# EU News
# Monthly Journal

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Dear readers,

June tends to be one of the most hectic months for European integration news, and it was no different this year. Where should we begin? Perhaps with the traditional European Council in Brussels. There were several important topics that top officials from member states had on their agenda.

The main one was an agreement on the form of the future financial framework for 2014-2020, which should respect the advice from the European Parliament. The seven-year budget continues to call for 960 billion euros in expenses on obligations, but compared to the original proposal there was a boost in investments and a rise in employment. Greater flexibility regarding budget rules was also agreed upon, which will enable the shifting of unspent resources from one year to the next. For definitive approval of the budget framework, a positive stance from MEPs is still necessary.

The EU summit also gave its blessing to further enlargement of the Eurozone. As of January of next year, the number of states using the euro is expected to increase to 18. Latvia will begin using the euro.

The mid-point of the year has seen the handover of the EU presidency. Lithuania has assumed the presidency of the Council of the EU for the next six months. The Lithuanian EU presidency has set as its main priorities boosting of public finances in problematic EU states, resolution of the banking union, support for economic growth through enlargement of the single internal market to the area of energy and research, and last, but not least, also boosting of cooperation between the EU and its eastern neighbours.

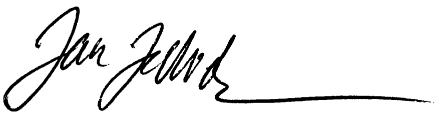
Another important report comes from Czech woods and fields. The Czech government has approved a statute of the Council for Funds of the Single Strategic Framework. The aim of this extra-ministerial advisory body will be to ensure coordination of support from EU funds with strategic documents of the Czech Republic and the EU.

The new grant period after 2013 is also focused on by the main topic of this issue of the Monthly. We analyse in detail the future form of operational programmes in the Czech Republic. So far it involves only a proposal from the Czech side, which will have to be defended during negotiations with the European Commission, but already now two main conclusions can be made: the system of operational programmes will be smaller (and perhaps also simpler) and poorer (by approximately 25% of resources).

The Foreign Business Guide in this issue focuses on a country just beyond the borders of the EU, Belarus. That country is portrayed quite negatively by Czech media, but Czech entrepreneurs who have experience with the country often have the opposite opinion about it. You can read why on pages 19 and 20.

Dear Readers, we wish you a sunny and enjoyable summer, whether you spend in the EU or outside of it.

Jan Jedlička




Lithuania assumed the EU presidency as of 1 July 2013. The IPSOS agency has prepared for the Czech government a survey about the Czech population's awareness about EU citizens' rights and about their opinions regarding the EU. Latvia fulfils all of the convergence criteria for joining the Eurozone. Therefore, it can become the eighteenth member of the Eurozone already on 1 January 2014. Eurozone finance ministers have agreed on the form of direct recapitalisation for threatened banks.

## POLITICS

### Lithuania assumes EU presidency

Following the Irish EU presidency, **the presidency of the Council of the EU has been taken over for six months by Lithuania.**

Lithuania is the first Baltic state to assume the EU presidency. Its decision role will be very important. The EU needs to emerge from **the economic crisis**, and Lithuania is one of the countries that has been fighting the crisis successfully. It could help the entire EU return to economic growth.

**Lithuania has set 3 main priorities:**

- **Trustworthiness**

  Lithuania's main priorities include achieving healthy public finances in the EU and ensuring financial stability. In relation to this, it will be very important how well it manages to resolve the issue of a banking union and the reform of financial markets. The main objective is expected to be member states' effort to implement reforms that have already been improved, such as those involving boosting of the economic and monetary union and management of economic matters.

- **Growth for Europe**

  Lithuania will mainly want to have energy and research included in free movement of goods and services between individual member states, which should lead to economic growth and job creation.

- **Openness**

  As part of boosting of the EU's reputation and its approach towards surrounding states and the world, Lithuania will seek closer integration between the EU and its eastern neighbours (mainly Ukraine, Georgia, Armenia and eventually also Belarus) and seek free trade agreements with countries such as the United States, Canada and Japan.

The ambitious goals of the Lithuanian EU presidency will be significantly influenced by the future form of **the financial framework for 2014-2020**, which is expected to be approved definitively also under Lithuania's EU presidency.

The political will for a consensus seems to have been achieved following the EU summit, but it is now necessary to finish the process and push through about **70 legal regulations** related to the financial framework. Therefore, Lithuanian diplomats certainly will not be bored.

http://www.eu2013.lt/en/presidency-and-eu/programme-and-priorities

### Czechs consider free movement the most important EU right, without a clear opinion about the EU's future

The Czech government has had a survey conducted by the IPSOS agency about the extent of awareness of the Czech population about the rights of EU citizens and Czechs' opinion regarding the EU. According to the majority of Czechs, the main advantage of EU membership is freedom of movement and **the right to work and study** in other member states.

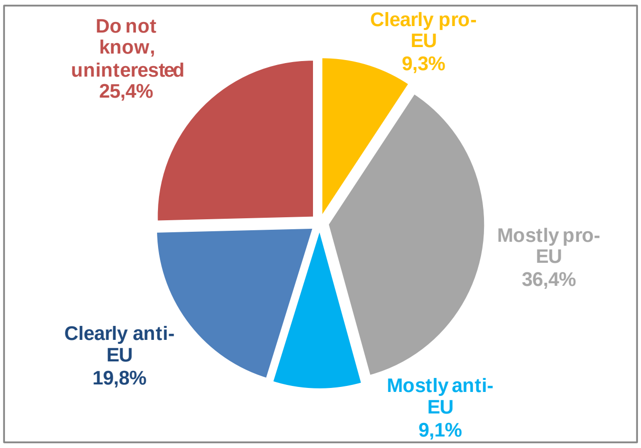
However, Czechs use their **freedom of movement** throughout the EU mainly as tourists, and they most often travel to surrounding countries (49% to Germany, 48% to Slovakia, 42% to Italy and 31% to Poland). They rarely spend more than three months abroad. A mere 10% of Czechs travel abroad to work.

Most of the problems that Czechs encounter during their travel throughout the EU are caused by **lack of knowledge of foreign languages**. About 37% of men and 30% of women said they had problems with foreign languages.

Two thirds of the respondent also said they did not know when **elections to the European Parliament** were scheduled. Only a quarter of Czechs gave the right answer about the EP elections, most of whom were young people under age 24.

About 40% of respondents said they would be more motivated to participate in the European elections if they had more information about the activities of MEPs, and 35% said they would be more motivated if Czech political parties had clearer opinions about EU affairs.

**What is Czech citizens' stance regarding the EU?**




*Source: IPSOS Agency*


Respondents were also asked which direction the EU should take in the next 20 years. About 39% of respondents said the EU should break up and return to entirely independent nation states.

This opinion prevailed mainly among respondents between the ages of 45 and 64. About 18% of respondents said the EU should remain in its current form. Approximately 29% of respondents said they wished for **the EU to become a federation** and wanted a continuation of deepening cooperation. Czechs do not agree on what the EU's future should be, but most pro-European Czechs have secondary or university education.

Czechs' opinions regarding European integration are no less interesting. About **9.3% of respondents in the poll expressed a clearly pro-EU position**, and another 36.4% expressed a mostly pro-EU position, which is certainly good news.

http://www.euractiv.cz/cr-v-evropske-unii/clanek/v-eu-je-pro-cechy-nejdulezitejsi-pravo-volneho-pohybu-na-budoucnost-unie-neexistuje-jednotny-nazor-010910

## ECONOMY AND EURO

### Latvia could become the 18th member of the Eurozone as soon as next year

The European Commission together with the European Central Bank has supported Latvia on its journey to the Eurozone. According to the **convergence report** issued by the European Commission and the ECB at the beginning of June, Latvia fulfils all of the convergence criteria set for adoption of the single currency. The Baltic state could become **the eighteenth member of the monetary union** already on 1 January 2014.

Following the 2008/2009 economic crisis, Latvia went through some of the toughest austerity measures in Europe. In 2012, Latvia managed to **reduced its state budget deficit** far below the set ceiling, to 1.2% of GDP. In 2012, Latvia also registered the fastest economic growth in the EU. Its GDP for the year grew by 5.1%, and in just in the last quarter of 2012 by 1.3%. Its public debt now hovers around 41% of GDP.

The Latvian lat has been stably tied to the euro ever since the country joined the EU in 2004, and the criterion only requires two years. In order to maintain a stable foreign exchange rate towards the euro also during the crisis, Latvia had to resort to painful internal devaluation, reduce salaries in the state sector, cut spending and raise taxes.

A final decision will be made during July, when Latvia's entry into the Eurozone is expected to receive the definitive green light from the **Ecofin Council**.

Latvia's entry into the European monetary union shows that even despite the current difficult situation in the southern part of the Eurozone, the single currency remains attractive for a number of states.

**Fulfilment of the Maastricht criteria - Latvia**

| Criterion | Limit | Latvia |
|---|---|---|
| 1. Price stability | 2.7 % | 1.3 % |
| 2. FX rate stability | ERM II (± 15.0 %)* | < ±1 % |
| 3. Interest levels | 5.5 % | 3.8 % |
| 4a. Public debt | do 60 % GDP | 40.7 % GDP |
| 4b. Government deficit | do 3 % GDP | 1.2 % GDP |

*Source: Convergence report of the EC and ECB 2013; *) in accordance with the requirement of the criteria to remain in the ERM II defined oscillation range ± 15.0% from central parity without excessive fluctuations, Latvian authorities unilaterally pledged to maintain the exchange rate of the lat in the stricter range of ± 1.0%.*

http://ec.europa.eu/economy_finance/publications/european_economy/2013/ee3_en.htm

### Form of direct recapitalisation for threatened European banks

Eurozone finance ministers at their meeting in Luxembourg at the end of June agreed on the form of **direct recapitalisation of problematic banks**. From the European rescue fund (ESM) it will allocate **60 billion euros** (about 1.55 trillion CZK) towards rescuing European banks.

Rescuing of banks will mainly have to be participated in by shareholders and creditors, followed by depositors with deposits **above 100,000 euros** and finally also small depositors. The mechanism of specific rules is not yet known, but it is expected to begin being resolved at the end of next year.

