied or refused.

Petr Zahradník

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A Eurobarometer public opinion survey conducted amongst the citizens of the European Union has revealed that 46% believe that the EU's development is on the right track. The traditional driving forces of European integration – the leading representatives of Germany and France – have agreed to create an economic government of the eurozone and implement other radical measures. The issuance of a European bond is not amongst them.

## POLITICS

### Europeans want to see closer cooperation within the EU

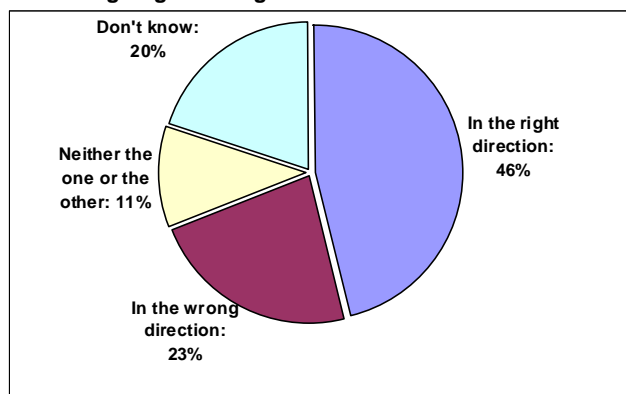
A European public opinion survey was performed with the aim of determining **the opinion of respondents across the EU-27** with regard to the level of cooperation that exists between the national governments and the Union's institutions in several areas, specifically: economic policy throughout the entire Union and in the eurozone, the supervision of large banks and financial institutions and the supervision of financial services.

In all of the aforementioned areas, the majority of the respondents (over 70% in all cases) replied that they believe that **closer cooperation would be a more effective solution**.

If we look at the results of the Eurobarometer surveys that have been carried out with regard to this topic since 2009, we will see that the number of respondents holding this opinion is consistently on the rise. Whilst in the spring of 2009, 71% of the respondents believed that a more close-knit coordination of economic policy would be the best remedy against the crisis, this year this percentage has reached 79%.

The survey, which is performed on a biannual basis, also revealed that many Europeans (43%) think that **the peak of the economic crisis**, which impacted primarily the labour markets, **is behind us**.

#### Is the EU going in the right direction?



Source: European Commission, Eurobarometer

On the other hand, in the countries that were forced to request international assistance as a result of the debt crisis, the mood is much more negative. In Greece, **78% of the respondents believe that the worst is yet to come**.

The same fears are shared by 80% of the Portuguese respondents.

As compared to last spring, when 16% of the respondents to the survey believed in the ability of the Union's institutions and the national politicians **to lead Europe out of the crisis**, only 7% are currently convinced of this fact.

As far as **the European Union and European integration** overall are concerned, the pollsters found that 46% of the respondents believe **that the right path has been taken** and 23% believe the situation is exactly the opposite; 11% of the respondents are not sure and 20% have no opinion on this issue.

The results of the public opinion survey are surprising in this respect, in particular in the area that believes that closer integration will resolve the problems the EU is currently facing. From this perspective, the most **"pro-European" respondents were found in Cyprus, Slovakia, Belgium and Spain**.

[http://ec.europa.eu/public\\_opinion/archives/eb/eb75/eb75\\_en.pdf](http://ec.europa.eu/public_opinion/archives/eb/eb75/eb75_en.pdf)

## ECONOMY AND EURO

### Sarkozy and Merkel want an economic government

During a meeting in Brussels, the highest representatives of the two strongest eurozone economies – France and Germany – once again tried to send out a signal to the financial markets that they are **prepared to fight in order to rebuild confidence in the common currency**. The meeting took place after the value of international stocks fell by four billion dollars and the European regulators were forced to react by placing a temporary ban on short sales.

France and Germany **proposed a collective economic government for the eurozone**, the incorporation of balanced budget principles in the constitutions of the member states and a tax on financial transactions. Both state leaders refused the concept of common bonds and an increase to the eurozone's rescue funds (ESFS and ESM).

Sarkozy and Merkel declared that their intention is to create a "Eurozone Economic Government". Regular summits would be held twice a year and would be presided over by the President of the European Council, a post currently held by Herman Van Rompuy, who France would like to see as the head of the economic

government. The states of the seventeen-member eurozone would use these summits to **resolve issues associated with the coordination of their economic policies.**

The agreement reached by both the statespersons also **counts on the gradual harmonisation of corporate income tax**, which is a measure that has long been promoted by France, for whom the low corporate tax rate in Ireland is a thorn in the side. A tax on financial transactions would contribute towards increasing state budgets and could also become a new source of income for the EU budget.

As far as the actual contents of the plan are concerned, Sarkozy explained that, according to the agreement he and the Chancellor have prepared, all eurozone member states should be required to incorporate **a debt brake** in their national constitutions.

In any case, the **markets have not expressed much enthusiasm for this new joint German-French plan.** The stock markets actually weakened further in reaction to the declaration.

The proposed measures of the two statespersons contain some positive elements (**the principle of a debt brake and balanced budgets**) in addition to some unclearly defined measures (an economic government) and some steps that are of a controversial nature (a harmonised corporate income tax rate). We must however wait and see what they can actually implement in practice.

<http://www.elysee.fr/president/mediatheque/videos/2011/aout/zone-euro-conference-de-presse-franco-allemande.11868.html>

## BUDGET

### Commission preparing special conference on the EU budget

The Commission will organise a **special high-level conference** on the future seven-year European budget, which will govern the European cashbox after 2013. This conference will take place on 20-21 October in Brussels. The announcement was made by European Commission President José Manuel Barroso after his meeting with Polish Prime Minister Donald Tusk.

Both the President of the European Commission as well as the Polish Prime Minister, whose country is presiding over the Council of the EU during this half of the year, are well-known supporters of a strong European budget. In the case of Poland, this position is supported by the fact that this country is **the greatest beneficiary of subsidies from the cohesion policy budget** as expressed in absolute terms.

Discussions on the multiannual budget have traditionally been **the most tense and the longest in the EU.** They also set against each other those who are net contributors and those who enjoy the benefits of the provided funds. The crisis in the eurozone and the threat of yet another downturn in the European economy will obviously not help to calm passions. For this reason, Brussels does not expect the discussions to be concluded any earlier than the end of 2012.

