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under the auspices of Pavel Kysilka
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Dear readers,

The first month of the summer holiday season brought to the Czech Republic as well as to several other parts of European Union a record braking heat wave and drought interrupted at times by violent thunderstorms. One can ask the question to what extent this weather had an impact on the European politics. You will find out in the following pages of our Monthly.

The "neverending story" about whether Greece deserves another tranche of international financial assistance, or whether this time the creditors are running out of patience at last, continued. The result is, not surprisingly, as usual. Greeks, following a long wrangle and a multitude of street demonstrations, adopted an austerity act, which calls for sacking of about 25,000 government employees, and in response to this measure, the duo of creditors, i.e. the European Union and the International Monetary Fund, will send another 7 billion euros to Athens.

The conventional image of lazy Greeks, who – as insinuated by the former Czech president Václav Klaus – are sitting in the shade of their cypress trees drinking ouzo, was seriously discredited following the publication of European statistics by Eurostat. Did you know that in terms of the daily working hours the Greeks are, contrary to the popular belief, the most diligent European nation? According to Eurostat, the average working week in Greece is 42 hours while the European Union average represents a mere 37.3 hours. Nevertheless, as far as I am concerned, even more surprising is the runner up: the second most diligent nation within the European Union is . . . – well, the identity of the runner up is revealed on page 8 below.

The mood on the financial markets of the Eurozone has been more or less positive for the past year or so. Can it be inferred from this circumstance that the Eurozone is getting out of the woods? You can read my opinion in the "Microscope" section on the page 11.

The European Union's representation in the Czech Republic brought in its regular press release a summary explanation on the proposed Banking Union. This is a very hot topic: in July, Brussels presented a proposal for a commonly shared mechanism whereby the problems of European banks could be dealt with; it should be noted that the proposal acquired the label of being "controversial" as soon as it was presented.

Another topic of high importance is dealt with in the main chapter of our Monthly Review of EU affairs. We were inspired to discuss this issue in response to the decision of the new Czech government headed by Prime Minister Jiří Rusnok to raise, as of the 1st of August, the minimum monthly wage by CZK 500 from 8,000 to 8,500. It is worth noting that even following this upward adjustment the minimum monthly wage in the Czech Republic remains one of the lowest within the entire European Union.

Dear readers, I wish you a pleasant summer holiday season with a minimum of any excesses, whether they are related to the weather or to European and/or local politics.

Jan Jedlička

The European Commission has published the latest results of the Eurobarometer public opinion survey. The Commission has introduced a long awaited legislative package intended to amend the rules for payment services on the EU's internal market. Greece's governing coalition has narrowly approved a bill that will lead to mass lay-offs in the public sector. Greece intends to reduce VAT for payments in restaurants as a way of boosting its economy. The European Commission has proposed another pillar of Banking Union.

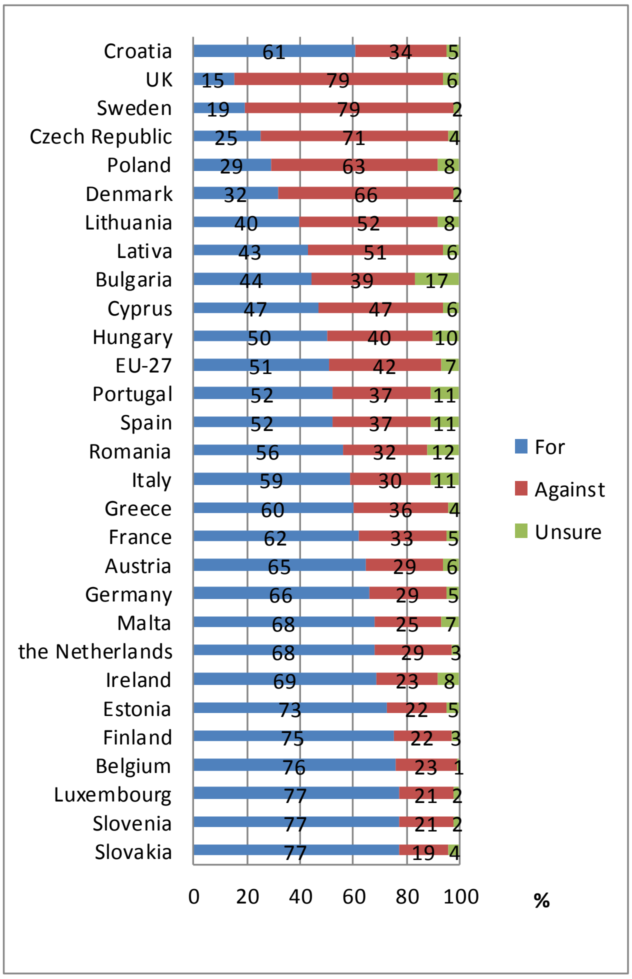
POLITICS

Results of Eurobarometer from spring 2013

The number of Europeans who do not trust European institutions has doubled over the last six years from the original 32%. According to the most recent Eurobarometer, a public opinion survey carried out by the European commission, **60% of EU citizens** incline towards distrust of the EU.

The largest percentage of scepticism was registered among inhabitants of **Cyprus** (83%) and **Greece** (80%), two countries which in recent months have been receiving financial assistance from the EU and the IMF, but under the condition that they fulfil what are often very demanding requirements.

Support for the euro in the member states



Source: Eurobarometer no. 79, May 2013

The European Commission's survey also shows that there is a large difference between **support for the euro** within the Eurozone and outside of it. While in states that use the single currency it is supported by around 62% of people, in others it is supported by a mere 29%. **The Czech Republic** is second to the bottom with 25% support for the euro, and less support than that was discovered only in Sweden (19%) and United Kingdom (15%).

Contrastingly, the **highest support for the euro** is in Slovakia (77%), followed by Slovenia, Luxembourg, Belgium and Finland, where there is more than 75% support for the euro. **The largest rise in support** for the single currency was recorded **in Latvia**, by 8% to the current 46%. That Baltic state will replace its currency, the lat, with the euro as of 1st January 2014, becoming the eighteenth EU member to adopt the euro.

Issue of citizenship and rights in the EU

		Yes	No	Unsure
Do you feel like an EU citizen?	**CR**	**54%**	**45%**	**1%**
	EU	62%	37%	1%
Would you like to know more about the right that you have as an EU citizen?	**CR**	**65%**	**33%**	**2%**
	EU	59%	39%	2%
Do you know what your rights are as an EU citizen?	**CR**	**43%**	**56%**	**1%**
	EU	46%	53%	1%

Source: Eurobarometer no. 79, May 2013

As far as issues of citizenship and citizens' rights in the EU, according to the survey six out of ten EU citizens **feel European** and want to **know their rights** better. However, only 46% of respondents said they knew which rights were involved.

Benefits of European integration

Which of the following statements do you believe has the greatest benefit? From the most beneficial:		
Free movement of people, goods and services in the EU	**CR**	**71%**
	EU	56%
Peace among EU members	**CR**	**57%**
	EU	53%
The euro	**CR**	**9%**
	EU	24%
Opportunities to study abroad (ERASMUS)	**CR**	**30%**
	EU	23%

Source: Eurobarometer no. 79, May 2013

Europeans regard as the main benefits of the EU **free movement of people, goods and services** and peaceful relations among EU members. Citizens also regard as positive the opportunity to study abroad and the EU's economic strength.

http://europa.eu/rapid/press-release_IP-13-725_en.htm

ECONOMY AND EURO

Commission introduces legislation amending payment rules

The European Commission has introduced a long awaited legislative package intended to amend the rules for payment services on the EU's internal market.

The package contains:

- a revised directive regarding payment services ("PSD2");
- a draft regulation regarding inter-bank fees for credit and debit card transactions.

For example, the revised directive is newly expect to regulate payment initiation services, which occur between a merchant and the buyer's bank and enable **more secure electronic payments** without the use of a credit card. The providers of these services will now be subject to the same high standards of regulation and supervision as all other payment institutions. The directive will also protect consumers against fraud and make it easier for them to **transfer money outside of Europe** or to pay in other currencies besides the euro.

Multi-lateral inter-bank fees are percentage-based or flat (or a combination of both) fees charged during a transaction at a point of sale using a credit or debit card. They are paid by the bank of the merchant, who enables payment for goods and services **via a payment terminal**, to the, to the cardholder's (customer's) bank.

The draft regulation calls for **limiting the fees** charged with all transactions using consumer debit and credit cards and during payments via the internet or by mobile phone. In the case of debit cards, a ceiling of **0.2%** will be imposed, and for credit cards, a ceiling of **0.3%** will be imposed. During the transitional period of 22 months, the limits will apply to cross-border payments, and after that period expires it will begin applying to domestic payments as well.