However, it is clear that banks will not be able to rely automatically only on assistance from the fund, and that member states themselves will also have to contribute. The ministers agreed that during the first two years, **states will contribute** to the overall rescue package **only 20%** from public resources and in subsequent years **only 10%**. This is expected **to prevent states from sinking further into huge debts** and to avert a disaster. (Problematic banks are asking to be rescued from states' public resources, and as a result their public debt is


Czech Republic received a historic fine for delays with implementation of the retirement insurance directive. The European Parliament, the EU Council of Ministers and the European Commission have agreed on the means of reforming the single agricultural policy. According to a survey by ČNOPK, the most attractive country for investors in Central and Eastern Europe is Poland. The EU has issued an action plan for supporting the steel industry.

increasing and investors' trust and state bond prices are decreasing. The decreasing prices of state bonds in banks' portfolios are worsening their financial situation, which is prompting the need for rescuing of banks from public money.)

The European Union anticipates that thanks to **direct recapitalisation**, meaning more money in banks, more companies will be able to receive loans, which will boost economic growth. The support can also be provided to banks that encounter problems before the entire mechanism takes effect.

However, the assistance will be resolved individually on a **case by case** basis. Therefore, taxpayers will no longer have to pay entirely for failing banks.

www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ecofin/137569.pdf

## CR fined for delays with implementation of retirement insurance directive

The Czech Republic must pay the equivalent of CZK 6.5 million as a fine **for not implementing** in a timely manner the directive on activities of employee retirement insurance institutions and supervision over them. The decision to fine the Czech Republic was made by the **EU Court Tribunal**. This is the first every monetary fine that the Czech Republic has received for breaching EU law.

The Czech Republic was supposed to enshrine the 2003 directive regarding employee retirement insurance into its legislation already in 2005, but it failed to do so. Therefore, in the summer of 2008, the European Commission filed **a lawsuit against the Czech Republic** for failing to fulfil the obligation and sent the country a time frame. The Czech Republic promised that it would correct the problem.

Since the Czech Republic did not keep its promise, the European Commission filed another lawsuit. **The Czech Republic did not adop**t the relevant legislation until the end of 2011. The European Commission demanded a fine of 3.4 million euros for the 12-month delay.

General prosecutor Niilo Jääskinen nevertheless had recommended a fine of one million euros and payment of court expenses. However, the court eventually decided on much lower total fine.

http://curia.europa.eu/juris/document/document.jsf?text=&docid=138783&pageIndex=0&doclang=cs&mode=req&dir=&occ=first&part=1&cid=996960

# AGRICULTURE

## Political agreement regarding new direction of single agricultural policy

The EP, the Council of EU Ministers and the European Commission have agreed on reform of the single agricultural policy. One of the main objectives of the reform is to achieve **fairer division of direct payments**.

Within the budget of the single agricultural policy until 2019, each member state will receive a **grant of at least 75% of the EU average**. Also, within a single state or region, support per hectare will not drop below 60% of the average amount of aid paid until 2019. Aid will newly be received only by **"active farmers"**.

Young farmers who begin doing business will also be supported. Besides standard investment support for young people, they will also be offered a special **25% bonus** in the first five years of running their business. Higher support will also be directed into disadvantaged areas.

Another important part of the plan is an effort to boost the positions of farmers within the food chain. The EU is planning new rules for economic competition for sector and **inter-sector organisations**, which will be able to negotiate agreements during the sale of products such as milk, beef and grain. The **sugar quotas will be abolished** as of 2017. New mechanisms will also be introduced for resolving crises in the agricultural industry.

In addition, measures are planned for ensuring greater eco-friendliness. For the period of 2014-2020, the EU plans to invest more than **100 billion euros** into increasing the quality of soil and water and into protecting the environment and fighting climate change. Last, but not least, the EU is expected to achieve a more effective and more transparent agricultural policy, for example through doubling of amounts **for supporting research and innovation**.

The reforms of single agricultural policy will begin applying as of 1 January 2014, except for the direct payment structure, which will not begin applying until as of 2015.

http://europa.eu/rapid/press-release_IP-13-613_en.htm

# ENTERPRISE

## Poland replaces Czech Republic as most attractive investment destination

While in the last seven years the Czech Republic has been described mainly by German companies as the most attractive country in the region for investors, in the last joint


survey conducted by ČNOPK with other foreign chambers of commerce in Central and Eastern Europe, this is no longer the case.. **Poland has now climbed to the top of the ladder**.

The loss of the Czech Republic's first place position according to the survey was not caused by the Czech Republic becoming **less attractive for foreign investors**, but by the fact that the country did too little to retain its position. The situation is also partly the result of successful reforms in competing countries. According to ČNOPK executive member Bernard Bauer, the Czech Republic's infrastructure can serve as an example, since it remains one of the best in the region, but due to a lack of investments its competitive advantage is certainly gradually declining.

The survey was participated in by more than 1,700 mostly German companies from 16 countries in Central and Eastern Europe. while the Czech Republic received praise from foreign investors for **the quality and availability** of local suppliers and its high number of people with academic education, the country certainly cannot boast of having enough expert employees, transparency of public contracts, legal certainty or quality and effective public administration. **Foreign investors** mainly site the lengthy amount of time it takes to do their work and frequent amendment of legislation. The battle against corruption is similarly viewed not very positively. However, payment morale and the predictability of economic policy are viewed positively.

http://tschechien.ahk.de/cz/pro-novinare/

## Commission presents action plan for steel sector

The European Commission is reacting to the unfavourable developments in the crucial **steel industry** and has come up with an action plan to boost the sector.

The European steel industry is currently affected by very low demand (in Europe the demand for steel is 27% less than before the economic crisis) and high energy prices. From 2007-2011, employment in the sector fell by 10%. However, this sector is very important for the EU. Even despite the current unfavourable conditions, the EU remains the second largest steel producing region in the world. The steel industry employees **more than 360,000 people**, and more than 177 million tonnes of steel are produced in the EU annually.

Therefore, **the European Commission has presented an action plan** to boost this important sector, which should lead to restructuring and greater competitiveness of the sector and which includes the following proposed strategic measures:

- Implementation of a **favourable regulatory framework**, which should include evaluation of the regulatory burden of the sector so far and its impact on competitiveness.
- **Improvement of employees' knowledge** and assistance during restructuring; the European Social Fund and the European Fund for Adaptation to Globalisation should become helping financial mechanisms.
- **Support for demand for steel**, mainly in the automotive and construction sectors.
- **Support for innovation**; the new supporting programme Horizon 2020 is being prepared, which will finance R&D activities with an emphasis on new eco-friendly technology.
- **Improvement of access to foreign markets** and ensuring equal conditions, with the aim of supporting steel exports from the EU, punishing unfair practices and ensuring access to key raw materials.
- **Ensuring available energy prices**, through completion of the internal energy market, diversification of the offering and increasing of energy efficiency.
- **Climate policy**; the steel industry is one of the largest emitters of greenhouse gases, and therefore the future climate protection policy could have a huge impact.

http://europa.eu/rapid/press-release_IP-13-527_en.htm

# BUDGET

## Next multi-year EU financial framework will be more flexible

At the end of June, **EU institutions managed to reach a consensus** regarding the joint European budget for the next seven years. Representatives of the European Parliament, the European Commission and the Council of the EU announced this before the start of the European Council's summit.

The total amount of the budget will remain the same as in the European Council's February proposal, **960 billion euros in obligations** and **908 billion in payments**. However, the method of using these resources will change. The European Parliament rejected the original draft budget, which had been submitted in February by the European Council and said it mainly needed more investments to bring about growth, job creation and


EU institutions have agreed on the form of the multi-year financial framework for 2014-2020. The European Commission has presented the draft EU budget for 2014. EU ministers and several EP committees have agreed on a compromise regarding tobacco regulations. The Commission has also issued strategic measures, which are intended to prevent illegal trade in the tobacco industry and mainly cigarette smuggling. Stress tests in nuclear power plants will be mandatory every six years.

greater flexibility. The EP managed to get these goals included in the draft budget.

The **greater flexibility** means that finances that will not be spent during one year can be used in the following year, without any limitations during the first three years of the programme period. However, in 2018 the ceiling for transferring resources **will be 7 billion euros**, **will be 9 billion euros** in 2019 and **will be 10 billion** in the final year of the programme period. The new budget also includes an initiative for supporting youth employment with a budget of six billion euros, which thanks to flexibility is expected to be increased by another two billion.

**Member states, EP agree on infrastructure fund**

The Irish EU presidency, the Commission and the EP agreed on a final compromise form of the new Connecting Europe Facility (CEF), which is also known as the infrastructure fund.

During the next programme period of 2014-2020, the fund is expected to co-finance important strategic projects of common European interest in the areas of transport, energy and digital networks. It was originally anticipated that within it **50 billion euros** would be available to member states. However, at the February summit of the European Council in Brussels, European leaders decided that its volume would be reduced to 29.3 billion euros. The three-way talks have now confirmed this.

The compromise proposal also includes front loading of expenses for important topics, such as youth employment as well as research and other programmes for young people. This means that financial resources will be available primarily already **at the beginning of the programme period**. The new draft budget still needs to be approved by a plenary session of the European Parliament and formally must also be confirmed by member states.

The agreement on the form of the new financial framework for **2014-2020 is excellent new**s. Failure to achieve it and its postponement would have caused further delays with the implementation of key European policies after 2014, where the cohesion policy also belongs with its grants from European structural funds.

http://europa.eu/rapid/press-release_MEMO-13-625_en.htm

## Commission presents draft EU budget 2014

At the end of June, **the European Commission approved the draft budget for 2014** totalling 142.01 billion euros in obligations and 135.9 billion euros in payments. The Commission submitted the proposal only because the obligation to publish a draft budget by 1 July is imposed by the Lisbon Treaty. It is therefore likely that the draft version is not final and that changes will be made. Although the draft version has been prepared based on the latest results of negotiations regarding the multi-year financial framework, the financial framework for 2014-2020 still h**as not been finally approved**. The total volume of monetary resources for 2014 is currently about 6% lower than in the budget for 2013.

So far the proposal calls for a **3.3% increase** in resources for obligations benefiting the budget chapter **"Competitiveness for Growth and Employment"**. Within the sphere **"Administration"** the European Commission proposes reducing the number of its employees by 1% or reducing its own administrative expenses by 1.1%.

**Draft 2014 EU Budget (in mil. EUR)**

| Heading | Budget 2013 | | Draft Budget 2014 | |
|---|---|---|---|---|
| | Commitment | Payment | Commitment | Payment |
| 1 a) Competitiveness for growth and jobs | 15 749.5 | 12 897.0 | 16 264.0 | 11 694.9 |
| 1 b) Economic, social and territorial cohesion | 54 958.0 | 56 349.5 | 47 560.6 | 51 093.7 |
| 2) Sustainable growth: natural resources | 59 885.1 | 57 848.8 | 59 247.7 | 56 532.5 |
| 3) Security and citizenship | 2 362.2 | 1 894.2 | 2 139.5 | 1 668.0 |
| 4) Global Europe | 9 341.3 | 6 811.0 | 8 175.8 | 6 251.3 |
| 5) Administration | 8 418.1 | 8 417.8 | 8 595.1 | 8 596.7 |
| 6) Compensations | 75.0 | 75.0 | 28.6 | 28.6 |
| **Total** | **150 789.3** | **144 293.2** | **142 011.3** | **135 865.7** |

*Source: European Commission*

However, the budget of the sphere "Administration" has increased compared to 2013 even despite these cost-cutting measures.