According to Barroso, now is the time for the negotiators to express their belief in the "European spirit". He declared that the meetings should take place "not as discussions for Brussels, but for the budget for the whole of Europe: how

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

COMMITMENT APPROPRIATIONS	2014	2015	2016	2017	2018	2019	2020	Total 2014-20
<b>1. Smart and Inclusive Growth</b>	<b>64.696</b>	<b>66.580</b>	<b>68.133</b>	<b>69.956</b>	<b>71.596</b>	<b>73.768</b>	<b>76.179</b>	<b>490.908</b>
<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>
<b>2. Sustainable Growth: Natural Resources</b>	<b>57.386</b>	<b>56.527</b>	<b>55.702</b>	<b>54.861</b>	<b>53.837</b>	<b>52.829</b>	<b>51.784</b>	<b>382.927</b>
<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>
<b>3. Security and citizenship</b>	<b>2.532</b>	<b>2.571</b>	<b>2.609</b>	<b>2.648</b>	<b>2.687</b>	<b>2.726</b>	<b>2.763</b>	<b>18.535</b>
<b>4. Global Europe</b>	<b>9.400</b>	<b>9.645</b>	<b>9.845</b>	<b>9.960</b>	<b>10.150</b>	<b>10.380</b>	<b>10.620</b>	<b>70.000</b>
<b>5. Administration</b>	<b>8.542</b>	<b>8.679</b>	<b>8.796</b>	<b>8.943</b>	<b>9.073</b>	<b>9.225</b>	<b>9.371</b>	<b>62.629</b>
<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>
<b>TOTAL COMMITMENT APPROPRIATIONS</b>	<b>142.556</b>	<b>144.002</b>	<b>145.085</b>	<b>146.368</b>	<b>147.344</b>	<b>148.928</b>	<b>150.718</b>	<b>1.025.000</b>
<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>
<b>TOTAL PAYMENT APPROPRIATIONS</b>	<b>133.851</b>	<b>141.278</b>	<b>135.516</b>	<b>138.396</b>	<b>142.247</b>	<b>142.916</b>	<b>137.994</b>	<b>972.198</b>
<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

In the continuing war of the technical giants Apple and Samsung with Google following close behind, a Dutch court ruled in favour of the iPhone manufacturer. A study performed by the European Wind Energy Association estimates that the share of wind energy used in relation to the Union's total energy consumption in 2050 could be as high as 50%. The Czech government approved the priority areas for subsidies from the EU's funds for the post-2013 period.

we can with European tools **help growth in Europe** – this is the basic line.”

The Polish Prime Minister stated that the task that the Polish presidency now has to undertake is to find a “**positively-thinking majority**”, which will move the negotiations forward during the next phases of the discussion.

The main organisers for the conference will be **the Commission and the European Parliament**, with the position of co-organiser assumed by the Polish presidency.

The conference will be the next important contribution to a very heated debate, which will most likely take place over the entire next eighteen months. We **can expect the final version** of the budget to be approved by the Council of the EU and European Parliament no earlier than **at the start of 2013**.

[http://europa.eu/rapid/pressReleasesAction.do?reference=S\\_PEECH/11/544](http://europa.eu/rapid/pressReleasesAction.do?reference=S_PEECH/11/544)

## ENTERPRISE

### War of the giants: Samsung phones cannot be sold in the EU

The war between Apple and Samsung/Google has reached another stage. The Dutch court in The Hague paid heed to the complaint lodged by Apple stating that the Smartphone manufactured by the Korean manufacturer Samsung, which uses Google's Android operating system, **infringes on the patent rights for photo management**. In a preliminary ruling, the judges issued an injunction banning the sale of these mobile phones (specifically the Galaxy S, S II and Ace models) in the territory of the European Union member states.

As the patent that is involved (EP 2 058 868) expired in the Czech Republic at the end of May, the Czech fans of Samsung telephones do not have to worry – the ban, which will enter into force in the other EU member states in mid-October **will not apply in this country**.

The ban on sales will not enter into effect for another several weeks, thus giving **Samsung sufficient times for further negotiations**. In addition, the court in the Netherlands ruled against the other reasons set forth by Apple for banning sales. These include an alleged similarity in the design of the phone, which plays a key role in yet another dispute between the two giants – a dispute regarding tablets.

Just recently, a German court issued preliminary measures **banning the sale of Samsung's Galaxy Tabu** due to its striking similarity to Apple's iPad (almost a copy). In the end,

the justices retracted their decision as it came to light that Apple had modified the appearance of their competitor's product in the evidentiary materials it submitted.

To be honest, we do not quite understand this dispute and nothing else remains but to believe in the independence of the Dutch court authorities. Nevertheless we still continue to claim that this is just one of the battles underway in the ongoing **war on the global mobile phone market**, in which the two strongest platforms are facing off against each other: the first the Apple platform based on the genius talents of Steve Jobs and the second based on the Android system, which belongs to the ever-expanding Google.

<http://jure.nl/br5755>

## ENERGY AND TRANSPORT

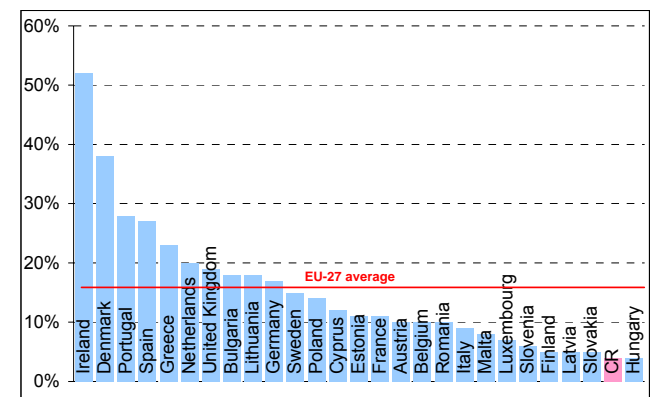
### In 2050, one half of the EU's energy could be wind-generated

Currently, energy produced by wind farms accounts for 5.3% of the EU's demand for electricity. The latest studies published by the European Wind Energy Association (EWEA) claim that **this number might triple by 2020** – in the best case scenario, up to a level of 18.4%.

The authors of the document do concede that it will more likely be at approximately 15.4%. Even this lower number corresponds to the European Commission's premise, which is based on a study that was prepared in 2009 by the experts at the National Technical University in Athens, who **came up with a figure of 14.2%**.

The newest study however differs in its claim that wind energy could attain a 28.5% share of the energy market by 2030 and **that this share could be as high as 50% in 2050**.

### Wind power capacity by EU Member States (% of the country's electricity demand by 2020)



Source: The European Wind Energy Association

According to Justin Wilkes, one of the EWEA directors, this will come to be thanks to the investments made in **onshore and offshore wind farms**, which will reach an amount of up to EUR 194 billion. Investments in transport channels, which will make it possible to move large quantities of the energy from the wind farms where it is produced to the locations where it is used, will also be of key importance. It is also necessary for the EU to establish a single market for electricity.

If all of this truly happens, the European Union **would be producing 34% of its energy** from renewable sources by 2020, thus meeting one of the objectives it defined in its climate and energy package that was approved in 2008.

The main burden lies with the legislators. At the current time, the European Commission is finishing up its long-term energy strategy for the period ending in 2050. This presents the perfect opportunity to define clear goals for renewable energy sources after 2020.



The developments in renewable energy sources are continuously moving forward. Investors in this specific area need a clear strategy in order to know what sort of investment environment and the type of support they can expect over the long-term. Nevertheless, it is necessary to avoid making bad decisions, such as the one that was made with regard to supporting photovoltaic energy in the Czech Republic, **which is a textbook example of how things should not be done.**

[http://www.ewea.org/index.php?id=60&no\\_cache=1&tx\\_ttnews\[tt\\_news\]=1913&tx\\_ttnews\[backPid\]=1&cHash=e730e0cda22ba66ec7e694c6edb8bdf](http://www.ewea.org/index.php?id=60&no_cache=1&tx_ttnews[tt_news]=1913&tx_ttnews[backPid]=1&cHash=e730e0cda22ba66ec7e694c6edb8bdf)

## REGIONAL POLICY

### Nečas's cabinet gives its blessing to the future focus of cohesion policy in the CR

At one of its recent sessions, the coalition government led by Petr Nečas gave the green light to the priorities for which the Czech Republic would like to use resources from the European funds during the next programming period (2014-2020). This session approved the document entitled **“Comprehensive proposal for the future focus of cohesion policy in the EU after 2013** under the conditions in the Czech Republic”, which also includes the national development priorities for the use of European funds in the post-2013 period.