So far it is only a proposal. In order to take effect, it needs approval from the European Parliament and the Council of the EU.

http://europa.eu/rapid/press-release_IP-13-730_en.htm

Greece to lay off thousands of state employees, reduce VAT in restaurants

Greece's governing coalition has narrowly approved a bill that will lead to mass lay-offs in the public sector. The adoption of the bill was a condition for unblocking another tranche of financial aid from the EU and the IMF, **nearly 7 billion euros**. As a result of this legislation, 25,000 public sector employees, **mainly teachers and municipal police**, will be laid off or assigned to different positions. The preparation of the controversial bill has prompted protests and strikes in the streets of Greece.

The night-time vote was preceded by a speech by Prime Minister Samaras, in which he announced the first ever tax reduction since the economic crisis erupted. VAT on spending in restaurants will be reduced as of 1 August **from 23% to 13%**. Analysts say VAT reduction is a symbolic attempt to show Greeks light at the end of the tunnel. According to the prime minister, the step will help reduce tax evasion, which is a major problem in the country. However, he warned that if circumvention of tax obligations continued, the VAT rate would be returned to the original 23%.

As part of public debt restructuring, Greece has already agreed with its private creditors on the write-off of half of the nominal value of its state bonds. Nonetheless, the European Commission expects the country's public debt to reach **175% of GDP**. That is still an unsustainable amount, and therefore we predict that sooner or later additional write-offs of Greek debt will follow.

http://www.primeminister.gov.gr/2013/07/17/12283

FINANCE

EC proposes another pillar of Banking Union

In July, the European Commission proposed introducing **a single mechanism** for solving the problems faced by banks in the Eurozone. It involves another pillar of the Banking Union, following the already approved single mechanism of supervision, which as of 2014 will be carried out by the European Central Bank for banks that are important to the system.

The single mechanism for solving problems would work as follows:

- The ECB as the supervising body would point out that a certain bank has serious financial problems, which need to be solved.
- The newly created single committee for solving problems consisting of representatives from the ECB, the Commission and relevant national bodies (from the

The European Commission and Chine have resolved their dispute regarding the importation of Chinese solar panels to the EU. The European Parliament has approved the temporary withdrawal of 900 million emissions permits from the trading system. New rules for nuclear energy could apply in the EU in the future. The EU court tribunal has examined lawsuits against three member states due to non-fulfilment of obligations set by the the directive for railway transport. The EU wants to create a European Public Prosecutor's Office.

countries where the bank has its headquarters, branches and/or subsidiaries) will prepare proposals for solving the bank's problems.

- Based on the recommendations by **the single committee for solving problems** or from its own initiative, the Commission will decide whether to commence the process of solving problems at the particular bank (for example by closing or restructuring it), and will set a framework for the use of means to solve the bank's problems and for a fund.
- A fund will be set up for solving banks' problems under the supervision of the single committee for solving problems, in order to ensure the availability of financial support during restructuring of banks. It will be financed from contributions from the banking sector and should reach **up to 70 billion euros**.
- Under the supervision of the single committee for solving problems, national bodies with problem solving responsibility will implement the problem solving plan.

If approved by the European Parliament and the Council, the single mechanism will apply to all banks in the Eurozone and other countries participating in the Banking Union of which there are approximately **6,000 banks**.

The mechanism is expected to become valid in January 2015 at the earliest. However, the proposed fund will acquire target values several years late.

http://europa.eu/rapid/press-release_IP-13-674_en.htm

BUDGET

EU wants to improve fight against fraud with taxpayer money

The EU would like in the difficult economic situation to protect better and more effectively the resources of European taxpayers, who suffer losses totalling approximately **500 million euros each year**. The EU plans to establish a European public prosecutor's office to ensure more successful prosecution of fraud involving money from the EU budget. The office would be an independent institution subject to democratic supervision.

According to the Commission's statistics, the level of protection of rights within **the battle against fraud** in the EU is not the same in all individual member states. The numbers of successfully prosecuted persons who committed criminal offences against the EU budget and the numbers of individuals convicted also differ.

The creation of the new office is intended to address this problem. The Lisbon Treaty, which was adopted in 2009, also calls for establishment of the European public prosecutor's office. European Commission President José Manuel Barroso even commented on this obligation in his State of the Union speech last September, and support for establishing the office has also been voiced by the French and German justice ministers.

In order for the proposal **to become valid in January 2015**, it must be approved by the European Parliament and ratified unanimously by all member states. If the Council does not reach a unanimous consensus, at least 9 states can still implement the proposal as part of boosted cooperation.

http://europa.eu/rapid/press-release_IP-13-709_en.htm

FOREIGN TRADE

Commission, China reach deal regarding solar panels

The European Commission and Chine **have resolved their dispute** regarding the importation of Chinese solar panels to the EU. In May, the Commission announced its intention to impose a **47% customs duty** on Chinese imports. Its move was due to complaints from European manufacturers about dumping prices. China reacted to the move by investigating the importation of European wines to the Chinese market.

Now both sides have agreed on a minimum price for which Chinese solar panels will be imported to Europe. As a result, the **anti-dumping customs duties** will not apply as of August. The Chinese are also satisfied with the deal, and now they will be able to cover approximately half of the European demand for solar panels.

The agreed price represents **0.56 euros per watt** of output. That is approximately the price for which Chinese solar panels are currently being sold in Europe. European manufacturers represented by the EU Pro Sun alliance are unhappy about the deal. Originally, Europe was supposed to demand a minimum price of 0.67 euros per watt. According to the alliance, the final deal is too close to the Chinese proposal of 0.50 euros per watt.

http://europa.eu/rapid/press-release_MEMO-13-730_en.htm#PR_metaPressRelease_bottom

ENERGY AND TRANSPORT

Parliament approves temporary withdrawal of emission permits

The European Parliament at the beginning of July supported a compromise regarding **temporary withdrawal of 900**

million emissions permits from the trading system (EU ETS). The deal was based on a compromise proposal, which had been negotiated by the parliamentary committee for the environment (ENVI). This compromise should ensure that what is known as backloading receives the necessary support in Parliament.

The main result of the compromise is that the permits will be withdrawn from the market in 2014, but in the subsequent years they are expected to be returned to the auction system. Moreover, backloading should occur only under the condition that it does not lead to a **"carbon leak"** (a shift of industry to countries with less strict environmental legislation). The Commission will evaluate the situation.

Another key part of the compromise is the plan to set up a fund to support green innovations in energy demanding sectors, which should be financed in part from higher yields from emissions permits. The Commission expects their price to go up as a result of backloading.

The plenary session eventually approved backloading without a requirement for establishing and fund or **for quick returning** of permits into the system. The EP therefore approved its negotiating position for trilateral talks with the Commission and member states. The final negotiations are expected to begin after the summer holidays.

http://europa.eu/rapid/press-release_MEMO-13-653_en.htm

Will new EU rules apply for nuclear energy?

New rules are expected to apply in the future, which will enable member states to support nuclear power financially. As a result, nuclear power could start receiving the same support **as renewable resources**.

The European Commission plans in the autumn to present a draft directive, which in the future would amend the rules for state support for construction and operation of new nuclear reactors. The proposal is being prepared by Commissioner for Economic Competition Joaquín and his colleague responsible for energy, Günther Oettinger. The proposal **does not relate only to nuclear energy**. State support could also be allocated in the future for Carbon Capture and Storage Technology – CCS) or for energy infrastructure projects. Their support from the state should be compatible with EU rules.

According to EU officials, the proposal should bring certainty to investors on the energy market. Currently if a member state wants to introduce **state support for nuclear power**, it must ask the Commission for permission. The entire process thanks to the proposal should become simpler in the future.

Opponents of nuclear power and supporters of renewables point out that the development of renewables in the next decade could enter a phase in which **green technology** no longer needs support in order to be operated. However, if during that period electricity begins being produced by new nuclear blocks for which a **guaranteed purchase price** will apply, it will reportedly mean another commitment for states for a few decades.

Form of climate and energy policy 2030

At the European level, public consultations have been conducted regarding the new climate and energy goals for 2030. Until 2020, goals have been set **for reducing emissions of CO_2**, the share of renewable resources in energy and increasing of energy efficiency. The currently relevant question is how will the commitments look for the decades to come, and how many of them will there be.

It is relatively clearly expected that a new goal for reducing carbon dioxide emissions will be set. There has been talk about a **40% reduction** compared to 1990. There is also consideration of imposing a requirement for a certain share of renewables in the energy mix. However, a debate is being waged about the possible obligation to increase **energy efficiency**. Supporters want it to be one of the foundations of the entire policy, but sceptics say it could also have negative consequences.

http://europa.eu/rapid/press-release_MEMO-13-275_en.htm

EU court tribunal disciplines Czech Republic for not fulfilling railway requirements

The EU court tribunal has examined a lawsuit filed by the European Commission against the Czech Republic due to the country's non-fulfilment of its obligations stemming from a directive that regulates **the functioning of the railway sector**.