The consequences include additional costs related to Croatia's accession. For a comparison, within the budget for 2014 there will be **a sharp decline** in expenses, since the total budget now represents only 1.05% of EU GDP in obligations (in 2013 it was 1.15%) and 1.01% in payments (in 2013 it was 1.1%).

http://europa.eu/rapid/press-release_IP-13-606_en.htm

## INTERNAL MARKET

### EU's battle against smokers

EU ministers **have agreed on a compromise** in relation to tobacco regulations. Despite resistance from the Czech Republic and a few other member states, the majority of EU states have agreed on a ban on flavoured cigarettes and on increasing the size **of health warnings**. A temporary three-year ban is expected to apply for flavoured cigarettes. After that, their sale could be permitted by countries where flavoured cigarettes make up at least three percent of all produced cigarettes.

Nonetheless, the compromise proposal resembles a watered down version of the European Commission's original expectations. **The Irish EU presidency** unlike the Commission did not demand a ban on so-called slim cigarettes. Certain member states also voiced opposition to the ban. Ireland presented a compromise proposal related to the size of health warnings. Whereas the Commission would like the warnings t**o cover 75% of the front and back sides** of each cigarette box, Ireland called for 70%. The member states eventually agreed on 65%.

Several European Parliament committees also voted regarding the proposed directive in June. It was revealed that some MEPs **wanted to water down the Commission's proposal**. Four out of five committees propose that the size of combined health warnings should be **reduced to 50%** of the surface of each box. In all five committees, MEPs agreed that a ban on slim cigarettes should be removed from the draft version of the directive and that the ban should not affect **menthol flavours**.

The Committee for the Environment, Public Health and Food Safety will now **vote on the draft version** of the directive, followed by a plenary session of the European Parliament. **In order for the directive to take effect**, its wording must be agreed upon by both the Council of the EU, comprised of ministers from member states, and the European Parliament.

**Commission seeks crackdown on illegal cigarette producers and vendors**

The amount of illegal tobacco products on the European market is growing. The European Commission has presented a new strategy, which is expected to boost the fight against illegal trade and particularly against cigarette smuggling.

The strategy will focus on four key areas:

- Reduction of motivation for smuggling
- Increasing safety of the supply chain
- Improving the implementation of valid standards
- Imposing stricter sanctions

According to estimates from the European Anti-Fraud Office (OLAF) member states are deprived annually of **up to 10 billion euros** in taxes and customs duties due to illegal trade with tobacco products. The strategy should be implemented by the end of 2015.

The Commission will now discuss the proposed measures with the European Parliament and member states.

http://europa.eu/rapid/press-release_IP-13-512_en.htm

## ENERGY AND TRANSPORT

### EC wants to test nuclear power plants

The EU's wager on greater nuclear safety is a reaction to the nuclear disaster at Fukushima, Japan, two years ago. In Europe, similar accidents are to be prevented by measures such as regular **repeated stress tests**. The European Commission envisions that the tests would take place once every six years. This is according to its published proposal, which amends the directive regarding nuclear safety from 2009.


Backloading of permits moves to plenary vote, but compromise is too weak. The European Parliament and member states have agreed on a compromise for reducing $CO_2$ emissions. However, Germany has blocked the agreement. The European Commission has introduce a plan to require the installation of eCall electronic equipment in personal vehicles by October 2015. The EU has agreed on the form of trans-European transport networks until 2020.

The first **stress tests** occurred immediately following the Fukushima catastrophe, and their results showed that none of the European nuclear power plants needs to be closed. However, they uncovered a number of problems, which member states **must work to eliminate**.

The directive calls for stress tests to be conducted by teams comprised of representatives from many countries. The member states will then be responsible **for implementing the recommendations** yielded by their results. In the event of a delay or non-fulfilment, the European Commission may consider sending officials to the particular country to conduct verification.

The draft directive also requires that each nuclear power plant at least once every ten years undergo a regular safety audit. If **discussions regarding extension** of a particular plant's life are under way, the plant must also undergo a special audit. Each power plant also must have a centre for responding to emergencies, which must be protected against radioactivity, **earthquakes or floods**.

The directive also imposes an obligation on member states for national supervisory bodies and plant operators to prepare a strategy that describes how they will inform the public in the event of an emergency.

**Backloading of permits moves to plenary vote, but compromise is too weak**

The temporary withdrawal of 900 million emission permits from the auction system has an important vote behind it, this time in the key Committee for the Environment (ENVI) in the European Parliament. In the autumn a vote is expected by a plenary session in Strasbourg. The Committee has agreed on a compromise solution. The European Commission will be able to withdraw permits from the market in 2014. However, already in the subsequent year they will have to be returned to the system. The original proposed version of the directive called for their return in 2018 at the soonest.

http://europa.eu/rapid/press-release_IP-13-532_en.htm

## It is becoming clearer how European auto makers will reduce $CO_2$ emissions

Stricter goals for cutting $CO_2$ emissions from cars are near approval. **Negotiators from the European Parliament** and member states have informally agreed on a compromise.

The forthcoming requirement will define mechanisms intended to help European vehicle manufacturers fulfil the goal of a maximum of **95 emitted grams of $CO_2$** per travelled kilometre. The goal has been set for 2020. Both institutions envision preservation of the system of so-called super credits, which is a motivation for car makers to invest into greener technology. Under the achieved compromise, super credits **would apply until 2023**. The end of the system was originally planned for 2015.

MEPs and member states also expect the adoption of measures for the period after 2020, specifically for 2025. However, **the agreement does not contain specific numbers**, although MEPs have proposed a goal of between 68-78 g of CO2/km. According to member states, it will first be necessary to analyse the current situation. Therefore, the European Commission is expected to prepare an impact study.

Lawmakers and officials from EU countries have also reacted to increasing reports that the actual amount of emissions produced by cars in real operation often differs from test results. Therefore, the EU should move as soon as possible from the **New European Driving Cycle** (NEDC) to the **Worldwide Harmonised Light Vehicles Test Procedures** (WLTP), the results of which experts are more difficult to manipulate.

However, at the end of the European summit, **the agreement was blocked by Germany**. As Angela Merkel declared, Germany does not agree with tightening the limits on automobile emissions of $CO_2$, because it wants to protect its key industrial sector. When additional negotiations about vehicle emissions will take place is still not clear.

**2015: Automobiles with the mandatory emergency reporting system "eCall"**

The European Commission has introduce a plan to require the installation of eCall electronic equipment in personal vehicles by October 2015. The EU says the plan will reduce the consequences of serious traffic accidents.

The system begins automatically calling the European emergency number 112 as soon as an accident occurs. This notifies rescue services immediately of the exact location where accident occurred.

Under new regulations, all new personal vehicles and light utility vehicles will be required to have the eCall system. Vehicles without it will not be allowed to be sold on European markets. Something related to this is the need to build necessary infrastructure for taking and handling calls in emergency dispatch centres. The Commission estimates that the system could save up to 2,500 lives annually.

http://europa.eu/rapid/press-release_IP-13-534_en.htm


## REGIONAL POLICY

### EU agrees on form of European transport until 2020

Member states together with the European Commission and the European Parliament **have agreed on the form of trans-European transport networks until 2020**. The list of priority transport projects, the costs of which **will be 20-40% paid for from European funds' resource**s, includes several construction projects that are important for the transport infrastructure in the Czech Republic.

According to Czech MEP and European Parliament Deputy Chairman Oldřich Vlasák (ECR), the selected transport projects are intended to serve mainly for completion of cross-border connections, of which there remains a shortage on the European continent. Most of the construction projects are expected to be finished by the end of 2020, but some **will not be finished until between 2030 and 2050**.

Selected projects include the D11 highway and high-speed motorways R11 and R35. A total of 69 kilometres of highway from Hradec Králové to the Polish border have been included in the main European network. Their construction is expected to be completed by 2030. The **specified highway** is expected to run through Jaroměř, from where as high-speed motorway R11 it will continue to Trutnov and at the Polish border will connect to the planned A3 highway.

The Czech Republic has succeeded in getting **railways included**. Within the main trans-European network, it has supported proposals for modernisation of the Prague-Munich route. Also included among the important transport nodes is Brno, and the modernisation of its railway station is planned as well. Therefore, these railway projects can be expected to be finished soon (by 2020).

In order for the agreement to take effect, it still must be formally approved by the Council and by a plenary session of MEPs. That is expected to happen at the earliest this September.

http://europa.eu/rapid/press-release_IP-13-478_en.htm

### New extra-ministerial council to handle EU fund coordination as of 2014

The Czech government has approved a statute of the Council for Funds of the **Single Strategic Framework**. The newly created Council's main responsibility during the next programme period of 2014-2020 will be to ensure coordination of support from European funds with strategic documents from the government and the EU.

**The extra-ministerial expert** and advisory body is supposed to ensure that European funds are in harmony mainly with the National Reform Programme, the International Competitive Strategy and other key sector and territorial documents. The Council shall be responsible for ensuring during preparations for the new period that support from EU funds does not conflict with the goals of these strategies.

The chairman of the newly formed **Council** will be **the prime minister**, and its deputy chairman will be the minister for regional development. The Council may have a maximum of 30 members with voting rights, who besides ministers will also include officials from the Government Office, the National Body for Coordination and the Audit, Payment and Certification Body.

However, at least once every three months, representatives of the Capital City of Prague, the Association of Regions of the Czech Republic, the Union of Towns and Municipalities of the Czech Republic and other bodies will be able to vote at Council meetings.

For its work, the Council **will set up working groups**, which will be chaired by **general secretaries**. The secretary who will be devoted to integrated development of the territory is David Sventek.

The appointed general secretary for competitive businesses, research, innovation, effective public administration, employment and education is Miroslava Kopicová, the appointed general secretary for the labour market, education and the fight against poverty is Jan Vitula, and Petr Moos will be responsible for backbone infrastructure.


The Czech government has approved a statute of the Council for Funds of the Single Strategic Framework. That extra-ministerial council will be responsible for coordination of EU funds in the next programme period of 2014-2020. Government takes note of proposed Agreement on Partnership and Drawing of EU funds. As of 1 July 2013, the prices for roaming services within the EU will be reduced even more.