The resources will be primarily targeted at improving the quality and effectiveness of public administration, supporting social integration and **integrated territorial development**.

The priorities were defined within **the framework of discussions organised by the Ministry for Regional Development** with representatives from other ministries, the regions, cities and municipalities, various economic and social factors, and a number of other experts. They include:

- increased economic competitiveness,
- the development of the backbone infrastructure;
- the improved quality and effectiveness of public administration;
- support for social integration, the fight against poverty, and a personal health care system; and
- integrated territorial development.

The actual volume of financial resources in the EU funds will develop according to the final form taken on by the Union's seven-year budget for the post-2013 period. “We would like to see a prudent budget, but it **should include sufficient resources for cohesion policy**,” quoted the media after the end of the meeting of the government headed by Prime Minister Petr Nečas.

The last several issues of our EU News Monthly Journal (specifically the July and August issues) provided detailed information on the future priorities for cohesion policy in the Czech Republic. The specific areas of intervention for the future programming period of 2014 to 2020 will be based on the aforementioned priorities and **will be defined in more detail within the framework of the negotiations with the European Commission.**

<http://www.vlada.cz/cz/media-centrum/tiskove-zpravy/vysledky-jednani-vlady--31--srpna-2011-86964/>



The European Commission has provided a partial answer with regard to the question of to whom 2013 will be dedicated in the European Union when it proposed that it be the “European Year of the Citizen”. An interesting report published by the European Eureka initiative provides information on the gradual expansion of the use of electronic identification documents in the European Union. The countries that will implement an electronic ID in the near future include the Czech Republic.

#### 1 AUGUST

Agriculture and Rural Development: Increase of the support to the vegetables sector after the E-Coli crisis: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/938>

Statement by the High Representative Catherine Ashton on the situation in Syria: [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/EN/foraff/124095.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/124095.pdf)

#### 2 AUGUST

Increasing co-financing rates for EU funds - boosting European economic recovery: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1061>

#### 3 AUGUST

€7 billion boost for research and innovation will create jobs and growth: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/900>

Commission facilitates deployment of car radar systems to boost road safety of pedestrians: [http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item\\_id=5335](http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=5335)

#### 4 AUGUST

EU Globalisation Fund pays €30 million to help 4 609 redundant workers in Belgium and Denmark: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1062>

Montenegro: EUR 5 million grant from the European Union for water and sanitation projects: <http://www.eib.org/projects/news/montenegro-eur-5-million-grant-from-the-european-union-for-water-and-sanitation-projects.htm>

The intermediary banks and financing institutions for credit lines: <http://www.eib.org/about/news/the-intermediary-banks-and-financing-institutions-for-credit-lines.htm>

#### 5 AUGUST

European Commission: Three agricultural product names registered: [http://ec.europa.eu/agriculture/newsroom/51\\_en.htm](http://ec.europa.eu/agriculture/newsroom/51_en.htm)

#### 8 AUGUST

EU: Security first in Europe: [http://ec.europa.eu/enterprise/magazine/articles/industrial-policy/article\\_11010\\_en.htm](http://ec.europa.eu/enterprise/magazine/articles/industrial-policy/article_11010_en.htm)

Maintenance and work-related road safety: <http://osha.europa.eu/en/teaser/maintenance-work-related-road-safety>

EU External Borders Fund to allocate €370 million to Member States in 2012: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/953>

#### 9 AUGUST

Somalia: European Commission to invest extra €175 million in governance, education and food security: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/951>

The EU to award three women innovators: [http://ec.europa.eu/dgs/jrc/index.cfm?id=1410&obj\\_id=13760&dt\\_code=NWS&lang=en](http://ec.europa.eu/dgs/jrc/index.cfm?id=1410&obj_id=13760&dt_code=NWS&lang=en)

#### 10 AUGUST

European researchers driving road safety: [http://ec.europa.eu/research/headlines/news/article\\_11\\_08\\_08\\_en.html](http://ec.europa.eu/research/headlines/news/article_11_08_08_en.html)

Country reports on the Action Plan on Adult Learning: <http://www.cedefop.europa.eu/EN/news/18617.aspx>

#### 11 AUGUST

Eurostat: Carbon dioxide emissions from final use: [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Carbon\\_dioxide\\_emissions\\_from\\_final\\_use](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Carbon_dioxide_emissions_from_final_use)

Eurostat: Greenhouse gas emissions from waste disposal: [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Greenhouse\\_gas\\_emissions\\_from\\_waste\\_disposal](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Greenhouse_gas_emissions_from_waste_disposal)

#### 12 AUGUST

European Commission proposes to make 2013 the "European Year of Citizens": <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/959>

The Commission accepts that Spain can temporarily restrict the free movement of Romanian workers: <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1063>

JRC scientists win a Data Fusion Contest: [http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj\\_id=667&dt\\_code=HLN&lang=en](http://ec.europa.eu/dgs/jrc/index.cfm?id=2820&obj_id=667&dt_code=HLN&lang=en)

#### 15 AUGUST

European citizens making more requests for Commission documents than ever before: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/962>

#### 16 AUGUST

The European Commission proposes a new Regulation for the sustainable management of Baltic salmon: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/11/961>





# Diary

## 17 AUGUST

Syria: violence as a communications strategy:  
<http://www.iss.europa.eu/publications/detail/article/syria-violence-as-a-communications-strategy/>

Council Recommendation of 28 June 2011 "Youth on the move" - promoting the learning mobility of young people:  
<http://www.cedefop.europa.eu/EN/news/18628.aspx>

## 18 AUGUST

€1.4 million from EU Globalisation Fund to help 680 workers in Portugal's shoe industry:  
<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1064>

## 19 AUGUST

EU in the World: Humanitarian Aid: World Humanitarian Day: Honouring the people helping:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=P/11/970>

## 22 AUGUST

EU strikes hard at paedophiles:  
<http://www.consilium.europa.eu/homepage/showfocus.aspx?lang=en&focusID=76204>

Green Paper Modernising the Professional Qualifications Directive:  
<http://www.cedefop.europa.eu/EN/news/18643.aspx>

EU Globalisation Fund support for workers increases three-fold in 2010 to over € 83 million:  
<http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1066>

## 23 AUGUST

Tunisia: European support of €110 million for economic recovery:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=P/11/974>

## 24 AUGUST

Business and Consumer Surveys: Economic sentiment drops in both the EU and the euro area:  
[http://ec.europa.eu/economy\\_finance/db\\_indicators/surveys/index\\_en.htm](http://ec.europa.eu/economy_finance/db_indicators/surveys/index_en.htm)