According to the court tribunal's ruling, the Czech Republic is not ensuring sufficient independence of management for infrastructure operators. **For ensuring independence**, it is important for the operator to be able to decide and set the amounts of fees for access, so that these fees can be used as a management tool. However, the Finance Ministry sets maximum prices for using railway infrastructure, which is leading to less room for infrastructure operators to make their own decisions and is at variance with the valid directive.

Iceland must decide whether or not it wants to be an EU member. Germany and the V4 countries are sceptical about means of reducing car CO_2 emissions The European Committee for the Environment has voted regarding limits on the use of bio fuels. According to the European Commission's annual report, the Czech Republic was the country with the most problems during drawing of resources from EU structural funds. Europe can be helped out of the economic crisis by support for university education and student mobility.

The court tribunal also addressed the system of rewarding for performance. According to the court, the Czech Republic **has not implemented a system for rewarding performance**, which would motivate railway companies and operators to attempt to minimise malfunctions and increase the performance of railway networks. Something else at variance with EU law is the option of appealing to the Transport Ministry against decisions by the Rail Authority, which is enshrined in Czech law.

If the Czech Republic does not comply with the verdict **as soon as possible**, the Commission may file a new lawsuit together with a proposal for imposition of monetary sanctions.

http://europa.eu/rapid/press-release_CJE-13-88_en.htm

ENLARGEMENT

Iceland must decide about EU membership

Iceland filed a request for EU membership in the summer of 2009 after the country's economy was hit badly by the economic crisis. A year later, the European Commission decided to commence accession talks. However, the **accession talks** were frozen after the elections in April of this year were won by Eurosceptic parties, who openly oppose European integration and membership of Iceland.

In mid July, **Prime Minister Sigmundur Gunnlaugsson visited Brussels** and met with European Commission President José Manuel Barroso. The topics of the meeting included besides increasing quotas for mackerel fishing also the issue of Iceland's EU integration.

Although the European Commission respects the new Icelandic government's decision to freeze accession talks, Barroso says Iceland should clarify as soon as possible whether or not it wants to renew the process in the future or definitively abandon the idea of EU membership. **If Iceland returns to the negotiating table**, EU member states are prepared to hold discussions with it. In those discussions, it will also be provided with sufficient room for negotiations regarding topics specifically relevant to Iceland, such as the pressing issue of fishing. Fishing makes up half of Iceland's exports and 10% of its GDP.

Iceland's prime minister did not comment regarding the possibility of restarting accession talks after he met with Barroso, but the country's position will reportedly become clearer in the autumn after the issue is debated in the Icelandic parliament.

http://ec.europa.eu/commission_2010-2014/president/news/archives/2013/07/20130716_1_en.htm

ENVIRONMENT

MEPs vote on restrictions on bio fuel use

In October 2012, the European Commission proposed that the **use of bio fuels in the EU be limited**. Under the EU plans, bio fuels produced from farming crops should contribute 10% to fulfilment of the goal regarding renewable energy resources for transport by 2020. The share of bio fuels of the first generation, produced from food products and energy crops, should not exceed 5%, according to the Commission.

The European Committee for the Environment has now voted regarding the proposal for the future of bio fuels in Europe.

The aim of the proposed measures is to reduce greenhouse gases resulting from increased use of agricultural land for production of bio fuel crops. The European Commission has supported the proposal. However, in its vote it approved increasing the original 5% l**imit for the share of first-generation bio fuels to 5.5%**. Advanced bio fuels produced from other sources, such as from seaweed and various types of waste, must then represent **at least 2% of overall consumption in 2020**. The legislative report still needs to be submitted for a vote at the plenary session in Strasbourg in September.

http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fTEXT%2bIM-PRESS%2b20130708IPR16825%2b0%2bDOC%2bXML%2bV0%2f%2fEN&language=CS

Germany and V4 countries are sceptical about means of reducing car CO_2 emissions

At Germany's request, member states have postponed their final decision about their stance regarding the European regulations related to reduction of CO_2 emissions from cars and trucks. **Reduction of CO_2 emissions from cars and trucks in the EU** is the focus of two currently discussed regulations, the proposed versions of which were presented by the European Commission in the summer of 2012.

The proposed regulations are intended to define the means with the help of which European car makers will be able to **reduce car emissions to 95 g of CO_2/km** and **truck emissions to 147 g CO_2/km by 2020**. The proposals are currently being discussed by MEPs and member states.

According to car makers, the set goals are very demanding, but they intend to cope with them. **The Czech Republic, like other members of the Visegrad 4**, is sceptical regarding the proposals. Although for now there has only

been talk about goals for 2020, there is already talk about additional obligations, which are expected to be set by 2025.

The Commission is proposing that the EU set the reduction goals to be achieved by 2025 or 2030 already next year. The European Parliament's Committee for the Environment (ENVI) in its April report stated that their achievement would not likely happen until 2017. At that time, a new method should already be used for testing access, thanks to which measuring of emissions should correspond more closely to reality.

The Czech Ministry of Industry and Trade therefore has welcomed the initiative from SAP Czech Republic, which should help with coordination of the V4 states, in which the automobile industry is a major sector.

http://www.euractiv.cz/obchod-a-export0/clanek/nemecko-i-visegradska-ctyrka-jsou-skepticke-vuci-nastrojum-pro-snizovani-emisi-co2-z-automobilu-automobilovy-prumysl-010982

EDUCATION

Erasmus is helping Europe out of crisis

One of the ways to overcome the current economic crisis, according to the Commission, is **to support university education and student mobility**. Last year alone, the popular Erasmus operational programme was participated in by more than 250,000 mostly young people, and since its establishment in 1987, scholarships have been granted to more than three million students.

According to the Commission's report, students are sent abroad mostly by **Spain**, followed by **Germany** and **France**. These countries are also the most popular destinations for young students. The largest number of students from the programme last year studied in Granada, Spain, followed by Madrid, Spain, and Bologna, Italy. **Charles university** with 1,172 students is in eleventh place on the imaginary ladder, and **Masaryk University in Brno** is four places lower on the ladder.

However, the Czech Republic is not only a popular destination country. Last year, the programme was participated in by more than **7,000 young Czechs**, more than 9% more than in 2010 and 2011. Their most frequent destination is Germany, followed by France and Spain.

For 2014-2020, the EU wants **to allocate 8 billion euros** for the initiative for supporting employment of young people, and by 2020 it also wants to achieve 20% mobility of students within the Erasmus programme.

http://europa.eu/rapid/press-release_IP-13-657_en.htm

COHESION POLICY

CR poor supervision of EU fund use

The Czech Republic has encountered **serious problems** during drawing of resources available from EU structural funds. According to the regularly published annual report of the European Commission, the Czech Republic in the past has not managed to implement sufficient control and audit mechanisms in individual operational programmes. The Czech Republic was even evaluated **as the worst of the monitored problem states**.

The shortcomings in the controlling drawing from EU funds were revealed by an audit conducted by the Commission, which identified **the currently poorly set up audit system**, which does not guarantee full independence. The Czech Republic has also been criticised **for the inappropriate way** that the management bodies of operational programmes have dealt with the uncovered problems and for ineffective HR policy in certain management bodies.

The annual report, which focuses on drawing of resources from European funds, cites increased errors in administration of projects only in the case of the Czech Republic. Countries with similarly serious problems include **Hungary, Spain, Italy and Romania**.

http://ec.europa.eu/atwork/synthesis/aar/doc/regio_aar_2012.pdf

MEPs approve package for 2014-2020 cohesion policy

MEPs in the Committee for Regional Development (REGI) have approved important points of reform of the cohesion policy,which in the next programme period of 2014-2020 will be focused more on **economic growth and job creation**. A total of five reports were voted on. Although certain reform points remain unresolved, according to MEPs the agreement provides a good basis for concluding negotiations between individual member states and the Commission regarding **the Partnership Agreement**.

The reform of the cohesion policy for 2014-2020, which has been confirmed by the EP committee's voting, includes besides the mentioned investments into main areas of growth and employment as part of the Europe 2020 strategy also so-called **concentration**. Within their allocations, member states will have to concentrate their main volume of resources on a few pre-defined priorities.