**Government takes note of proposed Agreement on Partnership and Drawing of EU funds**

Prime Minister Petr Nečas' cabinet at its session on 12 June took note o**f the proposed Agreement on Partnership** for the programme period of 2014-2020, which the Czech Republic is to sign with the European Commission. The Ministry for Regional Development will submit the final version of the agreement to the government for approval this autumn.

The agreement will focus on several strategic goals, which include increasing economic competitiveness, effectively **supporting social inclusion** and the fight against poverty, development of transport and technical infrastructure, environmental protection and last, but not least, also a balanced emphasis on territorial development.

Also attached to the Agreement is a proposal of **operational programmes**, which the government approved last autumn. So far there is a lack of information about the exact financial allocations that will be available in individual programmes.

http://kormoran.vlada.cz/usneseni/usneseni_webtest.nsf/0/FA6D5579BFB0B390C1257B560033E7D2/$FILE/302%20uv130424.0302.pdf

## INFORMATION SOCIETY

### Roaming in the EU to become cheaper as of 1 July

As of 1 July 2013, maximum prices for roaming services within the EU will be reduced even more. Thanks to the European directive, **cheaper prices** for consumers will apply for data downloading, incoming and outgoing calls and text messages.

Compared to 2012, there will be a reduction of the price ceiling for downloading data **by 36%**, outgoing calls will be **17% cheaper**, incoming calls will be **12.5% cheaper**, and text messages will be 11% cheaper.

**New wholesale price caps excluding VAT (on prices operators charge each other)**

| | 1 July 2012 | 1 July 2013 | 1 July 2014 |
|---|---|---|---|
| Data (per MB) | 25 cents | 15 cents | 5 cents |
| Voice (per minute) | 14 cents | 10 cents | 5 cents |
| SMS (per SMS) | 3 cents | 2 cents | 2 cents |

*Source: European Commission*

**New retail price caps (excluding VAT)**

| | 1 July 2012 | 1 July 2013 | 1 July 2014 |
|---|---|---|---|
| Data (per MB) | 70 cents | 45 cents | 20 cents |
| Voice-calls made (per minute) | 29 cents | 24 cents | 19 cents |
| Voice-calls received (per minute) | 8 cents | 7 cents | 5 cents |
| SMS (per SMS) | 9 cents | 8 cents | 6 cents |

*Source: European Commission*

The order also requires reduction of wholesale prices for data services and incoming and outgoing calls that phone companies bill to each other.

**As of 1 July 2014**, there is expected to be another wave of reduction of both retail and wholesale prices in the European telecommunication sector, which is apparent from already approved European union´s legislation.

Compared to 2007, data roaming in the EU will become up to 91% cheaper in 2013. During these six years, the roaming market has grown by 630%. Phone companies can also offer their customers lower prices than ordered by the EU.

Some of them, for example, will completely eliminate charges for roaming services and text messages in certain parts of Europe.

http://europa.eu/rapid/press-release_IP-13-611_en.htm

http://ec.europa.eu/digital-agenda/en/roaming

The European Commission Representation in the Czech Republic has been adding regularly to the Monthly with contributions in the Commission's column section. In this issue, it focuses on the topic of public consultations. What are public consultations, and are they mandatory or optional for the European Commission? Can individuals also get involved in them, or only organisations? Why get involved and how can it be done? The following article will answer this and other questions.


# PUBLIC CONSULTATIONS – WHY AND HOW TO GET INVOLVED IN THEM?

Directives, orders, decisions and recommendations are also examples of the types of legislation created in Brussels, but which are to a varying degree binding for all member states, including the Czech Republic, and therefore for each of us. However, can individuals influence the form of such legislation at all or at least express their opinions regarding it before it takes effect? The clear answer is: yes. You can read how in the following paragraphs.

European legal regulations are officially the creation of relevant European institutions, specifically the European Commission, the European Parliament and the Council of the EU. European advisory bodies also get involved in the process of creating legal regulations (the Committee of Regions, the European Economic and Social Committee), and last, but not least, so do the professional and general public. The Commission obtains their opinions in discussions, at conferences, at seminars, at workshops and in public hearings held both in Brussels and in all member states. Public consultations are the mechanism that enable the broadest involvement of citizens and involved parties in the process of creating European policies.

Public consultations are an opportunity for individuals and organisations (companies, non-profits, NGOs and the public sector) to submit proposals for specific types of legislative measures to the Commission.

The consultations are mandatory for the Commission, and their use is enshrined in several disclosures about improvement of the preparation of legal regulations from 2001 and 2002, which were intended to offer the public the opportunity to provide their feedback, criticism and objections to the Commission in a structured form. Relevant regulations stipulate when the Commission must announce consultations and how it must work with the results.

Consultations with involved parties are mandatory for all evaluations of impacts, meaning for most proposed legal regulations. Consultations must always be commenced before the particular proposal moves to internal feedback and occur over several weeks or even months.

The first consultation occurred already in 2001. A total of 253 respondents have commented regarding the Commission's proposals related to the internal market. Since then, hundreds of consultations have occurred, which have involved hundreds of thousands of respondents. Something fundamental for this development was of course the greater expansion of the internet, through which consultations have been carried out since the beginning.

The participation in individual types of consultations varies greatly. In some cases, fewer than 100 respondents have participated, and in others participation has exceeded 100,000 contributors. The extent of participation is influenced by several factors, and of course the topics and consultation methods have a major effect, as does whether the consultation is own to individuals or only to organisations. For example, last year's consultations regarding the future of non-conventional fossil fuels (including shale gas) the EU were participated in by more than 22,000 respondents (98 of whom specified the Czech Republic as the location of their headquarters).

As far as consultation methods are concerned, most of them have the form of a questionnaire with a level of openness of questions to which consultation participants respond after studying the consultation document, which describes the issue and highlights the Commission's objectives.

The result of public consultations is usually a report, which is created within a few months after the particular consultation is ended. If the Commission also prepares evaluation of impacts in addition to the legislation, it is required to include the results of the consultation into the report about evaluation of the impacts. In recent years, more than 100 consultations were announced each year (last year a total of 112) in a number of areas.

Currently at the address:
http://ec.europa.eu/yourvoice/index_cs.htm you can get involved in a total of up to 18 consultations.

These relate for example to the European system of financial supervision, the reform of the structure of the banking system in the EU, insurance in case of natural and man-made disasters and the method of using the European satellite navigation system Galileo. On the Your Voice in Europe portal, you will also find an overview of all completed consultations since 2001.

We are looking forward to your opinions and contributions.

# Information service

Our Information Service section outlines upcoming sessions of EU decision-making bodies accompanied by other significant events such as international summits with super powers. Often agendas for negotiations by these important bodies are not ready until a few days before the actual meetings so they can be as up-to-date as possible.
Agendas can be found at: http://europa.eu/eucalendar/.

## Meeting of the key EU institutions

| | | |
|---|---|---|
| **1 July 2013** | **Europe** | - Croatia joins the EU |
| **3 – 4 July 2013** | **Brussels, Belgium** | - Committee of the Regions plenary session |
| **4 – 5 July 2013** | **Vilnius, Lithuania** | - Lithuanian Pre-Presidency Conference |
| **4 July 2013** | **Frankfurt, Germany** | - Governing Council meeting of the ECB |
| **8 July 2013** | **Brussels, Belgium** | - Eurogroup |
| **8 July 2013** | **Vilnius, Lithuania** | - Informal Meeting of EU Ministers for Health |
| **9 July 2013** | **Brussels, Belgium** | - Economic and Financial Affairs Council |
| **15 July 2013** | **Brussels, Belgium** | - Agriculture and Fisheries Council |
| **18 July 2013** | **Vilnius, Lithuania** | - Informal meeting of Ministers on Justice and Home Affairs |
| **18 July 2013** | **Frankfurt, Germany** | - Governing Council meeting of the ECB |
| **22 July 2013** | **Brussels, Belgium** | - Foreign Affairs Council |
| **23 July 2013** | **Brussels, Belgium** | - General Affairs Council |
| **25 July 2013** | **Brussels, Belgium** | - Economic and Financial Affairs Council (Budget) |
| **29 July 2013** | **Brussels, Belgium** | - Informal Meeting of the General Affairs Council |

*Source: www.europa.eu, http://www.eu2013.lt/en/, access as of June 28th 2013.*

On 1 July 2013, Croatia's several years of efforts to join the EU culminated, and it became the 28th EU member. Croatia experienced the stormy period during which the former Yugoslavia broke up, and as of June 1991 it split from Yugoslavia and became the independent republic of Croatia. In our In Focus section you can read about what preceded Croatia's EU accession and how the country has been doing with macroeconomic indicators in comparison to the rest of the EU.


# CROATIA – A NEW EU MEMBER

Croatia submitted its application for EU membership on 21 February 2003, and in June of the following year it became a candidate country. The EU commenced accession negotiations with the country on 4 October 2005. It seemed that with its progress in its accession talks Croatia was coming closer to its goal of joining the EU. However, disputes with Slovenia over the countries' common border led to suspension of accession talks for more than a year. These disputes were resolved, and at the end of September 2009 Slovenia approved the reopening of accession talks. In the years that followed, Croatia made progress,and so on 30 June 2011 the accession talks were wrapped up.

At the beginning of December 2011, the European Parliament approved Croatia's accession to the EU, and on 9 December the accession treaty was signed. Another important step was a referendum regarding EU accession, which was held in January 2012. Even despite the low voter turnout (45%), two thirds of those casting ballots voted in favour of joining. And since as of the end of 2011 the date for Croatia's accession to the EU was set, nothing prevented elections to the European Parliament from being held in Croatia during April of this year.

**Overview of selected economic indicators for Croatia and the EU 27 in 2012**

| | Croatia | EU-27 | Ranking |
|---|---|---|---|
| Inhabitants in thousands | 4 398 | 503 667 | 21. |
| Area in thousands of km$^2$ | 57 | 4 326 | 19. |
| GDP per capita of Ø EU-27 | 61 % | 100 % | 26. |
| GDP growth | -2.0 % | -0.3 % | 23. |
| Unemployment | 15.9 % | 10.5 % | 26. |
| Inflation | 3.4 % | 2.6 % | 23. |
| Public debt to GDP | 53.7 % | 86.9 % | 12. |
| Public budget balance to GDP | -3.8 % | -4.0 % | 14. |
| Price ceiling for EU 27 | 71.2 % | 100 % | 6. |

*Source: Eurostat, AMECO, European Commission; Note: the lower number for the series means a better position in relation to the particular indicator*

The ratification process for the accession treaty was completed a few weeks ago when Germany signed it. Slovakia was the first EU state to ratify Croatia's accession, when it ratified it at the beginning of 2012. The long-term good relations with Croatia, not only at a political level, culminated with the ratification of the accession treaty by the CR as one of the first states ratifying it in the first half of 2012.