## 25 AUGUST

Electronic ID becoming a reality in the EU:  
[http://ec.europa.eu/research/headlines/news/article\\_11\\_08\\_24\\_en.html](http://ec.europa.eu/research/headlines/news/article_11_08_24_en.html)

## 26 AUGUST

Free movement: Determined Commission action has helped resolve 90% of open free movement cases:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=P/11/981>

Companies need more flexibility if they are to thrive and survive, says EESC: [http://www.eesc.europa.eu/?i=portal.en\\_press-releases.19609](http://www.eesc.europa.eu/?i=portal.en_press-releases.19609)

## 29 AUGUST

Civil Protection Mechanism activated for forest fires in Greece & Albania:  
[http://ec.europa.eu/echo/news/2011/20110826\\_en.htm](http://ec.europa.eu/echo/news/2011/20110826_en.htm)

## 30 AUGUST

Eurozone special meeting: Time to pull together to defy the crisis: <http://www.europarl.europa.eu/en/pressroom/content/20110829IPR25426/html/Eurozone-special-meeting-Time-to-pull-together-to-defy-the-crisis>

## 31 AUGUST

Online shopping in EU doubled over past 5 years:  
<http://www.europarl.europa.eu/en/headlines/content/20110826STO25369/html/Online-shopping-in-EU-doubled-over-past-5-years>

### Internet purchases by individuals 2010

Denmark	68%	Poland	29%
Netherlands	67%	<b>CR</b>	<b>27%</b>
UK	67%	Slovenia	27%
Sweden	66%	Spain	24%
Luxembourg	60%	Cyprus	18%
Germany	59%	Hungary	18%
Finland	59%	Estonia	17%
France	56%	Latvia	17%
Austria	42%	Italy	15%
<b>EU-27</b>	<b>40%</b>	Portugal	15%
Belgium	38%	Greece	12%
Malta	38%	Lithuania	11%
Ireland	36%	Bulgaria	5%
Slovakia	33%	Romania	4%

Source: European Parliament, 2010

Digital Agenda: EU funded project aims to make self-service terminals more accessible for all:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=P/11/992>



Following the holiday month of August, the merry-go-round of the meetings and sessions of the most important European Union institutions is once again picking up full speed. An informal session of the ministers of transport from the member states will discuss off-budget-sheet methods for financing the construction of transport infrastructure with special emphasis placed on public-private partnership (PPP) projects.

## Meeting of the key EU institutions

**2 – 3 Sep 2011 Sopot, Poland**

- Informal Meeting of EU Foreign Ministers

**5 – 6 Sep 2011 Sopot, Poland**

- Informal Meeting of the EU Transport Ministers

**9 Sep 2011 Wroclaw, Poland**

- Informal Meeting of Ministers for Culture and Audiovisual Affairs

**11 – 13 Sep 2011 Wroclaw, Poland**

- Informal Agriculture and Fisheries Council (AGRIFISH)

**12 Sep 2011 Brussels, Belgium**

- General Affairs Council (GAC)

**12 Sep 2011 Brussels, Belgium**

- Foreign Affairs Council

**12 – 15 Sep 2011 Strasbourg, France**

- EP Plenary Session

**16 – 17 Sep 2011 Wroclaw, Poland**

- Informal Economic and Financial Affairs Council - ECOFIN

**19 – 20 Sep 2011 Wroclaw, Poland**

- Informal Transport, Telecommunications and Energy Council Meeting - Energy (TTE)

**19 – 20 Sep 2011 Brussels, Belgium**

- Agriculture and Fisheries Council

**22 – 23 Sep 2011 Brussels, Belgium**

- Justice and Home Affairs Council JHA

**22 – 23 Sep 2011 Wroclaw, Poland**

- Informal Meeting of EU Defence Ministers

**26 Sep 2011 Brussels, Belgium**

- Foreign Affairs Council Meeting (Trade)

**29 – 30 Sep 2011 Brussels, Belgium**

- Competitiveness Council (COMPET)

**29 – 30 Sep 2011 Warsaw, Poland**

- Eastern Partnership Summit

The recent period during which the principles and conditions for economic competitiveness were being defined introduced a new important element. Competitive factors closely follow the level to which the principles of equal opportunity are taken into account to achieve sustainable economic performance. In general, these are considered to include equal opportunities for men and women whilst respecting the rules of gender policy, but they are more on more often taking on a much broader variety of forms.



## EQUAL OPPORTUNITY, COMPETITIVENESS, THE LABOUR MARKET, AND EDUCATION

### EQUAL OPPORTUNITY FROM THE PERSPECTIVE OF EDUCATION AND THE QUALITY OF EDUCATION

The educational potential of the population and their ability to adapt and to learn new skills and acquire fresh knowledge is primarily associated with the competencies and tendencies acquired at an early age, i.e. over the course of their primary school education and, according to the most recent studies, during their pre-school education years as well. The accessibility and quality of pre-school education is the cornerstone of all educational systems. The key role of secondary education then builds on the primary education that has been received. Firstly, it prepares students for entering the labour market, specifically in a situation when the structure of the demand for labour is undergoing significant changes. Secondly, it provides students with a sufficient level of motivation, skills and knowledge to continue with their studies.

**Regions from the perspective of educational structure** (individuals over the age of 15; development between 2007 and 2009; expressed in %)

Region	Max. primary education	Secondary education	Tertiary education
Praha	2007: 11,8	2007: 65,4	2007: 22,7
	2008: 11,4	2008: 63,1	2008: 25,5
	2009: 10,7	2009: 63,5	2009: 25,8
Karlovy Vary	2007: 22,8	2007: 70,1	2007: 7,0
	2008: 23,9	2008: 69,8	2008: 6,3
	2009: 24,8	2009: 66,9	2009: 8,3

*Source: Czech Statistical Office; regions with the most positive and the most critical situations from the perspective of educational structure*

Within the context of competitive strength, the level of education attained by the population is of key importance. There is a high correlation between the current development in educational level and future economic maturity. Nevertheless, there are significant differences in the educational structures that exist in the individual regions of the Czech Republic (refer to the table). A positive example of educational development can be seen in Prague, where the high educational level attained by the population is clearly accompanied by a high level of

economic prosperity (it is the sixth richest region in the entire EU). At the other end of the spectrum, a potentially problematic situation is developing in the Karlovy Vary Region, where the educational level has been decreasing over the long-term and, in particular, the proportion of the population with either only a basic education or without an education is at a level of almost twenty-five percent. This situation represents a great risk for the region's future competitive strength.

### Equal opportunity, education and the Europe 2020 Strategy

In relation to the current situation, the basic strategic doctrine for the EU's competitive strength as contained in the Europe 2020 Strategy defines the following objectives, which can also be interpreted from the perspective of equal opportunity:

- to decrease the percentage of individuals who leave the educational system prematurely to 10% (i.e. the number of individuals with only a basic education or lower, who do not continue with studies);
- to increase the participation of children 4 years of age and older in pre-school education to 95%; and
- to decrease the proportion of children who, at the age of 15, have inadequate reading, mathematical and natural science literacy to a level of 15%.

Within the conditions that exist in the Czech Republic, the second two of the three above-specified goals are of greater importance.