Specifically, 50-80% of the budget of the European Regional Development Fund will finance **support for innovations**, **research and development**, **the digital agenda**,

The Committee for Regional Development has approved a package regarding the cohesion policy for 2014-2020. But negotiations regarding EU funds are not over yet. According to research by the Czech Statistical Office and Eurostat, Czechs work almost the largest number of hours weekly compared to the rest of the EU. Compared to other member states, Czech employers employ fewer workers part-time.

competitiveness of SMEs and the **transition to a low-carbon economy**. Member states will have to allocate at least 12-20% of their resources to support energy efficiency and renewable energy resources.

The approved legislative package, which the Commission presented already in the autumn of 2011, also includes the obligation to measure investments better and reduce bureaucracy. A plenary session of the European Parliament will vote regarding **the package for the 2014-2020** cohesion policy in the autumn.

Negotiations regarding EU funds are not over yet

The European Parliament's Committee for Regional Development has approved a series of important reports related to the legislative package regarding the cohesion policy after 2013. However, according to Czech MEP and EP Deputy Chairman Oldřich Vlasák, **the negotiations between member states and EU institutions regarding the final form of the package are far from over**. The most difficult is still ahead of them.

According to Vlasák, their meeting MEPs will be inclined to accept the rules for how the operational programmes should look and **the Partnership Agreement**. It should also be decided for what purposes EU funds can be used. Nonetheless, there remain a few areas where an inter-institutional compromise is still being awaited. Questions remain regarding, for example, the issue of a performance reserve, which is supposed to be separated from each member state's total allocation and which countries will be able to touch only after they fulfil pre-defined criteria. The EP has long criticised its introduction.

http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fTEXT%2bIM-PRESS%2b20130708IPR16838%2b0%2bDOC%2bXML%2bV0%2f%2fEN&language=CS

EMPLOYMENT AND SOCIAL POLICY

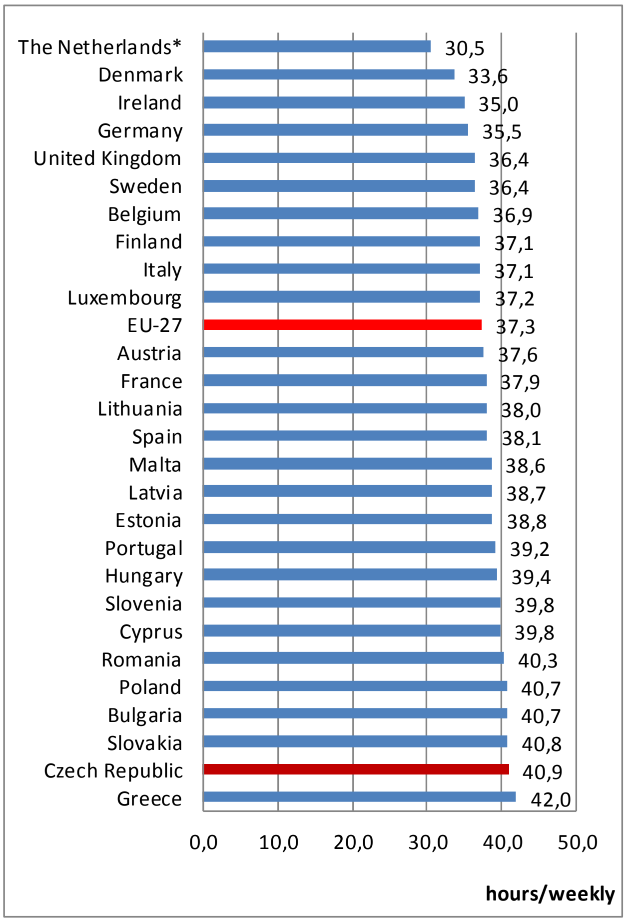
Czechs spend more hours working than other EU citizens

According to an analysis prepared by the Czech Statistical Office, the Czech Republic is one of the countries **with the lowest share of part-time employees**.

According to the results of a selective survey of the labour force (VŠPS-LFS) for 2012, the percentage of people in the Czech Republic employed part-time was a mere **5% of people ages 15 to 64**. Part-time work was mainly performed by women (179,000), mainly in healthcare, schools and commercial organisations. Just under 60,000 men worked part-time, mainly in the processing industry. **The average for the entire EU according to Eurostat is 19.2%**. Due to the low number of part-time employees in the Czech Republic the average typical length of the work week has grown for full-time employees. Employees **in the Czech Republic** work an average of **40.9 hours per week**, compared to **37.3 hours in the EU as a whole**.

The only people in the EU who work more than Czechs are **Greeks**, whose average work week is **42 hours**. The are followed by Slovaks with 40.8 hours. Contrastingly, the lowest number of hours worked per week is **in the Netherlands (30.5 hours in 2011)**. The Dutch spend almost 10 hours less working than Czechs. In other northern states as well, such as Ireland, Germany, Belgium and the UK, the weekly work period is shorter or more people work part-time as their main jobs.

Weekly hours of work in main job (2012)



Source: Eurostat

http://www.czso.cz/csu/csu.nsf/informace/czam080513.doc

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 the "Banking Union". During the past several years the EU has adopted various measures in order to reduce the risk of recurrence of new bouts of crisis; in particular, the adopted measures have been focused on the issues related to the supervision of economic policies, on the functioning of the financial sector and on building of the financial safety nets.

BANKING UNION STORY: WHY AND HOW IT CAME ABOUT?

Despite these measures it was impossible to prevent during the past period the escalation of the crisis of public finances in certain countries and to stop the dissemination of doubts concerning the feasibility the Eurozone as such. In particular, the ensuing crisis confirmed that the difficulties within the financial sector can have a negative influence on the financial stability of the member states. Due to the tight mutual entanglement of the regions of the Eurozone and due to a tendency of a bank crisis to spread easily across the state borders, it has turned out that mere coordination of the actions of the financial supervisory bodies within the Eurozone is not enough and that it is necessary to apply in the area of supervision the policies of common decision making and operational processes.

The financial markets responded with a considerable sensitivity in relation to the “financial health” of both the banking and government sectors of finance in the individual member states of the Eurozone. This resulted into the fragmentation of the financial markets within the Eurozone, making the conditions, which the businesses as well as the households have to cope with in the different member states significantly different from each other. More stringent conditions for obtaining credit within the private business sector appeared in particular in those member states affected by the crisis to a higher degree than elsewhere.

This state of affairs endangers the unified market of financial services and impairs effective performance of the monetary policy within the Eurozone. The higher interest rates and lower amount of offered credit resulted in “negative feedback” between the financial stability of the banks, fiscal equilibrium and the (lower) growth rate of the affected economies.

In response to this state of affairs the European Commission proposed in the second half of 2012 the plan to establish what they called the banking union. The purpose of the plan is to stabilise the banking sector and to restore the confidence in the euro currency and to make these goals the components of the longer-term programme of the future economic integration. The key component of this process is the transfer of supervision of the banks to the European level. In addition, the proposal includes several other items, such as integrated solution of banking sector crisis and a common system of insurance of savings. Unification of the banks’ supervision and solution of the banks problems at the European level together with the corresponding actions by national participants will make the bank crisis management more efficient and will contribute to severing of the mutual interconnection between crises on the state level on one hand and the banks in bankruptcy on the other hand.

The first and key step in the direction towards the banking union was the Commission’s proposal of the unified supervision mechanism approved by the Council of Finance Ministers in December 2012. The proposed mechanism will secure the direct supervision of the banking sector by the ECB throughout the Eurozone and in other countries which choose to join the banking union. Following the agreement reached within what is known as the Trialog in the spring of 2013 the mechanism is expected (at present) to be launched during the second half of 2014.

In July 2013 the EC made another step leading towards the fully fledged banking union by presenting their proposal of the unified system for solving the problems of the banks. In case a bank, which is subject to the unified supervision develops serious problems despite the enhanced supervision, the proposed unified system for solving the problems of the banks offers the remedies and solutions at minimum costs to be borne by the tax payers and the real economy (meaning the activities outside the purely financial and monetary domain). The proposal includes setting up of a unified fund for solving bank problems. This fund shall be financed by contributions from within the banking sector.

In March 2013 the European Council pledged to finalise the work on the banking union, and it confirmed that the Commission´s proposal to set up the unified system for solving problems of banks would be examined and adopted before the end of the current term of the European Parliament in 2014. The mechanism for solving problems of banks should be put into operation in 2015.

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/; http://www.eu2013.lt/en/.