Time will tell how well Croatia fares in the EU. Its status as an EU member state should help stabilise the region and send a certain signal to other Balkan states.

Croatia is the second member state from the former Yugoslavia. Candidate countries from the Balkans include Serbia, Montenegro and Macedonia, and potential candidate countries include Bosnia-Herzegovina, Albania and Kosovo. Accession talks with those states will show whether they will become EU members and when. However, further enlargement of the EU to include these states is not expected very soon. Croatia joined the EU after 6 long years, after Bulgaria and Romania, which were admitted during the sixth enlargement round on 1 January 2007.

Croatia undoubtedly will not be among the economic engines of the EU, but it certainly will achieve an economic level which will make it possible to compare the country with other member states that joined the EU in previous waves of enlargement.

Croatia belongs to smaller states in terms of its size and population. In macroeconomic indicators of GDP in PPS per inhabitant of the EU 27 and growth of real GDP, Croatia was among the weakest EU states in 2012. In GDP in PPS per inhabitant it could be ranked ahead of states from the 6th enlargement of the EU, specifically Bulgaria and Romania.

The unemployment level is another indicator that Croatia cannot shrug off, because it is now trailed only by Greece and Spain, which have huge problems with more than 25% unemployment, and this situation is not expected to improve any time soon.

However, Croatia's membership is definitively opening up access to the EU's single market of half a billion people as well as access to new job opportunities in other European countries. For example, the Czech government decided in a resolution that in the next two years no measures would be adopted aimed at limiting the labour market of the Czech Republic for citizens of Croatia, although this resolution could be changed if necessary. As far as fiscal stability is concerned, Croatia is noticeably better off, which public debt of about 54% and a public budget deficit below 4%, ranking it in the middle among other member states.

We are confident that Croatia will be a fully fledged EU member and will avoid the economic and debt problems that have plagued certain other members. We can only hope.

Tomáš Kozelský, EU Office ČS


Although the EU financial framework for 2014-2020 still has not been approved, the characteristics of the future grant period in the Czech Republic are already becoming apparent, including the form and structure of individual operational programmes. Within the main goals of the EU Cohesion Policy, the Czech Republic will attempt to reach agreement with the European Commission on 8 operational programmes. Applicants for grants from EU funds will also be able to use ten operational programmes related to the goal of European territorial cooperation, the Rural Development Programme and the Fisheries Operational Programme.

# STRUCTURE OF NEW OPERATIONAL PROGRAMMES FOR 2014-2020 IN THE CZECH REPUBLIC

## 1. INTRODUCTION

The future arrangement of grants from EU structural funds in our country after 2013 could end our leading position in this area. The Czech Republic is expected to cease being the country with relatively the largest number of operational programmes, due to its size, and the entire grant system is expected to get simpler.

However, we will no longer even be first in terms of overall allocations obtained from EU funds per inhabitant. The Czech Republic is getting wealthier, and this is reflected in the reduction of the overall amount that we will have available. Instead of 26.7 billion euros in the current period of 2007-2013, we can expect "only" 20.5 billion euros. In view of the real absorption capacity of domestic entities, this is still a high amount.

Already last autumn the government approved a plan for the main part of the assistance from European funds in the Czech Republic to flow to project implementers through 8 operational programmes instead of the hitherto 17 OP. The Ministry for Regional Development, which is the body responsible for coordination of preparations of the future programme period, also promises simplification of administrative tasks during the grant application process by implementing harmonised and standard rules. However, the situation in which the applicants' knowledge during obtaining of grants, for example from the Environment Operational Programme, becomes irrelevant during application for grants from the ROP Northwest is not expected to be repeated.

**Overview of OP in the Czech Republic for 2014-2020**

| |
|---|
| Operational Programme Business and Innovation for Competitiveness (OP PIK) |
| Operational Programme Research, Development and Education (OP VVV) |
| Operational programme Employment (OP Z) |
| Operational programme Transport (OP D) |
| Operational programme Environment (OP ŽP) |
| Integrated Regional Operational Programme (IROP) |
| Operational Programme Prague - Field of Growth in the Czech Republic (OP PPR) |
| Operational Programme Technical Assistance (OP TP) |
| 10 Operational Programmes focused on European Territorial Cooperation |
| Rural Development Programme (PRV) |
| Fisheries Operational Programme (OPR) |

*Source: Czech Ministry for Regional Development*

## 2. MAIN PRINCIPLES

The main principles of the new programming period are expected to include a strategic focus and interconnection. The intervention of operational programmes must be aimed at fulfilling the goals of the Europe 2020 Strategy, the National Programme of Reforms and the International Competitive Strategy. Due to ensuring of maximum synergy, the supported projects should be based on more global development strategies defined in the Integrated Development Plans of Cities (IPRM), Integrated Plans of Territorial Development and Integrated Territorial Investments (ITI).

Compared to the current period, the supported projects should even more respect the criterion of competitiveness. Although the newly repaired square with a reconstructed fountain will make local citizens' lives pleasant, it will not contribute much to increasing the competitiveness of the particular town, the region or the country. The best solution would probably be the transformation of the unused agricultural brownfield into a new scientific laboratory in cooperation with the local university. The competitiveness criterion takes the form of principle 3I: Institutions (effective and efficient), Infrastructure (transport, energy, telecommunications and IT) and Innovation (support for the innovative potential of the economy).

Boosting of competitiveness is not expected like in the past, to become in conflict with the principles of market competition. The operational programmes should support only those sectors and industries where their market is failing or where a market environment does not exist. In the business environment, besides grant forms of assistance, financial instruments that yield


returns should also be used more. These will have the form of loans, guarantees and/or direct capital investments, and as is already apparent from their collective name, that should be repaid and reinvested over time. The volume of paid assistance from EU funds through so-called financial instruments is estimated at just under 10% of the total allocation.

## 3. NEW SET OF OPERATIONAL PROGRAMMES

### IROP

The biggest "revolution" in the structure of operational programmes will be the return to the situation before 2007. Also after 2013, regional problems will be resolved by the unified Integrated Regional Operational Programme (IROP), and the structure of the seven Regional Operational Programmes and the additional Central IOP will cease to exist.

**IROP – priority axes (PA)**

| |
|---|
| PA 1: Boosting competitiveness in the territory |
| PA 2: Improving the quality of public services in the territory |
| PA 3: Boosting the institutional capacity of public administration |
| PA 4: Technical Assistance |

*Source: Czech Ministry for Regional Development*

IROP will be comprised of four priority axes. The first priority axis is devoted to increasing the competitiveness of the territory, and within it projects will be financed that are aimed at modernisation and development of the regional roadway infrastructure, development of transport systems and support for destination marketing.

The second priority axis will be divided into two parts. The first is focused on the social and health area, and the second is focused on investments into education, knowledge and life-long learning.

The aim of the third priority axis is modernisation of public administration, along with increasing transparency, effectiveness and efficiency of processes in public administration. The goals are generally intended to increase the competitiveness of the Czech Republic in terms of the performance of institutions at the local and central levels.

Priority axis Technical Assistance is focused on effective management of the operational programme. This is a broad priority area that applies to other priority axes.

Technical assistance is included in all of the operational programmes and fulfils the same function, and therefore we will not comment regarding it in relation to the following OP.

### OP Transport

The second most generous budget is expected in relation to the Transport Operational Programme, which corresponds to the current OP with the same name.

**OP Transport – priority axes (PA)**

| |
|---|
| PA 1: Infrastructure for railway and other sustainable transport |
| PA 2: Roadway infrastructure in the network TEN-T |
| PA 3: Roadway infrastructure outside of the network TEN-T |
| PA 4: Technical Assistance |

*Source: Czech Ministry for Regional Development*

The first priority axis will support activities in the area of corresponding transport and activities, which will lead to improvement of urban and suburban transport. It will also support the development and modernisation of railway networks and the introduction of new technologies.

Within this priority axis, projects for development and modernisation of domestic water ways will also be financed, along with support for multi-modal transport and improvement of the route infrastructure of urban and suburban transport.

The second priority axis will expand the development of the roadway infrastructure of the TEN-T network, including development and modernisation of roadways, including highways.

The third priority axis will focus on activities aimed at improving the parameters of high-speed motorways outside of the TEN-T network for the purpose of increasing the safety and efficiency of transport.

### OP Environment

The same name in 2014-2020 will also be maintained by the Operational Programme Environment, which is the main candidate for funding cuts. The six proposed priority axes monitor the following aims. Measures supported within the first priority axis contribute to reduction of pollution of surface and underground water.

Measures will also be financed to ensure flood protection and preventive anti-flood measures.


**OP Environment – priority axes (PA)**

| |
|---|
| PA 1: Water quality improvement and flood risk reduction |
| PA 2: Improvement of air quality in human settlements |
| PA 3: Waste and material flows, environmental burdens and risks |
| PA 4: Environmental protection and care for nature and rural areas |
| PA 5: Energy savings |
| PA 6: Technical Assistance |

*Source: Czech Ministry for Regional Development*

The second priority axis will focus on intervention contributing to reduction of emissions and improvement of the system of monitoring, evaluating and forecasting the development of air quality.

The third priority axis of OP Environment focuses on measures that will contribute to avoiding waste generation and increasing material use of waste. It will also lead to elimination of environmental burden, reduction of environmental risks and development of the system for their management.

The fourth priority axis will boost biodiversity and the quality of the environment in territorial bases. The fifth priority axis will support the transition to a low-carbon economy and energy efficiency in buildings and public lighting. Investments into improvement of thermal technical properties of buildings will contribute to the reduction of energy demands of buildings.

## OP Research, Development and Education

However, the greatest boost using financial resources is expected from the new OP Research, Development and Education, which should combine the hitherto OP Research and Development for Innovation and the OP Education for Competitiveness.

The operational programme will have 5 priority axes, and the first of these will be focused on increasing the international competitiveness of Czech research and preparation of top experts with an interest in work in research and development.

The aim of the second axis is to increase the use of the potential of the research sphere. This axis will also include maximisation of the long-term benefit of hitherto investments with inclusion of the research and development capacities of Czech companies.