The level of participation in pre-school education in the Czech Republic has traditionally been high, however with the increase in the number of children born in 2000 and later, there is insufficient physical and personnel capacity to allow the maximum participation of children in pre-school education. As specified in the Czech Republic's National Reform Programme for 2011, it is necessary to focus primarily on increasing the number of financially accessible and quality institutions for pre-school education and to make pre-school education accessible to socially or culturally excluded children.

Apparently the most urgent area that the Czech Republic needs to resolve within the context of realising the objectives defined in the Europe 2020 Strategy is to



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address the inadequate – and decreasing – level of abilities on the part of Czech pupils.

The first of the specified objectives does not currently present a problem in the majority of the Czech Republic's regions, with the exception of the Karlovy Vary Region and the Ústí nad Labem Region. Within the 20-24 age group, in 2009 the proportion of people with a basic education level or lower was at a level of 19.7% in the Karlovy Vary Region and 14.7% in the Ústí nad Labem Region. The level in all of the other regions was either below 10% or just above it. Nevertheless, it is appropriate to implement permanent preventive measures in this area in order to limit the increase in the number of people with an inadequate education. In addition, the government of the Czech Republic has included within the Czech Republic's National Reform Programme for 2011 the objective to decrease the number of persons who leave the educational system prematurely to a level of 5.5% by 2020. This is another reason why efforts must be increased, particularly in certain regions, in order to improve the quality of the educational structure of their populations.

One of the most visible problems encountered by the Czech educational system is the decreasing quality on the part of Czech pupils and students. This fact is evidenced primarily in the declining results of Czech pupils in the international PISA comparative tests. Improving quality should therefore be the main priority for the educational system, which, in the final results, should be reflected in the ability of graduates to succeed in those economic fields that help to generate economic prosperity and significantly increase competitive strength.

Another area concerns an educational structure that is not sufficiently in balance with labour market demands. A decrease in interest in technical fields, a low level of cooperation between schools and institutions that provide practical experience, and no connectivity between the educational subjects offered by secondary schools and the demands of the labour market are evidenced in the higher level of unemployment amongst school graduates, the decreased availability of a qualified workforce for companies in the industrial sector, and a loss of the competitive advantage that the Czech Republic traditionally held within the industrial fields.

Last, but certainly not least, as a result of its changing demographic structure, the Czech Republic is facing an increasing number of secondary schools with unused capacity, which has a negative impact not only on the effectiveness of financing, but also on the actual quality of the education provided by the individual types of schools. The demographic structure of the Czech Republic has

undergone significant changes over the past two decades. There was a drastic decrease in the birth rate during the 1990s, followed by its continuous growth between 2000 and 2008. As a result of this trend, up to 2020 there will be an increased number of pre-school and lower primary school age children and a decrease in the number of students aged 15 to 19. Between 2008 and 2011, the number of fifteen-year-olds decreased by 25% (to 91.4 thousand). After slight fluctuations, the number of fifteen year olds is not expected to break the 100,000 mark until 2020, however only for the short-term. The educational system must respond to the situation with sufficient capacity in pre-school and primary school facilities on the one hand and the appropriate use of temporary excess capacity in secondary schools on the other, in particular with regard to the quality of education and the effective use of financial resources.

### Equal opportunity, education and monitoring indicators

Within the area of equal opportunity, some of the main monitoring indicators that can be considered from the perspective of education (based on the aspects that are monitored by such institutions as the World Economic Forum for their Global Competitiveness Index publication or the EU Regional Competitiveness Index) include:

- the percentage of the population that participates in primary and secondary education;
- the quality of the educational system as a whole, with special emphasis placed on selected key subjects (mathematics, the natural sciences, technical subjects and foreign languages);
- a "reasonable" student-teacher ratio;
- the amount of public resources expended for the individual educational levels and their balanced distribution throughout the entire country and its regions;
- the existence of financial aid that is accessible to needy students in order to allow them to participate in the educational system;
- the level of participation in pre-school education on the part of children aged 3 and up; and
- the accessibility of educational facilities and institutions.

### Types of measures to strengthen equal opportunity within the field of education

The recommended types of measures are monitored primarily at the level of the provision of educational



services and their functionality. This is another reason why it makes sense to monitor such things as class size and the student-teacher ratio (at the higher educational levels, the necessary qualifications structure of the teachers must also be taken into account). At the level of educational policy, one of the key instruments consists of the volume of financial resources used for realising the individual objectives within the field of education and the definition of the priority educational segments, with specific focus placed on the successful placement of graduates from the perspective of competitiveness. It is specifically in relation to this fact that it is necessary to align the offer of educational activities with the requirements for the workforce that are expected on the demand side of the labour market. Particularly at the regional level, the actual accessibility to appropriate educational facilities and institutions is a sign that equal opportunity is ensured.



In relation to this, it appears to be effective to carefully analyse, control and subsequently review the use of the capacity of pre-school and school facilities in relation to medium-term demographic trends and to implement any appropriate measures – for example, to shut down or merge underutilised nursery schools and schools, or, conversely, to establish new facilities as required. A contemporary reflection that equal opportunity is ensured from this perspective is the support provided to alternative

forms of pre-school education (company nursery schools and mini-schools for example). Another aspect of key importance is the availability of a corresponding level of information – educational and training institutions must have the opportunity to be sufficiently informed of the options available for using subsidies for this purpose, such as the creation of a specialised information portal. Educational capacity can also be concurrently used for the activation of the lifelong learning process, something which has thus far not been adequately developed within the conditions existing in the Czech Republic. Even the more frequent use of this process can be considered to be an expression of the fact that equal opportunity is ensured.

In order to meet the expectations with regard to the role that education plays in relation to equal opportunity, in addition to the measures recommended above, it also makes sense to concurrently monitor the quality of the teaching process. With the hypothetical assumption of low-quality and inadequate curricula and forms of education, this activity is more destructive and has a negative impact. The regular assessment of the teaching and training process and of the quality of the outputs (i.e. the skills and knowledge of the graduates from the relevant educational and training levels) can also be seen as a necessary condition for promoting the requirement of equal opportunity within the educational process.

The qualitative requirements for a contemporary educational process also include a high level of openness on the part of the institutions that are responsible for this process – both with regard to fields of economic practice as well as in relation to other countries. Within this context, we can mention the creation of equal conditions for teachers and pedagogical employees and these signs of openness take on a more concrete form, such as international exchange programs for teachers, internships abroad, the offer of lifelong learning opportunities to teachers in both domestic as well as foreign conditions, educational trips to companies and public institutions, etc. This group of activities also includes the sharing of best practice between individual educational facilities and creating partnerships amongst them.

## Education as an instrument for social inclusion

The Ministry of Education's primary function, which consists of providing an adequate education, is currently accompanied by an important social function – ensuring equal access to education for all social groups and supporting the social cohesion of society overall. Particularly nursery schools and primary schools





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contribute towards forming the basic habits and values of a child and the child's attitude towards learning and education and they also significantly predefine the child's ability to participate in the higher levels of the education process. This is another reason why the integration of pupils from socially disadvantaged families and geographical locations in pre-school and school facilities is a key factor and a prerequisite for a socially cohesive society.