Meeting of the key EU institutions

29 – 30 August 2013	**Vilnius, Lithuania**
- Informal Meeting of the General Affairs Council	
2 September 2013	**Brussels, Belgium**
- European Parlament committee meetings	
4 – 6 September 2013	**Vilnius, Lithuania**
- Informal meeting of the Budget Committee of the Council	
5 September 2013	**Brussels, Belgium**
- European Parlament committee meetings	
5 September 2013	**Brussels, Belgium**
- Governing Council meeting of the ECB	
5 – 6 September 2013	**Saint Petersburg, The Russian Federation**
- The EU at the G20 summit	
5 – 6 September 2013	**Vilnius, Lithuania**
- Informal meeting of the EU Ministers of Defence	
6 – 7 September 2013	**Vilnius, Lithuania**
- Informal Meeting of Ministers for Foreign Affairs	
8 – 10 September 2013	**Vilnius, Lithuania**
- Informal meeting of Ministers for Agriculture	
9 – 12 September 2013	**Vilnius, Lithuania**
- European Parliament Plenary	
13 – 14 September 2013	**Vilnius, Lithuania**
- Informal Meeting of Ministers for Economic and Financial Affairs	
15 – 16 September 2013	**Vilnius, Lithuania**
- Informal meeting of Ministers for Transport	
18 – 19 September 2013	**Brussels, Belgium**
- European Economic and Social Committee plenary session	

Source: www.europa.eu, http://www.eu2013.lt/en/, access as of August 2nd 2013.

Development of European financial markets and the recent approval of Latvia's entry into the Eurozone indicate that the Eurozone has the worst behind it already. However, have the fundamental problems that prompted the crisis actually been solved, and do only bright tomorrows now await us? Read more in the current issue of the Monthly in the commentary section "Microscope". An expanded version of the article was published in the newspaper Hospodářské noviny on 15 July 2013.

IS THE EUROZONE OUT OF THE WOODS?

French President François Hollande has no doubts whatsoever. In June he lectured his Japanese hosts:

"It is high time for you here in Japan to realize that the Eurozone crisis is over."

Using the terminology of sports disciplines, then in contest for the most optimistic statement uttered by a top European politician concerning the future of the Eurozone, François Hollande deserves a gold medal, despite the fact that the competition was quite tough.

The silver medal goes to **the chairman of the European Commission, Manuel Barroso**, for his statement while visiting Prague in April this year:

"Despite all the challenges we have to face in future, the European Union, as I firmly believe, has already overcome the worst period of the current crisis."

Mr. Barroso lost to François Hollande because he did not proclaim the crisis to be over, but he only stated that the current crisis was now in its less dangerous stage and was gradually petering out.

An even closer contest was fought over the silver medal. In the end **Mr. Wolfgang Schäuble, the German Minister of Finance**, finished third because when asked about the future prospects of the Eurozone, he had this to state:

"I am of the opinion that we are out of the woods."

Considering that the statements by Barroso and Schäuble are, as far as their meaning is concerned, practically the same, **the boss of the Brussels executive body** demolished the position of the German minister by the additional statement uttered at a press conference held in Portugal in January, this year:

"I think, that the threatened existence of the euro currency has finally been warded off."

Well, the top European politicians and officials have optimism in their job descriptions.

But can they be trusted?

According to the markets, the worst is over

The opinion that the crisis is currently at the beginning of the phase of petering out is also shared with the above professional optimists by the financial markets.

Ever since the memorable statement by the President of the European Central Bank, Mr. Mario Draghi, in July 2012, the nervousness among investors has been on retreat, and the margins of yields from the bonds of the risky countries (PIIGS) compared to the safe ones (Germany, Switzerland) have gradually decreased, credit default swaps in the southern part of the Eurozone have decreased, and the exchange rate of the euro is gradually recovering its former position relative to the dollar.

The memorable statement by **the boss of the European Central Bank** was as follows:

"Within its mandate, the ECB is ready to do anything to save the euro. And believe me, whatever we do, it will be good enough."

For any remaining sceptics, in September Draghi presented a programme of the unlimited purchase of government bonds of the states troubled by financial problems. The ECB, being the currency authority (the issuing bank) of the Eurozone has, at least theoretically, an unlimited supply of euros and thus it is not all that surprising to observe that the investors believed what Mr. Mario Draghi said.

Latvia also believes in the bright future of the Eurozone. At the beginning of July the Council of Finance Ministers of the EU member states (Ecofin) finally approved the Latvian application to join Eurozone and thus, as of the 1st of January, 2014 Latvia will replace its lat with the euro.

Structural problems keep simmering under the surface

Both the situation on the financial markets and the mood among the entrepreneurial community have improved during the last 12 months, but the fundamental position of a number of member states of both those within the Eurozone and those within the European Union as the whole continues to be rather depressing.

According to the economic prognosis from the spring of this year, none of all the 28 member states of the union shall manage to keep their public expenditure budgets balanced.

No spectacular results can be expected in terms of economic growth. This year the Eurozone is expected to lose about 0.4 % and EU as the whole about 0.1 %. The situation on the labour market remains absolutely alarming.

Double digit unemployment rates are expected in 9 member states of the Eurozone and in 15 states of the EU as the whole.

In Greece and Spain, about one quarter of the population is unemployed. It is a small miracle that no mass-scale social unrest has broken out so far in these countries.

The European states have kept carrying out the required reforms during past several years, but the progress in their implementation has not always been as fast as necessary. Moreover, neither the faster pace nor the more penetrative steps are something to be easily absorbed by the electorate of the countries concerned.

Take, as an example, the resignation of the architect of the Portuguese reforms, Mr. Vitor Gaspar, who had to give up the position of the finance minister. This resignation brings about the risk of triggering an avalanche resulting in a serious political crisis in Portugal. The political situation in Greece remains fragile and rather precarious, because the conditions under which each consecutive tranche of the financial assistance is released make the risk of the government coalition falling apart ever more likely.

More public debt write-offs on the horizon

In view of everything that has been stated above, I expect during the closing months of this year that the topics of the debt crisis will return both to the forefront of the media and to the attention of the financial market circles.

The writing off of the public debts by private investors will probably take place in line with a slightly more positive scenario. In addition to the 50% reduction of the nominal value of the Greek public debt, which has been already agreed upon between the government and the representatives of investors, some more write-offs can be expected to take place.

Some write-offs of the debts held by public institutions like the ESM, the ECB and the IMF are also quite likely. I cannot entirely rule out that sooner or later, in case of Portugal, Cyprus, Spain and possibly also Italy, partial write-offs of the value of the government bonds in the hands of financial investors will take place.

However, the situation appears at present to be more advantageous than it was about two and more years ago, because at present the European banking sector is in much better shape, and the write-offs would not, in the vast majority of cases, cause existential problems to the banks concerned.

A less optimistic albeit a less probable scenario is one envisaging that in addition to the writing off of the debts, some countries will leave the Eurozone. Even the departure of a relatively small country like Greece can unleash a domino effect combined with runs on the banks by panicking clients and hasty departures of more important investors from the countries involved in such conflagration.

In the end this scenario would result, at least, in reintroduction of capital regulation and interruption of the functioning of the European union’s internal market, which is based on the free movement of people, goods, services and capital.

In an extreme case, one cannot entirely rule out the reversal of the contemporary trend towards European integration and the beginning of the era of the European Union fragmentation.

Jan Jedlička, EU Office ČS

The main topic of this issue of the Monthly is the history and development of the minimum wage. We examined the situation in the Czech Republic, where after several previous unsuccessful attempts the minimum wage was increased as of 1st August 2013. We have also mapped the minimum wages in other EU countries. This problem is not solved at the EU level, but there are differences in its handling in individual member states.

MINIMUM WAGE IN THE CZECH REPUBLIC AND THE EU

1. INTRODUCTION

As of 1 August, a new minimum wage applies in the Czech Republic. It has been set at CZK 8,500 per month, or CZK 50.60 per hour. After several unsuccessful attempts since 2007 to increase the "frozen minimum wage" of CZK 8,000, it was accomplished by the recently formed government of Prime Minister Jiří Rusnok. Previous proposed increases of the minimum wage from ministers Jaromír Drábek and Ludmila Müllerová did not succeed. Müllerová's proposal to increase the minimum wage by CZK 500 was approved only later under new Minister of Labour and Social Affairs František Koníček.

It is necessary to keep in mind that the mere setting of the minimum wage is not an easy task, and it is necessary to consider the functions it is intended to serve. After all, the amount of the minimum wage is important from both a social and from an economic point of view. The minimum wage should motivate employees to find and carry out legal employment. However, in relation to employers it plays a somewhat protective role by defining the lowest possible labour costs and setting the basic conditions for competition among business entities and limitation of "wage dumping". However, it has its pros and cons.

A high minimum wage could push certain workers out of the labour market and increase unemployment. On the other hand, a low minimum wage, not only due to its amount, but also due to the average wage ceiling, could lead to reduction of living standards for workers and even to avoidance of work and abuse of welfare benefits. A lower minimum wage and the level of guaranteed wages derived from it also result in lower contributions to social security.