**OP Research, Development and Education – priority axes (PA)**

| |
|---|
| PA 1: Boosting of capacities for quality research |
| PA 2: Development of the environment for the use of research as a source of long-term competitive advantages |
| PA 3: Development of universities |
| PA 4: Development of life-long learning and equal access to quality education |
| PA 5: Technical Assistance |

*Source: Czech Ministry for Regional Development*

Improvement of the quality of universities should be assisted by the third axis, which will be focused on increasing the relevance of university studies for the labour market and on profiling of universities particularly in the area of professional sectors. The fourth priority axis can be divided into improving the quality of education, boosting equal access to education and developing life-long learning.

## OP Business and Innovation for Competitiveness

Another budget rich programme, which will create even more of a boost, is the OP Business and Innovation for Competitiveness, the successor of the current OP Business and Innovation.

**OP Business and Innovation for Competitiveness – priority axes (PA)**

| |
|---|
| PA 1: Development of business activity based on support for research, development and innovation |
| PA 2: Development of infrastructure and services supporting business in the knowledge economy and internationalisation of business activity |
| PA 3: Sustainable management of energy and development of innovation in energy |
| PA 4: Development of high-seed internet access and support for modern information and communication technology |
| PA 5: Technical Assistance |

*Source: Czech Ministry for Regional Development*

The operational programme is comprised of five priority axes. The measures of the first priority axis will lead to increasing the innovation performance of companies and the intensity and use of the results of industrial research and experimental development as part of the concept of intelligent specialisation.

The approach realised in the second priority axis is aimed at increasing the number of new business entities or objectives


and at increasing the market preparedness of SMEs. Another part is focused on building quality business infrastructure and on development of existing infrastructure for education in the business sector.

Activities co-financed within the third priority axis will lead to increasing the share of production of energy from renewable resources, to reducing the energy demands of the business sector and to development of energy services, modernisation and development of distribution networks and greater application of innovations in energy.

Measures carried out within the fourth axis will help increase the number of areas covered by high-speed internet and will help develop advanced communication technology.

## OP Employment

The successor of the hitherto OP LZZ should also have a strengthened budget – the OP Employment.

**OP Employment – priority axes (PA)**

| |
|---|
| PA 1: Support for employment and labour force adaptability |
| PA 2: Social integration and the fight against poverty |
| PA 3: Social innovation and international cooperation |
| PA 4: Effective public administration |
| PA 5: Technical Assistance |

*Source: Czech Ministry for Regional Development*

The new OP Employment will be comprised of five priority axes. The first will be devoted to increasing employees' knowledge and competence and focused on creation of a balance between private and work life and modernisation of public services related to employment.

The second priority axis will be focused on support for social inclusion, socially oriented business and increasing the employability of socially excluded persons and/or persons at risk of exclusion on the labour market.

The third priority axis is focused on international cooperation in the area of social inclusion, the fight against poverty, access to employment for applicants and inactive persons, etc. The purpose of the fourth axis is to boost the institutional capacity and performance of domestic public administration and local governments and to reduce administrative and regulatory burden.

## OP Technical Assistance

The OP Technical Assistance is expected to remain the smallest operational programme, which will finance the management of European grant policy in the Czech Republic.

**OP Technical Assistance – priority axes (PA)**

| |
|---|
| PA 1: Management and Coordination of the Partnership Agreement |
| PA 2: Single monitoring system |
| PA 3: Development of human resources at the level of the Partnership Agreement |
| PA 4: Ensuring of absorption capacity |

*Source: Czech Ministry for Regional Development*

In the new programme period of 2014-2020, it will have four priority axes. The aim of the first of these is to support activities aimed at fulfilling the objectives of the Partnership Agreement and fund management coordination.

The second axis will lead to ensuring a unified monitoring system for structural funds in the Czech Republic. Activities supported in this priority axis will be aimed at maintaining a high standard of administrative capacity and improvement of the qualifications of relevant employees of management bodies.

The main objective of the last fourth priority axis will be to ensure effective development of absorption capacity from the central level through support.

## OP Prague – field of growth

Simplification will also be carried out at the level of grants for Prague. Instead of the hitherto OP Prague-Adaptability and the OP Prague-Competitiveness, we can look forward to the single OP Prague – field of growth.

**OP Prague – field of growth – priority axes (PA)**

| |
|---|
| PA 1: Boosting of research, technological development and innovations |
| PA 2: Boosting of SMEs' competitiveness |
| PA 3: Sustainable mobility and energy savings |
| PA 4: Support for social inclusion and the fight against poverty |
| PA 5: Training and education |
| PA 6: Technical Assistance |

*Source: Czech Ministry for Regional Development*

The interventions of a single operational programme for Prague will be divided into six priority axes. The first will monitor the fulfilment of the objective of boosting research, technological development and innovations. The main purpose of the support is also to stimulate the use of results of research and development in the application sphere, both public and commercial.

The second priority axis is focused on supporting Prague SMEs by creating quality and capacity sufficient


infrastructure and services for business activities (such as business centres and incubators). Prague projects focused on reducing energy demands of buildings (heating, recuperation, use of renewables), increasing energy efficiency in transport and supporting the use of public transportation will be financed within the third priority axis.

The subsequent priority axis is in the form of the OP Employment at the Prague level and is devoted to development of social services with the aim of supporting social inclusion and reducing poverty. The fifth priority axis is aimed at supporting education at all levels, from elementary and secondary to university. This axis should make it possible to receive financial assistance also for projects aimed at involving universities, scientific research facilities and the business sector.

## Operational Programmes focused on European Territorial Cooperation

In the future programme period, emphasis will also be placed on foreign projects, which are being resolved by at least two entities from a minimum of two countries as part of European Territorial Cooperation.

The Czech Republic will participate in the following operational programmes at various regional levels:

**Cross-border programmes:**

- OP Czech Republic – Poland
- OP Slovakia – Czech Republic
- OP Austria – Czech Republic
- OP Bavaria – Czech Republic
- OP Saxony – Czech Republic

**Multinational and international cooperation:**

- OP Multinational Cooperation Central Europe
- OP Multinational Cooperation Danube
- OP Inter-regional Cooperation INTERREG C
- OP ESPON
- OP INTERACT

## EAFRD and EMFF Programmes

The structure of new grant programmes will also consist of operational programmes financed from the European Agricultural Fond for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF).

The first mentioned fund will finance the new Rural Development Programme, which will solve structural problems at the rural level.

The Rural Development Programme should finance projects focused on boosting the competitiveness of farming, forestry and food enterprises, boosting rural employment while maintaining continuous stability and taking into consideration the natural disadvantages of rural areas, restoration, preservation and strengthening of local ecosystems, supporting effective use of energy resources and the transition to low-carbon rural economies and social inclusion as well as the fight against poverty in rural areas.

The OP Fisheries will be a smaller programme by volume. The support from this programme will be focused on environmentally sustainable aquaculture and environmentally friendly aquaculture sector activities as well as on increasing the competitiveness of the fisheries sector through productive investments into aquaculture and development of innovative activities with an emphasis on benefits and implementation of technology in businesses.

# 4. CONCLUSION

It is also expected in the new programme period that the majority of projects, particularly those of an investment nature, will have to be pre-financed from external sources. Everything depends on how the system is set up by overseeing bodies. In most cases, the overseeing body (the relevant ministry) will release grants retroactively after individual phases of the project are completed.

For commercial projects, public support rules will also apply, which are expected to become even stricter compared to the current programme period. While now large businesses with more than 250 employees each can receive investment grants of 405 (and medium-sized businesses 10% more and small businesses 20% more), in the future this intensity of public support is expected to be reduced to 25% for large businesses, 35% for medium-sized businesses and 45% for small businesses.

Domestic project implementers from the public and from regions and municipalities and business operators from the non-profit sector already now have gained enough experience with implementing and managing projects supported from EU funds and are waiting for relevant state bodies to be prepared to launch the new grant system. And as far as that is concerned, we are relatively more pessimistic. Although the new programme period already begins on 1 January 2014, the first calls for submission of grant applications are not expected until the end of 2014.

The Guide to Doing Business Section is part of the advisory programme "Foreign Business Guide", which the EU Office has offered since the beginning of this year. Within the program, we provide our clients from among small and medium-sized businesses with information about how to expand abroad successfully and what business environment awaits them there. You can find more information about the programme here: www.csas.cz/eu. In this issue we present Belarus.


# BELARUS

| | |
|---|---|
| Official name | Republic of Belarus |
| Population | 9 643 566 (2012) |
| Area | 207 600 km$^2$ |
| Currency | Rubl (BYR) |
| Ethnic groups | Belarusians 83.7 %, Russians 8.3 %, Poles 3.1 %, Ukrainians 1.7 %, Other 3.2 % |

*Source: CIA World Factbook*

Belarus gained its independence from the former Soviet Union in 1991, but to this day it maintains close relations with Russia. Since 1999 it has been a member of the Union State of Russia and Belarus, which has characteristics of a confederation. Belarus has been part of a customs union with Russia and Kazakhstan since 2010.

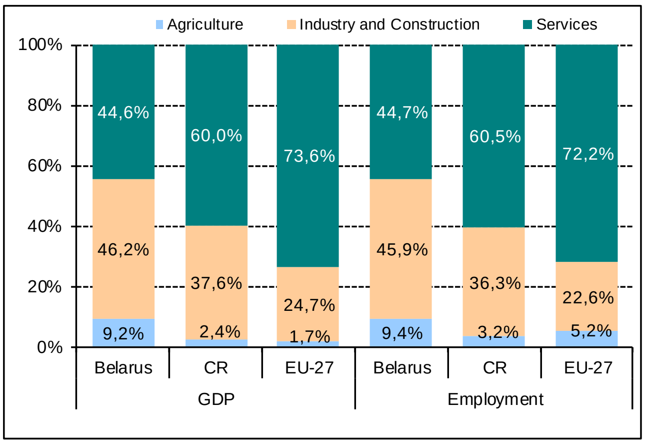
Belarus has a presidential system led by President Alexander Lukashenko, who has held the post since 1994. His government can be characterised as authoritarian, with activities including crackdowns on the opposition and restrictions on freedom of speech. In 2004, the constitution of Belarus was amended, which led to elimination of presidential term limits. The last presidential elections were held in December 2010, and Alexander Lukashenko received 79.7% of the votes.

## Structure of economy and foreign trade

Compared to the rest of Europe, the economy of Belarus consists of a higher share of farming, which makes up 9.2% of GDP and employs 9.4% of the work force.

Compared to the Czech Republic and the rest of Europe,

**Sectors of the National Economy - Belarus (CR and EU)**




*Source: Eurostat, CIA World Factbook, data as of 2010, 2011, 2012*

Belarus has a relatively more significant industrial sector with nearly a half share of GDP and employment. The remaining 45% is comprised of the service sector.