The majority of social measures associated with the integration of socially excluded groups in education can be tackled and are particularly effective at the regional level, as it is the regions who have the greatest level of jurisdiction in relation to the relevant institutions.

In relation to this fact it is possible to consider certain actions to be important instruments for promoting education as a tool for integration. These include such things as the implementation of programmes that limit the placement of children from socially weaker backgrounds in special educational institutions other than standard primary schools; the natural integration of special facilities and standard schools; the implementation of programmes that motivate socially excluded families to educate their children; the improvement and maintenance of transport links from geographically excluded areas that are timed to match school hours; the creation of a specific communication and information-providing environment between schools and parents as an informal method of overcoming any possible barriers that might exist.

### How likely is it that the EU funds will be able to help realise this objective during the coming period?

It is obvious that the role played by cohesion policy and its instruments can and must be stronger in certain areas than in others.

As far as the effectiveness of education is concerned, cohesion policy can directly contribute towards increasing the resources allocated for education. Financial interventions must however be aimed at areas that can bring tangible results relatively quickly, in order to avoid risk from the perspective of sustainability after the financial intervention has ended.

Specifically structure is linked with cohesion policy to the highest possible degree. The regions can take advantage of cohesion policy both for "hard" projects that support the infrastructure of educational facilities and their equipment, the improved quality of which plays an important role with regard to improving education, in particular the education

provided by Czech vocational schools and, as such, is also a priority from the perspective of where cohesion policy resources should be aimed, as well as for the development of soft skills, i.e. for building the physical and personal capacity within the educational sector.

From the perspective of quality, a significant qualitative transformation of teachers and schools is of key importance. Within this area, cohesion policy can provide support for the education of pedagogical workers, for partnerships with educational institutions abroad and, in particular, for practical experience.

The role of cohesion policy with regard to the social integration function of education is viewed as being of a more marginal nature and primarily national resources should be used for developing this function. Interventions from the European Social Fund can however be used in a limited manner.

## EQUAL OPPORTUNITY FROM THE PERSPECTIVE OF ACCESS TO THE LABOUR MARKET

The effectiveness of the labour market is one of the basic factors that help to determine the competitive strength of the regions and, at the same time, is a prerequisite for long-term economic growth. The characteristics of the supply and demand sides of the labour market and their mutual compatibility are of great importance for the effectiveness of the labour market. The key factors that define the competitive strength of the supply side of the labour market include the educational structure and the mobility of the workforce. It is important to create a workforce that is equipped with the appropriate skills and is professionally prepared in order to ensure that the workforce corresponds to the needs of the labour market, to support the quality of the jobs that are available and to promote lifelong learning. As far as the demand side is concerned, the most important factor consists of the level of work productivity in comparison with the level of regulation applied to the labour market, as excessive legislative protection is one of the causes of the low level of flexibility of the labour market. The end result of a qualitative and quantitative balance between the supply side and the demand of the labour market is a permanently low unemployment level without any structural distortion (e.g. in the form of long-term high structural unemployment or disproportionately high regional or local unemployment) together with the ability to create and sustain high-quality jobs in prospective and internationally competitive sectors that pay adequate

wages (wages that correspond to a developed economy). A functional and sustainable labour market is therefore also a reflection of the fact that the principles of equal opportunity are respected.

The labour market in the Czech Republic is however characterised by large regional differences, with Prague holding a leading position over the long term with regard to the individual indicators used for measuring the effectiveness of the labour market. The differences in the labour market characteristics between the regions are significant. We can see positive examples (such as Prague and the Central Bohemian Region), examples of mixed results (the region with the third highest level of work productivity is the Moravian-Silesian Region, which however suffers from a high unemployment rate and the highest number of employed out of all of the country's regions), and examples that are strictly negative (the lowest level of work productivity can be found in the Karlovy Vary Region, which is also facing a high level of unemployment and other structural deficiencies). From the regional perspective, the labour market in the Czech Republic is decidedly not effective, although the characteristics of the nation as a whole place us amongst the better European half – primarily when viewed on the basis of the development of the unemployment rate.

When looking at the labour market in the Czech Republic overall, it is also obvious that it is gradually acquiring more and more of the apparent characteristic features of the EU labour market and it is therefore likely that in a relatively short period of time it will be facing a number of quantitative and qualitative challenges. The first of these will consist of the need to create and maintain a sufficient number of jobs for the older population (currently the age group of 55-64, which will however undoubtedly become older over the longer timeframe). The second category includes the significant strengthening of the flexibility of the labour market parameters with regard to a greater supply and demand for part-time, flexitime, limited time and otherwise flexible jobs, the strengthening of flexibility that respects the principles of flexicurity on the labour market, and increasing residential mobility resulting from the labour market processes (in comparison to the currently significantly high mobility of daily/weekly commuting to a job).

### Equal opportunity, the labour market and the Europe 2020 Strategy

One of the most important objectives defined in the Europe 2020 Strategy is to improve the functionality of the labour market, which in and of itself is proof of the

importance of this particular area with regard to competitive strength. The strategy has set as its goal to create more and better jobs, in particular for women, for the young and for the older population, which directly corresponds to the principles of equal opportunity. The purpose is to increase participation in the labour market and to create a better balance between the supply and the demand sides of the labour market, particularly through increasing the mobility of the workforce, modernising the labour market and strengthening the position of the population through consistently developing their skills over their entire lifetime.

One of the specific and most important objectives that the EU has with regard to the labour market and which was approved by the European Council in 2010 is to increase the employment level for the 20-64 age group to at least 75%. The government of the Czech Republic adopted this objective and, within its National Reform Programme for 2011, has defined the following national objectives for employment up to 2020 taking into account the objectives defined in the Europe 2020 Strategy:

- to increase the overall employment rate for the 20-64 age group to 75%;
- to increase the employment rate for women aged 20-64 to 65%;
- to increase the employment rate for the older age group (55-64) to 55%;
- to decrease the unemployment rate for the younger age group (15-24) by one third as compared to 2010 levels; and
- to decrease the unemployment rate for individuals with lower qualifications (ISCED levels 0-2) by one fourth as compared to 2010 levels.

In 2010, the values of the first two indicators specified above fluctuated at a level approximately 5% below the target values. The third indicator – the employment rate for the older age group – was at a level of only 46.5% in 2010 as compared to the desired 55% level, which reflects the high unemployment rate faced by individuals of pre-retirement age. The Czech government also considers it to be of key importance to decrease the unemployment rate for young people by one third as compared to 2010 levels to a level of approximately 12% (as compared to 18.4% in 2010). It is also necessary to decrease the unemployment rate for persons with lower qualifications (ISCED levels 0-2) by one fourth by 2020 to a level of approximately 19% (as compared to 25% in 2010).

Over recent years, the Czech Republic has made significant progress with regard to employment and



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improving the effectiveness of the labour market. As compared to the European Union overall, we are still amongst the countries that tend to have lower unemployment rates. Nevertheless, a number of structural problems still exist, the end result of which is a high unemployment rate for women, for the older and the younger age groups and for individuals with lower qualifications.