Therefore, negotiations regarding setting the minimum wage tend to be lengthy and sometimes even involve conflict. The issue of directly reflected differing interests of social partners is involved. Whether trade unions, companies or the state, each party attempts to promote its interests during negotiations regarding the minimum wage.

The minimum wage is defined as the lowest acceptable amount of remuneration for work in an employment relationship. Its basic legal definition is set by the Labour Code (Act No. 262/2006 Coll., as amended).

The amount of the basic minimum wage, other rates of the minimum wage during a limited scope of work performed by the employee and conditions for providing the minimum wage are set by Government Regulation No. 567/2006 coll., on the minimum wage, on the lowest levels of guaranteed wages, on limiting burdensome work environments and on the amount of extra pay in addition to wages for work in a burdensome workplace, as amended. In that regulation, the minimum wage was last raised as of 1st January 2007 from CZK 7,955 to CZK 8,000 per month or CZK 48.10 per hour.

However, the current increase to CZK 8,500 is not the only change that occurred this year. Regulation No. 246/2012 cancelled Section 4 of the specified regulation regarding the minimum wage from 2006. Effective as of 1st January 2013, all lower (monthly and hourly) minimum wage rates during limited work by an employee were cancelled:

- 90% of the set amount of the minimum and guaranteed wage, if it is the first employment of an employee between the ages of 18 and 21, for a period of 6 months from the employment start date,
- 80% of the set minimum and guaranteed wage, if the employee is a minor,
- 75% of the set amount of the minimum and guaranteed wage, if the employee receives a disability pension for first-degree or second-degree disability.
- 50% of the set amount of the minimum and guaranteed wage, if the employee receives a disability pension for third-degree disability or if the employee is a minor with a third-degree disability who does not receive a disability pension for that degree of disability.

2. CZECH MINIMUM WAGE HISTORY AND PRESENT

The history of the minimum wage in the Czech Republic in the form in which we know it now dates back to Czechoslovakia in 1991. The statutory single minimum wage per month and per hour was set by the government as of 1 February 1991 for all sectors. Until 1991, Czechoslovakia did not have a minimum wage either set by law, by a government regulation, by any other act or by collective bargaining. Its functions were ensured by directly set wage tariffs, which were differentiated based on sectors and parts of national industry and based on complexity,

responsibilities and urgency of work activities and working conditions. As of 1991, the minimum wage was set by the government based on recommendations from social partners.

The amount and conditions for providing the minimum wage were set by the government in its regulations usually as of the start of the year and in some years also in the middle of the year. In the business sphere, it is possible to agree on a higher minimum wage through a collective agreement. This year's increase valid as of 1 August ins the 16th consecutive change to the minimum wage. However, because of its amount, it is among the lowest increases.

Although nominally CZK 500 is slightly above average compared to all changes since 1991, in terms of percentage it is among the lowest increases. The lowest increase was made by 1 January 2007, when the minimum wage was practically increased only cosmetically by CZK 45 to CZK 8,000.

Development of Czech minimum wage 1991-2013

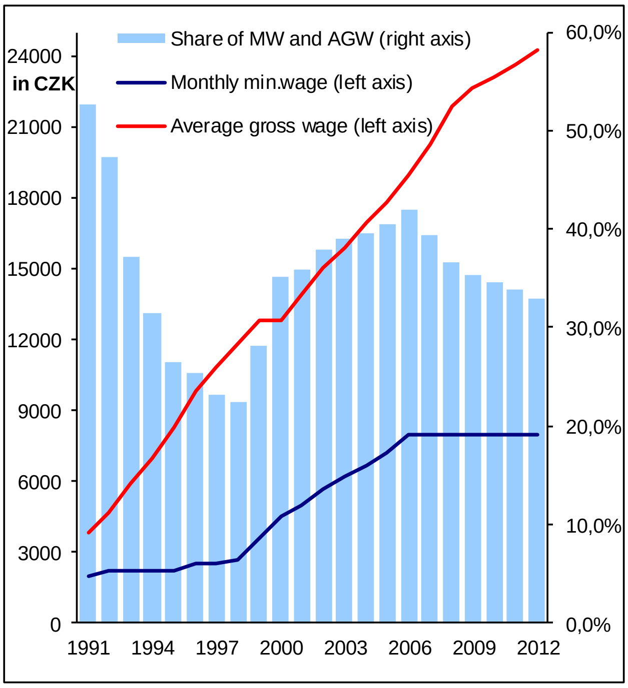
Valid from:	Hourly rate	Monthly rate	Change to monthly rate
1. 2. 1991	10.8 CZK	2,000 CZK	-
1. 1. 1992	12.0 CZK	2,200 CZK	10.0%
1. 1. 1996	13.6 CZK	2,500 CZK	13.6%
1. 1. 1998	14.8 CZK	2,650 CZK	6.0%
1. 1. 1999	18.0 CZK	3,250 CZK	22.6%
1. 7. 1999	20.0 CZK	3,600 CZK	10.8%
1. 1. 2000	22.3 CZK	4,000 CZK	11.1%
1. 7. 2000	25.0 CZK	4,500 CZK	12.5%
1. 1. 2001	30.0 CZK	5,000 CZK	11.1%
1. 1. 2002	33.9 CZK	5,700 CZK	14.0%
1. 1. 2003	36.9 CZK	6,200 CZK	8.8%
1. 1. 2004	39.6 CZK	6,700 CZK	8.1%
1. 1. 2005	42.5 CZK	7,185 CZK	7.2%
1. 1. 2006	44.7 CZK	7,570 CZK	5.4%
1. 7. 2006	48.1 CZK	7,955 CZK	5.1%
1. 1. 2007	48.1 CZK	8,000 CZK	0.6%
1. 8. 2013	50.6 CZK	8,500 CZK	6.3%

Source: MPSV

The longest intervals between changes were from 1992 to 1996 and from 2007 to this August. Otherwise, with the exception of 1997, the minimum wage was adjusted each year in 1999, 2000 and 2006 even twice per year, always first by 1 January and second by 1 July.

This year's increase is unique not only because the longest period without adjustments of the minimum wage has ended, but also because it is effective as of August.

Development of Czech monthly minimum wage and average gross wage



Source: MPSV, VÚPSV, ČSÚ
Note: minimum wage amount by the end of the particular year, average monthly wage for individuals

By how the minimum wage is increasing and the average wage is developing, their ratio is also changing. This ratio has been developing since the introduction of the minimum wage in 1991. In the last six years as as result of "freezing" the minimum wage amount, imaginary scissors have been opened between the monthly minimum wage and the average wage. In 2012, the ratio of the minimum wage to the average wage exceeded 30%, and in 2007 it was just under 40%.

However, this was neither the lowest nor highest ratio between these indicators. When the minimum wage was introduced in 1991, it was set at more than 50% of the then average wage. However, that ratio in the years that followed fell until 1998, when the monthly minimum wage represented approximately a fifth of the average wage. In the two years that followed, the minimum wage was increased each year by both 1 January and 1 July. The minimum wage valid in 1998 in the amount of CZK 2,650 was increased to CZK 4,500, effective as of 1 July 2000,

which represented a year-to-year increase by 35.9% in 1999 and a 25% increase in 2000.

As of 1 August 2013, Government Regulation No. 210/2013 Coll. has amended Government Regulation No. 567/2006 Coll., on the minimum wage, and the basic minimum wage has been increased, with the possibility available for employees who receive disability pensions during limited work performance to continue to receive the minimum wage valid for such employees since 1 January 2013.

The minimum wage applies to all employees in an employment relationship or in a legal relationship based on agreements on work performed outside of an employment relationship (agreements on work performance and agreements on work activity). Employment relationships for a definite or indefinite period and concurrent employment relationships are not differentiated. Entitlement to a minimum wage arises in each employment relationship or legal relationship based on agreements regarding work performed independently outside of employment relationships.

Lowest level of guaranteed wages

Work group	Per hour	Per month
1.	50.6 CZK	8,500 CZK
2.	55.9 CZK	9,400 CZK
3.	61.7 CZK	10,400 CZK
4.	68.1 CZK	11,400 CZK
5.	75.2 CZK	12,600 CZK
6.	83.0 CZK	13,900 CZK
7.	91.7 CZK	15,400 CZK
8.	101.2 CZK	17,000 CZK

Source: MPSV and Government Regulation No. 210/2013.

The minimum wage applies as the only wage value for employees in organisations in the business sphere, in which collective bargaining regarding wages is carried out. In individual collective agreements, it is possible to agree on a higher minimum wage than required by the government regulation regarding the minimum wage.

In other organisations in the business sphere in which no collective agreement has been entered into or in which wage conditions are not agreed upon in a collective agreement, besides the minimum wage the lowest possible guaranteed wage also applies. The lowest level of the guaranteed wage for the 1st group of work is identical to the minimum wage.