The most important export partners are Russia (33.5%), the Netherlands (15.1%) and Ukraine (10.2%). The country exports mainly machines and components, mineral products, chemicals, metals and food. Belarus imports goods (particularly engineering products, minerals, chemicals, food and metals) mainly from Russia (54.4%), Germany (5.6%), China (4.8%) and Ukraine (4.4%).

## Macroeconomic outlook

Even Belarus could not avoid weakening of its economy, and mainly due to the weaker last quarter of last year it reported GDP growth of only 1.5%. This was due to the government's austerity measures particularly in relation to public investments, accompanied by restrictions on monetary policy with the aim of eliminating external imbalances. For this and next year, the IMF expects a slight rebound in economic growth to 2.1% and 2.6% respectively.

The main painful area remains high inflation, which jumped in 2011 due to weakening of the Belarus ruble and is only gradually decreasing. However, Belarus has been achieving excellent results in the area of public finances, which should be balanced soon.

| Basic indicators (in %) | 2011 | 2012 | 2013$^e$ | 2014$^e$ |
|---|---|---|---|---|
| GDP Growth | 5.5 | 1.5 | 2.1 | 2.6 |
| Unemployment rate | 0.6 | 0.6 | 0.6 | 0.6 |
| Inflation | 53.2 | 59.2 | 20.5 | 15.5 |
| Balance of payments | -10.5 | -2.9 | -5.2 | -5.5 |
| Deficit of public budgets | 3.3 | 0.1 | 0.0 | -0.4 |

*Source: MMF; $^e$ - estimate*

## Labor market

Unemployment in Belarus is at a barely believable level. According to official statistics, its amount has long been around 1%. The unemployment level in Belarus expresses the share of active job seekers registered at employment agencies in relation to the economically active population.

The minimum wage is set at the national level by a decision by the Council of Ministers of Belarus. The current minimum monthly salary is BYR 1,395,000 (EUR 123), and the hourly wage is BYR 8,340.


| Basic indicators of labor market | | |
|---|---|---|
| Unemployment level (2012) | 0.6 % | |
| Economic. active population (2011) | 4 686 thous. | |
| Minimum monthly wage (1H/2013) | 123 EUR | |
| **Ø monthly wages in sectors (2011)** | **Belarus** | **CR** |
| Construction | 325 € | 905 € |
| Wholesale and retail trade | 260 € | 878 € |
| Transport and storage | 306 € | 1 494 € |
| Accomodation and food services | 194 € | 504 € |

*Source: Statistical Offices of Belarus and Czech Republic*

## Labor law basics

An employment contract must be in writing. It can be entered into for a definite or an indefinite period. An employment contract for a definite period may be entered into for a maximum length of 5 years. An employment contract may be terminated either based on an agreement between both parties or if requested by either party.

Employees in Belarus enjoy legal protections that limit the reasons for which an employer can end a person's employment. Wages in the country are freely set by companies themselves, but the overwhelming majority of companies in Belarus allow a certain extent of state regulation.

## Commercial law basics

In order to invest in Belarus, it makes sense to use one of the forms of companies or to establish a representative office. When establishing a company, it is necessary to consider whether the investor is founding an entirely new entity or is getting involved in an already existing entity.

If a foreign investor's investment into a company's capital is greater than $20,000, the Belarus act on investments will consider it a company with a foreign investor.

| Form of Company | Minimum Capital |
|---|---|
| Limited Liability Company | Not required |
| Company with additional liability | 50 basic units (5 mil. BYR = 432 EUR) |
| Open Joint Stock-Company | 400 basic units (40 mil. BYR = 3 454 EUR) |
| Closed Joint Stock-Company | 100 basic units (10 mil. BYR = 864 EUR) |

*Source: web pages of Ministry of Economy in Belarus*

## Main taxes and additional labor costs

From the European perspective taxes are generaly low in Belarus. The corporate tax rate is 18% and i tis effective since 1 January 2012. There is a reduced rate of 10% for residents of scientific and technology parks (for the sale of their own production of high-tech goods). A 12% withholding tax is imposed on dividends in Belarus.

Individuals who are residents (if they stay in Belarus for more than 183 days during the year) must pay taxes on all of their income (including income from abroad), and non-residents pay in Belarus only income taxes from Belarus sources. The individual income tax rate is 12 %. However, 9% rate applies for employees of high-tech parks.

The basic VAT rate in Belarus is 20% for almost all goods and services. There is a reduced 10% VAT rate for certain food products and children's goods.

| Tax/payment | Rate |
|---|---|
| Corporate Tax | 10 % / 18 % |
| Dividend tax for non-residents | 12 % |
| Individual Income Tax | 9 % / 12 % |
| VAT (basic / lower) | 20 % / 10 % |
| Social insurance – employee | 1 % |
| Social insurance – employer | 34 % |

*Source: web pages of Ministry of Finance in Belarus*

## Energy

Belarus, which is very energy dependent mainly on its biggest trade partner Russia, plans to build new wind power plants, one coal power plant and four hydroelectric power plants by 2020. At the end of 2013, the country plans to construct two nuclear reactors, which should be ready within four years.

Belarus plans to reduce its energy dependence to 25-30% by 2020. Fossil fuels are clearly the dominant source of power generation in Belarus (99.7%), including coal, oil and especially natural gas.

Belarus only imports electricity from Russian nuclear power plants, and Belarus produces an insignificant 0.3% of its electricity from alternative sources. In terms of rates for businesses, the prices of natural gas in the country are below the European average, while electricity prices are relatively high. Households in Belarus enjoy significantly lower energy prices.

In today's and the next two issues of the Monthly, in the Journey into History section, we will focus on the beginnings of the development of monetary cooperation in the EU and the creation of the monetary union. The project of creating the monetary union went hand in hand with the economic integration of member states. Both areas are very closely related, and therefore, they were resolved jointly. First it has been necessary to coordinate states' economic policies. Then countries that fulfil all of the economic criteria will be able to become part of the single monetary policy.


# DEVELOPMENT OF MONETARY UNION I.

### Beginnings of monetary cooperation

On the European continent, monetary cooperation did not begin being gradually developed until after World War Two, but in America already in July 1944 in the spa town of **Bretton Woods**, an international monetary and financial conference was held, at which they agreed on a system of so-called fixed and adaptable exchange rates (the Bretton Woods Rules). Its purpose was to peg individual European countries' currencies to the U.S. dollar using a system of fixed exchange rates with a narrow fluctuation range of ±1% from the set parity towards the dollar. The dollar itself was tied to gold and represented a reserve currency.

In 1957, **the Treaty on Establishment of the European Economic Community** was signed, and some of its other goals included preserving trust in individual currencies and ensuring price and exchange rate stability among member states. In the 1960s, **the Bretton Woods System** began running into problems. In 1962, Commissioner for Economics and Financial Affairs Robert Marjolin submitted **Marjolin's Action Plan**, which included the goal of creating a central bank and a single currency.

Since the Community was undergoing a political crisis, member states were not willing at the time to discuss issues related to monetary integration. The turn-around in member states' approach came at their summit in the Hague in 1969, where the European Council discussed both **Marjolin's Action Plan** and **the Barre Report**, which was written in 1969. The Barre Report was written by French Commissioner for Economics and Financial Affairs Raymond Barre and presented the idea of adopting a single currency.

German Finance Minister Karl Schiller presented an alternative project for economic and monetary union in 1970. The aim of **Schiller's Plan** in relation to monetary integration was mainly to replace national currencies with a single currency, and it sought the EuroParliament's participation in overseeing the entire monetary integration process.

Two basic approaches to economic and monetary integration existed - **monetary and economic**. The supporters of the monetary approach recommended quick adoption of a single currency. In order to achieve a stable single currency, the most important steps were timely fixing of the exchange rates of European countries' currencies and checking of capital flows. Supporters of the economic approach believed that economic integration of member states should be the priority and that the need for a single currency was not as urgent. These two different groups of course prompted a lot of discussions, and the concept of economic and monetary union had to lead to certain compromises.

### Werner's plan

The European Council at its meeting in the Hague in 1969 asked for an expert group to be set up headed by Luxembourg Prime Minister Pierre Werner. Werner prepared a report, which he presented to the Commission in 1970, which was intended to lead to the creation of a monetary union within 10 years and in three basic phases:

- **irreversible convertibility** of member states' currencies and creation of a so-called "snake in the tunnel" (The tunnel was to be formed by a broader fluctuation range from a fixed particular exchange rate of involved currencies towards the U.S. dollar, based on the Bretton Woods guidelines. A snake was formed in the middle in the form of a narrower fluctuation range of European currencies towards the U.S. dollar.)
- **free movement of capital** and fixed set exchange rates between member states' currencies,
- **replacement of individual currencies** with a single currency.

However, at the particular time there were not very favourable conditions for the implementation of Werner's plan. In March 1973, the Bretton Woods system of fixed exchange rates collapsed. But first the U.S. government suspended the exchangeability of dollars for gold. In 1971 **the Washington Agreement** was signed as an effort to rescue the system. That agreement led to adjustment of all fixed exchange rates via dollar devaluation.

Following the Washington Agreement, in 1972 the member states signed **the Basel Agreement**, which developed the idea of a snake from Werner's report. Its basis was a system of fixed currency exchange rates and expansion of the dollar tunnel to 4.5% (± 2.25%), where the snake of European currencies could hover in a narrower range of 2.25% (after 1.125% for both sides).

However, even this measure did not prevent abandonment of the dollar, and in 1973 the fixed exchange rate became unsustainable and the U.S. currency acquired a freely flowing exchange rate, which led to an increase in instability on world financial markets.

In the next issue of our Monthly we will focus on how European countries copsed with the currency instability and how EU monetary policy further developed.