The main problem continues to be the inadequate and inflexible qualifications of the workforce, which does not correspond to the current needs of the labour market and economic development. The employment structure in the Czech Republic is dominated by an above average proportion of individuals employed in the processing industries, of whom an above-average number have only basic vocational training (i.e. without a school-leaving certificate). Although the visible trend for both of these values is bringing them closer to the EU average, the Czech labour market is atypical in this respect. Taking into account the needs of our economy (as mentioned in the other pillars) the labour market is unsatisfactory from the long-term perspective due to these particular parameters.

In addition, we can see a very high level of what can be called “qualification apathy”, where there is a lack of willingness on the part of workers to change their job position and to adapt to the needs of the labour market from the perspective of their qualifications. This limiting approach might present a significant obstacle to the realisation of the Europe 2020 Strategy objectives, specifically the goals associated with the employment of older workers. It is necessary to create an environment in which everyone can obtain new qualifications and become adaptable to a new profession, which corresponds to age, health, and other factors. This apathy with regard to qualifications is in sharp contrast to the labour market in countries such as the USA, where it is quite common to see radical changes in profession, accompanied by the appropriate training and studies and often combined with significant residential mobility.

Based on these characteristics, it comes to light that other deficiencies on the Czech labour market include a low level of residential mobility on the part of the workers and a low retirement age. The low residential mobility is primarily the result of the inflexible housing market and the unwillingness to move due to work. In comparison, a daily commute to work from the worker’s place of residence is quite common in the Czech Republic.

Another threat faced by the Czech labour market is the low level of interest the younger generation has in technical and natural science fields, which may result in a high

dependency on the import of a qualified workforce. The growing need for a foreign workforce on the Czech labour market is also linked with the demographic development, which will require the higher intensity of a “smart immigration policy”, which, particularly in the Czech Republic, runs into significant institutional obstacles. The result of a smart immigration policy should be a targeted influx of a workforce from abroad, primarily in the form of competent and educated specialists – in particular in the fields of research and development and innovative enterprise.

This policy should also be linked to the ambition on the part of universities and other institutes of higher learning to become international centres, which will develop a representative supply of talented Czech and foreign students for prospective fields. Within this particular area, the practical activities of the Ministry of the Interior present a significant obstacle, as its activities have up to now had exactly the opposite results and effect. The Ministry creates nonsensical procedural barriers to the stay of these people in the Czech Republic whilst, at the same time, it is incapable of removing the truly undesirable elements from the domestic labour market, specifically those elements active in the grey and black areas of the economy who have a very negative impact on the labour market.

This brings us to the last of the most severe problems faced by the Czech labour market, specifically the occurrence of “black market employment”, consisting of the fact that a number of work activities do not have the proper contractual foundation, the resulting cash flows are not taxed and social security and pension legislation is bypassed. No less important is the fact that these activities distort the labour market statistics (for example with regard to the unemployment rate and the average wage). This practice, which exists in a number of the labour market segments in the Czech Republic, leads to a lower level of development and less transparency.

### Equal opportunity, the labour market and motivational characteristics

The way in which the general tax system and the social security system are set up also has a high level of influence on the labour market. The tax system not only significantly affects the cost of work and consequently the willingness of employers to hire new personnel. It also has certain desirable aspects, such as the fact that, to a certain degree, it also motivates employers, for example by offering tax incentives to hire the health impaired. The actual tax burden of labour in the Czech Republic is



amongst the lowest in the EU. However, the relative amount of direct labour-related costs (social security insurance in particular) is highest in the Czech Republic (together with France) and will continue to present a significant obstacle to competitive strength even in the future.

The state should set as its ambition to ensure that wages are sufficiently high and that employers need not be burdened by, in particular, the high amounts associated with other labour-related costs. Another aspect that exerts influence on the labour market is the way the social security system is defined. The way it currently is set up in the Czech Republic makes it possible for the recipients of social support to abuse the system and, as a result, does not act as a factor that motivates individuals to actively participate in the labour market.

According to the Czech Republic's National Reform Programme for 2011, there are several areas that contribute to the aforementioned ineffective state of the labour market:

- The existence of certain social and cultural standards (e.g. the unwillingness to relocate for a job and a lack of trust with regard to foreigners);
- An unsatisfactory educational system and inadequate preparation for a future profession;
- An inappropriate compensation system;
- Discrimination on the labour market; and
- A low level of interest in further professional development on the part of the economically active population.

The National Reform Programme does not expect a significant increase in the employment rate until the second half of the decade. The first few years will be characterised more by stagnation or a very slow increase in the employment rate, resulting from the necessity to ensure a greater level of conformity between the offer of available jobs and the corresponding level of qualifications on the part of jobseekers.

### Types of measures for strengthening equal opportunity in relation to the labour market

Both equal opportunity and support for minority groups are founded on the principle of non-discrimination. Specifically this consists of ensuring equal opportunities on the labour market for women in comparison to men and providing support to minority groups, such as ethnic minorities, individuals with impaired health, etc.

The National Reform Programme has a comprehensive approach to this particular issue within the framework of

social policy, where all of the steps are performed taking into account the objectives of employment policy and the sustainability of public financing. The main focus of the reforms lies in an attempt to support all individuals who would like to enter the labour market, in particular parents with young children, the younger generation and senior citizens. For this reason it is important to remove all the existing barriers that prevent the realisation of this goal. Active employment policy, which, through its available instruments, can help improve the imbalances that exist on the labour market, plays an important role.

In the Czech Republic, the employment rate for women has been lagging behind the employment rate for men over the long-term, which is the result of the fact that women are the family caregivers and they retire at an earlier age than men. Amongst the individual regions, the highest employment rate for women can be found in Prague followed by the Karlovy Vary Region. At the other end of the spectrum, women face the most difficulties finding employment in the Ustí nad Labem Region, the Moravian-Silesian Region and the Liberec Region, which are heavy industrial regions.

At this point, it is important to add that all intervention measures within this area should be implemented according to the activities of the applicable excluded group. There can be no question of a "silence in return for a bribe", but there must be actual results that allow the group of citizens in question to attain an equal position in the labour market.

Some of the types of measures that could help attain the desirable objectives include: increasing the level of information about the situation on the regional labour market with regard to both supply as well as demand (this also plays an important role in increasing market effectiveness and flexibility, and, as a result, the increased availability of this information might also be a possible proposal); ensuring transport access for job applicants from the more remote corners of the region; developing personal job consultancy programmes; offering advantages for certain types of employment contracts; and introducing flexible working hours.

The quality of the workforce is closely linked to the actual needs of the labour market. It is desirable for the supply side of the labour market to correspond to the consistently changing demand side for labour at a high level of quality. For this reason, active employment policy is of key importance in order to increase the quality of the workforce. Active employment policy (AEP) places a primary focus on disadvantaged or problem groups of jobseekers and, in this respect, significantly contributes





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towards decreasing the overall unemployment rate and increasing employment in the regions. The active employment policy applied by the individual job centres is based on analyses of the labour markets in the individual regions and districts and fully respects the realisation of the active employment policy defined by the Ministry of Labour and Social Affairs for the applicable year.