In the non-business sphere (public services and administration), besides the minimum wage and the lowest level of the guaranteed wage, a system of pay tariffs is also applied. These lowest wage levels (even in the event of limited work performance by an employee) are categorised in eight groups based on the complexity, responsibilities and physical demands of performed work. The amount of the minimum wage for the set weekly work period of 40 hours is CZK 8,500 per month or CZK 50.60 per hour.

The rate of the minimum wage for the set weekly work period of 40 hours for an employee who receives a disability pension is CZK 8,000 per month or CZK 48.10 per hour.

Lowest levels of guaranteed wages during limited work performance

Work group	Per hour	Per month
1.	48.1 CZK	8,000 CZK
2.	53.1 CZK	8,900 CZK
3.	58.6 CZK	9,800 CZK
4.	64.7 CZK	10,800 CZK
5.	71.5 CZK	12,000 CZK
6.	78.9 CZK	13,200 CZK
7.	87.1 CZK	14,600 CZK
8.	96.2 CZK	16,100 CZK

Source: MPSV and Government Regulation No. 210/2013.

The specified minimum wage and guaranteed wage amounts related to the set 40-hour work week. However, under Section 79 of the Labour Code, employees can have a work period other than a week set. The set weekly work period for employees with two-shift jobs is 38.75 hours per week. The weekly work period for employees working underground and for employees working in a non-stop or three-shift job is 37.5 hours per week.

Shortening of the set weekly work period without reducing wages can also be referred to in a collective agreement or internal regulation. In all such cases, the minimum wage per hour is increased in proportion to the shortened work period. This ensures if the length of the set weekly work period differs that the employee (when working the set period) is entitled to the same minimum wage per week or per month.

The specific hourly wages based on the set weekly work period are derived by employers from the basic or lower (in the case of an employee with limited work performance) hourly wage according to the following formula:

MMx = MMz times k

k = 40 / x

MM = minimum wage for the set weekly work period;

z = 40 hours;

x = a different set weekly work period, such as 37.5 hours;

Minimum wage amount based on the length of the set weekly work period

Weekly work period	Minimum wage per hour	
	basic rate	lower rate*
40 hours	50.6 CZK	48.1 CZK
38.75 hours	52.2 CZK	49.7 CZK
37.5 hours	54.0 CZK	51.3 CZK

*Source: MPSV, * during limited work performance by an employee with a disability pension*

For an employee paid a monthly wage who has agreed on a shorter work period (Section 80 of the Labour Code) or who has not worked during the calendar month the work period corresponding to the set weekly work period, the minimum wage shall be reduced in proportion to the worked period. If the wage, pay or remuneration from an agreement in the calendar month does not reach the minimum wage, the Employer is required to pay the difference to the employee, regardless of whether or not the lower number of hours worked was caused by the employer, and this also applies for employees remunerated by a task wage.

The received wage or pay decisive for determination of entitlement to payment of the difference between the paid and minimum wages includes all wage amounts, except for wages and pay for overtime work, extra pay for work on holidays, for night work, for work in a burdensome work environment or for work on weekends. The wage (pay) also does not include amounts provided in connection with employment, particularly substitution of wages, severance pay, reimbursement of travel costs and remuneration for on-call status.

3. MINIMUM WAGES IN EU COUNTRIES

The issue of the minimum wage in individual EU member states remains at their discretion and is not handled at the EU level. The minimum wage is set by a statutory or national inter-sectoral agreement in 21 EU states (Belgium, Bulgaria, the Czech Republic, Estonia, France, Croatia, Ireland, Lithuania, Latvia, Luxembourg, Hungary, Malta, the Netherlands, Poland, Portugal, Romania, Greece, Slovakia, Slovenia, the UK and Spain). Croatia became the 21st state on 1 July 2013 when it entered the EU.

However, the minimum wage in these states does not have a unified form. For example, there are differences related to different groups of workers (trainees, young workers), to whom the basic minimum wages do not necessarily apply. Especially employment of young and inexperienced workers can result in high numbers of minimum wage earners. Some of these states therefore have decided to set reduced minimum wages for young workers.

Other exceptions can apply to physically disabled employees, who often are not included in minimum wages or to whom special regulations apply. In some cases, state employees are not included either. Other differences can arise when assessing the length of employees' experience, their family situation and other factors.

In the other seven EU states (Denmark, Finland, Italy, Cyprus, Germany, Austria and Sweden), statutory minimum wages are not set, but instead wages tent to be set based on bargaining among social partners. Agreements often apply at the level of individual sectors or industries, which have a binding character. For example, in Germany although there is no set minimum wage for all employees in all sectors, a minimum wage is set for certain specific sectors, which varies between the former GDR (including Berlin) and the former West Germany. The wage difference between the federal states from the former GDR and the federal states from the former West Germany can be up to one euro in the hourly minimum wage. The hourly minimum wage is set this way for example for the construction sector (building, painting, varnishing, electricians and installation of roof covers) and for the sectors of waste management, cleaning, personal care, laundry and security.

In some of these sectors, there is further differentiation of qualified and unqualified workers. The lowest hourly minimum wage in particular sectors is around 7 euros in the former GDR and about 1 euro more in the former West Germany in the commercial cleaning and security sectors, while the highest hourly minimum wage is about 13 euros.

Minimum wages are set either as hourly, daily, weekly or monthly, to enable conversion of the minimum wage from one base to another. In certain states, the minimum wages are automatically increased proportionally in relation to price inflation, and in others price and wage fluctuations are taken into consideration conditionally or unconditionally during yearly re-examination of minimum rates. When planning minimum wages, other criteria can also be taken into consideration, such as effects on employment, unemployment and competitiveness.

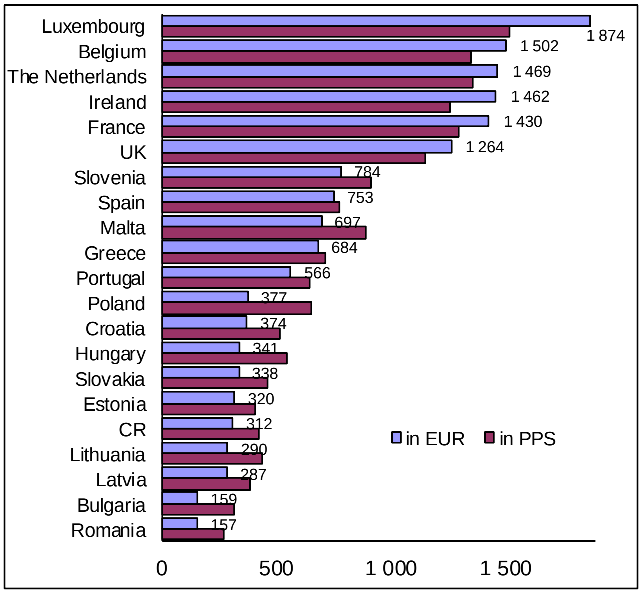
Eurostat monitors the statistics of minimum wages for the EU and other states. These published statistics are

converted to monthly national minimum wages, since some states have them set as weekly or hourly. These are then converted to monthly minimum wages based on the information provided from specific countries.

- Ireland: hourly rate x 39 hours x 52 weeks / 12 months;
- France: data for January 1999 to January 2005: hourly rate x 39 hours x 52 weeks / 12 months; data from July 2005: hourly rate x 35 hours x 52 weeks / 12 months;
- Malta: weekly rate x 52 weeks / 12 months;
- the UK: (hourly rate x average basic paid hours per week for full-time employees in all sectors x 52, 18 weeks) / 12 months;

In some states (Portugal, Greece and Spain), wages are paid in 14 payments, and therefore minimum wages are converted to 12 payments.

Monthly minimum wages in the EU as of May 2013 in euros



*Source: Eurostat, * data for Croatia has also been added*

Monthly wages differ greatly among individual EU states. All minimum wages are specified as gross amounts, meaning prior to deduction of income taxes and contributions to social security. These deductions are different in each of these states. The Romanian minimum wage (157 euros) is not even a tenth of the minimum wage in Luxembourg (1,874 euros), which is one of the highest in the EU.

It is apparent from examining the graph of monthly wages in euros that there are huge differences between former Communist countries of Eastern Europe and the Baltic states and older EU states. The Czech Republic's minimum wage is one of the lowest in the EU. The increase of the Czech Republic's minimum wage as of 1 August does not change that much, since the increase amounts only to approximately 20 euros, which puts us only ahead of Estonia. Another interesting group consists of states whose minimum wage is higher than the average wage in the Czech Republic (the UK, France, Ireland, the Netherlands, Belgium and Luxembourg).