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

## Key macroeconomic indicators

| | GDP Growth | | | | GDP per capita (PPS, % of ø EU) | | | | Price level to ø EU | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in % | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 |
| Belgium | -2.8 | 2.4 | 1.8 | -0.3 | 118.0 | 119.0 | 119.0 | 119.0 | 112.2 | 111.2 | 111.0 | 109.4 |
| Bulgaria | -5.5 | 0.4 | 1.8 | 0.8 | 44.0 | 44.0 | 46.0 | 47.0 | 51.2 | 50.9 | 49.4 | 48.9 |
| CR | -4.5 | 2.5 | 1.9 | -1.3 | 83.0 | 80.0 | 80.0 | 79.0 | 73.0 | 75.6 | 76.5 | 74.5 |
| Denmark | -5.7 | 1.6 | 1.1 | -0.5 | 123.0 | 128.0 | 125.0 | 125.0 | 142.8 | 141.3 | 143.5 | 141.9 |
| Germany | -5.1 | 4.2 | 3.0 | 0.7 | 115.0 | 119.0 | 121.0 | 121.0 | 106.8 | 104.4 | 103.2 | 101.8 |
| Estonia | -14.1 | 3.3 | 8.3 | 3.2 | 63.0 | 63.0 | 67.0 | 68.0 | 77.2 | 76.3 | 77.9 | 79.9 |
| Ireland | -5.5 | -0.8 | 1.4 | 0.9 | 128.0 | 127.0 | 127.0 | 129.0 | 125.4 | 118.1 | 116.3 | 115.0 |
| Greece | -3.1 | -4.9 | -7.1 | -6.4 | 94.0 | 87.0 | 79.0 | 75.0 | 94.8 | 95.7 | 95.6 | 93.0 |
| Spain | -3.7 | -0.3 | 0.4 | -1.4 | 103.0 | 99.0 | 98.0 | 97.0 | 97.6 | 97.0 | 97.2 | 95.5 |
| France | -3.1 | 1.7 | 2.0 | 0.0 | 109.0 | 108.0 | 109.0 | 108.0 | 112.1 | 110.7 | 110.2 | 109.1 |
| Croatia | -6.9 | -2.3 | 0.0 | -2.0 | 62.0 | 58.0 | 61.0 | 61.0 | 76.2 | 75.9 | 73.3 | 71.2 |
| Italy | -5.5 | 1.7 | 0.4 | -2.4 | 104.0 | 101.0 | 100.0 | 98.0 | 104.7 | 102.9 | 104.4 | 104.5 |
| Cyprus | -1.9 | 1.3 | 0.5 | -2.4 | 100.0 | 97.0 | 94.0 | 91.0 | 89.7 | 89.5 | 88.9 | 88.0 |
| Latvia | -17.7 | -0.9 | 5.5 | 5.6 | 54.0 | 54.0 | 58.0 | 62.0 | 75.9 | 73.2 | 73.8 | 74.8 |
| Lithuania | -14.8 | 1.5 | 5.9 | 3.7 | 58.0 | 61.0 | 66.0 | 70.0 | 66.9 | 65.0 | 65.8 | 65.9 |
| Luxembourg | -4.1 | 2.9 | 1.7 | 0.3 | 255.0 | 267.0 | 271.0 | 271.0 | 121.4 | 122.0 | 123.0 | 121.8 |
| Hungary | -6.8 | 1.3 | 1.6 | -1.7 | 65.0 | 65.0 | 66.0 | 66.0 | 63.1 | 64.6 | 64.3 | 61.8 |
| Malta | -2.8 | 3.2 | 1.8 | 1.0 | 84.0 | 87.0 | 87.0 | 86.0 | 77.9 | 77.4 | 77.9 | 78.2 |
| Netherlands | -3.7 | 1.6 | 1.0 | -1.0 | 132.0 | 131.0 | 131.0 | 128.0 | 107.7 | 108.3 | 108.2 | 108.1 |
| Austria | -3.8 | 2.1 | 2.7 | 0.8 | 125.0 | 127.0 | 129.0 | 131.0 | 107.8 | 105.3 | 106.4 | 105.8 |
| Poland | 1.6 | 3.9 | 4.5 | 1.9 | 61.0 | 63.0 | 65.0 | 66.0 | 58.1 | 61.2 | 59.3 | 58.3 |
| Portugal | -2.9 | 1.9 | -1.6 | -3.2 | 80.0 | 80.0 | 78.0 | 75.0 | 89.1 | 87.7 | 87.1 | 86.6 |
| Romania | -6.6 | -1.1 | 2.2 | 0.7 | 47.0 | 47.0 | 47.0 | 49.0 | 57.5 | 59.5 | 60.3 | 57.4 |
| Slovenia | -7.8 | 1.2 | 0.6 | -2.3 | 87.0 | 84.0 | 84.0 | 82.0 | 87.8 | 86.9 | 85.8 | 85.0 |
| Slovakia | -4.9 | 4.4 | 3.2 | 2.0 | 73.0 | 73.0 | 74.0 | 75.0 | 73.1 | 71.2 | 72.4 | 71.5 |
| Finland | -8.5 | 3.3 | 2.8 | -0.2 | 114.0 | 113.0 | 115.0 | 115.0 | 123.9 | 123.0 | 124.7 | 124.0 |
| Sweden | -5.0 | 6.6 | 3.7 | 0.7 | 120.0 | 124.0 | 127.0 | 128.0 | 107.5 | 121.8 | 126.4 | 128.4 |
| UK | -4.0 | 1.8 | 1.0 | 0.3 | 111.0 | 111.0 | 109.0 | 110.0 | 96.7 | 100.8 | 102.0 | 107.8 |
| EU | -4.3 | 2.1 | 1.6 | -0.3 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

| | Public budget deficite to GDP | | | | Public debt to GDP ratio | | | | Current account saldo to GDP | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| in % | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 | 2009 | 2010 | 2011 | 2012 |
| Belgium | -5.6 | -3.8 | -3.7 | -3.9 | 95.7 | 95.5 | 97.8 | 99.6 | -1.4 | 1.9 | -1.1 | -1.4 |
| Bulgaria | -4.3 | -3.1 | -2.0 | -0.8 | 14.6 | 16.2 | 16.3 | 18.5 | -8.9 | -1.5 | 0.1 | -1.3 |
| CR | -5.8 | -4.8 | -3.3 | -4.4 | 34.2 | 37.8 | 40.8 | 45.8 | -2.4 | -3.9 | -2.7 | -2.5 |
| Denmark | -2.7 | -2.5 | -1.8 | -4.0 | 40.7 | 42.7 | 46.4 | 45.8 | 3.4 | 5.9 | 5.6 | 5.2 |
| Germany | -3.1 | -4.1 | -0.8 | 0.2 | 74.5 | 82.4 | 80.4 | 81.9 | 6.0 | 6.2 | 6.2 | 7.0 |
| Estonia | -2.0 | 0.2 | 1.2 | -0.3 | 7.2 | 6.7 | 6.2 | 10.1 | 3.4 | 2.9 | 2.1 | -1.2 |
| Ireland | -13.9 | -30.8 | -13.4 | -7.6 | 64.8 | 92.1 | 106.4 | 117.6 | -2.3 | 1.1 | 1.1 | 4.9 |
| Greece | -15.6 | -10.7 | -9.5 | -10.0 | 129.7 | 148.3 | 170.3 | 156.9 | -11.2 | -10.1 | -9.9 | -3.1 |
| Spain | -11.2 | -9.7 | -9.4 | -10.6 | 53.9 | 61.5 | 69.3 | 84.2 | -4.8 | -4.5 | -3.7 | -1.1 |
| France | -7.5 | -7.1 | -5.3 | -4.8 | 79.2 | 82.4 | 85.8 | 90.2 | -1.3 | -1.6 | -1.9 | -2.3 |
| Croatia | -4.1 | -5.2 | -5.7 | -3.8 | 35.3 | 42.2 | 46.7 | 53.7 | -4.9 | -0.9 | -0.8 | 0.0 |
| Italy | -5.5 | -4.5 | -3.8 | -3.0 | 116.4 | 119.3 | 120.8 | 127.0 | -2.0 | -3.5 | -3.1 | -0.7 |
| Cyprus | -6.1 | -5.3 | -6.3 | -6.3 | 58.5 | 61.3 | 71.1 | 85.8 | -10.7 | -9.8 | -4.7 | -11.7 |
| Latvia | -9.8 | -8.1 | -3.6 | -1.2 | 36.9 | 44.4 | 41.9 | 40.7 | 8.6 | 2.9 | -2.2 | -1.7 |
| Lithuania | -9.4 | -7.2 | -5.5 | -3.2 | 29.3 | 37.9 | 38.5 | 40.7 | 3.7 | 0.1 | -3.7 | -0.5 |
| Luxembourg | -0.8 | -0.9 | -0.2 | -0.8 | 15.3 | 19.2 | 18.3 | 20.8 | 7.2 | 8.2 | 7.1 | 5.6 |
| Hungary | -4.6 | -4.3 | 4.3 | -1.9 | 79.8 | 81.8 | 81.4 | 79.2 | -0.2 | 1.1 | 0.8 | 1.6 |
| Malta | -3.7 | -3.6 | -2.8 | -3.3 | 66.4 | 67.4 | 70.3 | 72.1 | -7.4 | -4.7 | -0.2 | 0.4 |
| Netherlands | -5.6 | -5.1 | -4.5 | -4.1 | 60.8 | 63.1 | 65.5 | 71.2 | 5.2 | 7.8 | 10.1 | 9.9 |
| Austria | -4.1 | -4.5 | -2.5 | -2.5 | 69.2 | 72.0 | 72.5 | 73.4 | 2.7 | 3.4 | 1.4 | 1.8 |
| Poland | -7.4 | -7.9 | -5.0 | -3.9 | 50.9 | 54.8 | 56.2 | 55.6 | -3.9 | -5.1 | -4.9 | -3.5 |
| Portugal | -10.2 | -9.8 | -4.4 | -6.4 | 83.7 | 94.0 | 108.3 | 123.6 | -10.9 | -10.6 | -7.0 | -1.5 |
| Romania | -9.0 | -6.8 | -5.6 | -2.9 | 23.6 | 30.5 | 34.7 | 37.8 | -4.2 | -4.4 | -4.5 | -4.0 |
| Slovenia | -6.2 | -5.9 | -6.4 | -4.0 | 35.0 | 38.6 | 46.9 | 54.1 | -0.7 | -0.6 | 0.0 | 2.3 |
| Slovakia | -8.0 | -7.7 | -5.1 | -4.3 | 35.6 | 41.0 | 43.3 | 52.1 | -2.6 | -3.7 | -2.1 | 2.3 |
| Finland | -2.5 | -2.5 | -0.8 | -1.9 | 43.5 | 48.6 | 49.0 | 53.0 | 1.8 | 1.5 | -1.5 | -1.9 |
| Sweden | -0.7 | 0.3 | 0.2 | -0.5 | 42.6 | 39.4 | 38.4 | 38.2 | 6.7 | 6.8 | 7.0 | 7.1 |
| UK | -11.5 | -10.2 | -7.8 | -6.3 | 67.8 | 79.4 | 85.5 | 90.0 | -1.4 | -3.3 | -1.4 | -3.7 |
| EU | -6.9 | -6.5 | -4.4 | -4.0 | 74.6 | 80.0 | 82.5 | 85.3 | 0.3 | 0.4 | 0.7 | 1.3 |

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