The specific instruments utilised by an active employment policy include requalification courses, investment incentives, publicly beneficial jobs, socially effective jobs, contributions towards on-the-job training and contributions to assist with transferring over to a new entrepreneurial programme. As compared to a passive employment policy, which consists of providing unemployment benefits that ensure the subsistence of jobseekers, AEP leads to changes on the part of both jobseekers as well as employers and is aimed at ensuring the permanent placement of a jobseeker in the labour market. In the future, it will be important not only to expand and improve the quality of the services offered by an active employment policy.

It will also be necessary to consider the paying of benefits conditionally in return for participating in AEP, such as focusing requalification programmes on the actual demand for workers on the labour market; the implementation of measures that increase the responsibility of those participating in requalification programmes with regard to their success (e.g. by paying a "motivation fee" that will be returned only if the participant attends 90% of the requalification course); monitoring the success of the placement of jobseekers upon completion for the requalification programmes; and expanding the offer of publicly beneficial jobs.

From a narrower perspective, the creation of equal opportunities on the labour market within the concept of EU policies, it is of key importance to monitor the following areas:

- the existence of sufficient capacity in protected workplaces for the physically and mentally disadvantaged;
- support for projects that help the co-existence of family life with employment;
- support for part-time employment
- an expanded offer of childcare through supporting childcare facilities;
- support for the establishment of company nursery schools as a measure to help the integration of women returning to the labour market after maternity leave;
- support for employing individuals over the age of 55;

- monitoring the employment rate for minority groups and the balance between men and women;
- establishing information centres for foreigners and ethnic minorities.

### How likely is it that the EU funds will be able to help realise this objective during the coming period?

Supporting the effectiveness of the labour market through cohesion policy should be a very high priority and, as compared to areas that demand a high investment, such as infrastructure, does not have to be very costly. As indicated by the description of the problematic areas provided above, a number of the issues associated with the effectiveness of the labour market are more of an institutional, procedural or legislative nature (the adoption of resolutions, the legislation, the implementation of procedures, working process, and a change in the characteristics of how institutions function) and the list of supportive measures that are not so much of an investment nature might be quite short. It should be possible to achieve significant system-related changes in this area at a relatively low cost, however only if the changes are targeted at the right places.

With the condition that the necessary institutional and legislative changes must be implemented, direct interventions in the form of financial aid provided from cohesion policy should be aimed at ensuring support programmes such as requalification programmes, the management of work activities using the instruments provided by active employment policy, the implementation of measures for promoting equal conditions on the labour market, the development of the flexicurity principle, and the creation of programmes that help older workers adapt to new conditions.

If these well-intentioned activities are truly implemented, we should see a significant change in the labour market conditions. However, as these are primarily projects of a "soft" nature, there is a high level of associated risk that the financial resources invested in this area will be used ineffectively (in the case of poor preparation) or entirely misused (since performing control activities is much more difficult and the effects of the changes will become apparent only after a longer period of time has elapsed).

*(The above text is passed on the author's practical experience and his findings from the preparation of strategic texts and competitiveness models for the Czech Republic and its regions.)*



# Statistical window

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

## Key macroeconomic indicators

in %	GDP growth y-on-y			Current account to GDP*			Unemployment rate			Inflation y-on-y average		
	2008	2009	2010	2007	2008	2009	V-11	VI-11	VII-11	V-11	VI-11	VII-11
Belgium	1.0	-2.8	2.2	2.2	-2.9	0.5	7.4	7.4	7.5	3.1	3.4	4.0
Bulgaria	6.2	-5.5	0.2	-26.8	-24.0	-9.4	11.2	11.4	11.5	3.4	3.5	3.4
CR	2.5	-4.1	2.3	-3.2	-0.7	-1.1	6.5	6.5	6.4	2.0	1.9	1.9
Denmark	-1.1	-5.2	2.1	1.5	2.2	4.0	7.4	7.2	n/a	3.1	2.9	3.0
Germany	1.0	-4.7	3.6	7.6	6.7	4.9	6.2	6.1	6.1	2.4	2.4	2.6
Estonia	-5.1	-13.9	3.1	-17.8	-9.4	4.6	12.8	12.8	n/a	5.5	4.9	5.3
Ireland	-3.5	-7.6	-1.0	-5.3	-5.2	-2.9	14.1	14.3	14.5	1.2	1.1	1.0
Greece	1.0	-2.0	-4.5	-14.4	-14.6	-11.2	n/a	n/a	n/a	3.1	3.1	2.1
Spain	0.9	-3.7	-0.1	-10.0	-9.7	-5.4	20.8	21.0	21.2	3.4	3.0	3.0
France	-0.1	-2.7	1.5	-1.0	-2.3	-2.2	9.7	9.8	9.9	2.2	2.3	2.1
Italy	-1.3	-5.2	1.3	-2.4	-3.4	-3.2	8.1	8.0	8.0	3.0	3.0	2.1
Cyprus	3.6	-1.7	1.0	-11.7	-17.5	-8.3	7.4	7.5	7.5	4.1	4.5	3.5
Latvia	-4.2	-18.0	-0.3	-22.3	-13.0	9.4	n/a	n/a	n/a	4.8	4.7	4.2
Lithuania	2.9	-14.7	1.3	-14.5	-11.9	3.8	15.6	15.6	n/a	5.0	4.8	4.6
Luxembourg	1.4	-3.6	3.5	9.7	5.3	5.6	4.3	4.3	4.6	3.8	3.8	3.2
Hungary	0.8	-6.7	1.2	-6.6	-7.0	0.2	10.0	9.9	9.7	3.9	3.5	3.1
Malta	5.3	-3.4	3.7	-6.1	-5.6	-3.9	6.2	6.2	6.3	2.5	3.1	2.2
Netherlands	1.9	-3.9	1.8	8.7	4.8	5.4	4.2	4.1	4.3	2.4	2.5	2.9
Austria	2.2	-3.9	2.0	3.6	n/a	n/a	4.2	3.9	3.7	3.7	3.7	3.8
Poland	5.1	1.7	3.8	-4.7	-5.1	-1.6	9.5	9.5	9.4	4.3	3.7	3.6
Portugal	0.0	-2.5	1.3	-9.4	-12.0	-10.3	12.6	12.5	12.3	3.7	3.3	3.0
Romania	7.3	-7.1	-1.3	-13.4	-11.6	-4.5	7.3	7.3	7.3	8.5	8.0	4.9
Slovenia	3.7	-8.1	1.2	-4.8	-6.2	-1.0	8.3	8.4	8.4	2.4	1.6	1.1
Slovakia	5.8	-4.8	4.0	-5.7	-6.6	-3.2	13.4	13.4	13.4	4.2	4.1	3.8
Finland	0.9	-8.2	3.1	4.3	3.1	1.3	7.9	7.9	7.9	3.4	3.4	3.7
Sweden	-0.6	-5.3	5.7	8.4	9.5	7.3	7.7	7.4	7.4	1.7	1.5	1.6
UK	-0.1	-4.9	1.3	-2.7	-1.5	-1.3	7.8	n/a	n/a	4.5	4.2	4.4
EU	0.5	-4.2	1.8	-1.0	-1.9	-1.1	10.0	10.0	10.0	2.7	2.7	2.5

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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