Another interesting type of comparison of minimum wages is their expression in purchase power standard (PPS), which is an artificially created monetary unit used during international comparison. We obtain these data in PPS from the value expressed in the national currency, divided by purchase power parity (PPP). Purchase power parity expresses for us the number of units of national currency for which it is possible to purchase the same amount of products and services as for a unit of another currency on a foreign market. This eliminates the differences in price levels between individual countries.

The expression of minimum wages in PPS reduces their range. Generally, it can be stated that states with lower price levels "improved" and states with higher price levels have minimum wages expressed in PPS that are lower than when expressed in euros. The lowest minimum wage in PPS is in Romania (274), and the highest is in Luxembourg (1,524).

In view of the individual approach to changes in minimum wage amounts, their frequency and amounts are fully at individual states' discretion. The fewest changes since 2000 have been made in Ireland, a total of 6 by January 2013, of which the most recent change occurred in the second half of 2007. There were fewer than ten also in Lithuania and Latvia. They were followed by the Czech Republic, with ten minimum wage increases. However, the most changes to the minimum wage (over 20) were made in the Netherlands. If we look at these changes in terms of percentage growth, the winner is Romania, which in 2000 had a monthly minimum wage of 45 RON and where the minimum wage was 700 RON at the end of 2012.

Given that the minimum wage has been increased twice since then by another 50 RON, this rise is even higher. In the Czech Republic, the growth has been by 100% from CZK 4,000 to 8,000. The only reduction of the minimum wage was in Greece in the second half of 2012 by approximately 22%. A "decline" in the minimum wage also occurred in France in 2005. However, that decline was not the result of a decrease in the minimum wage, but of a decrease in the number of hours worked from 38 to 35.

Growth in nominal minimum wages in national currency in European Union

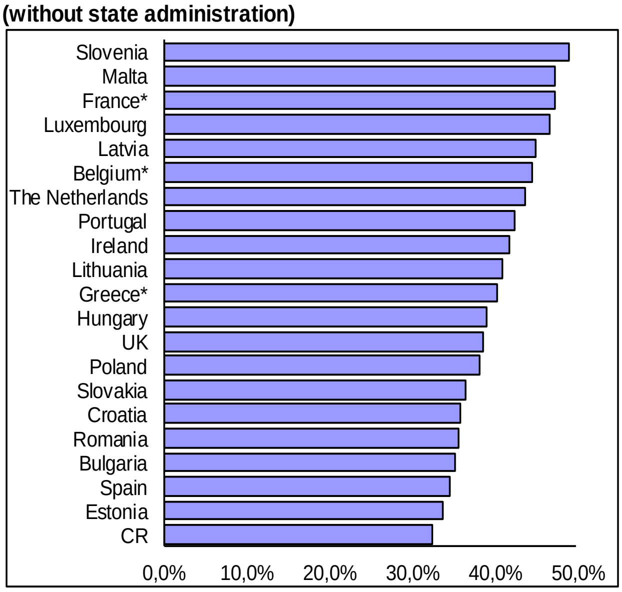
	2013/2000	2013/2007
Romania	1,456%	79%
Bulgaria	363%	72%
Latvia	300%	67%
Hungary	284%	50%
Estonia	258%	39%
Slovakia	154%	34%
Slovenia	153%	50%
Poland	139%	71%
Lithuania	133%	67%
Czech Republic	**100%**	**0%**
UK	72%	16%
Luxembourg	57%	19%
Ireland	55%	4%
Portugal	52%	20%
Spain	52%	13%
Malta	43%	16%
Belgium	37%	19%
France	36%	14%
the Netherlands	35%	13%
Greece	30%	-6%

Source: Eurostat, own calculation, minimum wages by 1 January of the particular year.

If we express the share of the monthly minimum wage in the gross monthly wage in a summary for the industrial and services sector (without state administration), we get an interesting comparison.

This ratio ranges approximately from 30% to 50%. In 2011, the Czech Republic had a minimum wage that was 32% of the average gross wages. The highest share is in Slovenia, Malta and France, reaching nearly 50%.

Share of minimum wage in average earnings in EU in 2011 summarised for the industrial and services sector (without state administration)



*Source: Eurostat, *data as of 2010*

4. CONCLUSION

Heated debates have taken place recently not only about the last increase in the minimum wage. All of those involved in this debate have their own arguments.

There are both many supporters and many opponents of increasing the minimum wage, which in the Czech Republic based on a qualified estimate derived from data from the information system about average earnings (generated for the Labour Ministry by Trexima s.r.o.) affects over the long term about 3% of employees. But how is the Czech minimum wage in a European comparison? It is true that the minimum wage in the Czech Republic was long frozen at CZK 8,000.

However, the situation is similar in Ireland, where for just as long the minimum wage has remained unchanged.

With its absolute amount expressed in euros or in PPS, the Czech minimum wage is among the lowest among the EU states that have a minimum wage, and the current increase by CZK 500 does not change this much.

However, where we are on the tail-end is with regard to the minimum wage in relation to the average gross monthly wages.

The topic of minimum wages is a very sensitive one, but there has always been and still is certain room for further increases. It certainly would not be a good idea to increase it by thousands, but it should not be left at such a low level, because when it is that low it cannot serve its basic purpose.

And what do you think about it?

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 Ukraine.

UKRAINE

Official name	Ukraine
Population	45 372 700 (2013)
Area	603 550 km^2
Currency	Ukrainian hryvnia (UAH)
Ethnic groups	Ukrainian 77.8%, Russian 17.3%, Belarusian 0.6%, Moldovan 0.5%, Other 3.8%

Source: CIA World Factbook

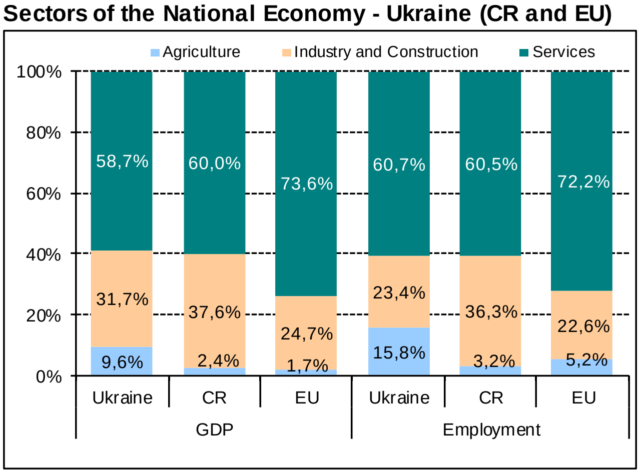
Ukraine gained its independence following the collapse of the Soviet Union in 1991. Nonetheless, strong state control and corruption remain in Ukraine.

Executive power is in the hands of the president and the government. The president is directly elected by the people for a 5-year term. The Constitution allows the president to be re-elected once. Since 2010, the president has been Viktor Yanukovych. The government answers to the parliament and to the president. The current prime minister is Mykola Azarov. The Ukrainian Parliament has one chamber, the Supreme Council (Vyerchovna Rada) of Ukraine. The last regular elections took place on 28 October 2012 under the new election system (225 lawmakers elected proportionally, 225 lawmakers elected by majority for 4 years). President Yanukovych's Party of Regions won.

Structure of economy and foreign trade

The Ukrainian economy still lags behind EU economies. Agriculture makes of 9.6% of GDP, and just under 16% of the labour force are employed in that sector, 3 times as

Sectors of the National Economy - Ukraine (CR and EU)



Source: Eurostat, World DataBank, data as of 2011

many as in the EU. The situation in industry is interesting. Although just 23.4% of the population works in it, it makes up 31.7% of GDP. About 60.7% of the labour force work in services, which make up 58.7% of GDP.

Russia is a key trading partner for Ukraine. More than a third of Ukraine's exports (27.1%) go to that country, and Ukraine also mostly imports from Russia (30.5%). Other important trading partners include China (8.9% of imports), Germany (9% of imports) as well as Turkey (5.8% of exports), Italy (4.6% of exports) and Poland (5.3% of exports).

Macroeconomic outlook

In 2011, the country enjoyed relatively high growth by more than 5%. The positive development in 2011 to a great extent was contributed to by households' consumption, which was boosted mainly by government interventions as well as increases in social benefits and the minimum wage. However, a year later the economy stagnated. The stagnation was the result of a drop in demand caused by slowing of the construction boom in China, which badly hit mainly the steel sector in Ukraine. That sector makes up a quarter of GDP and a third of total exports.

In 2013, slight growth in GDP is expected, by 0.6%. Better times are expected to come in 2014, when the economy is expected to grow by just under 3%.

Basic indicators (in %)	2011	2012	2013^e	2014^e
GDP Growth	5.2	0.2	0.6	2.8
Unemployment rate	7.9	8.0	8.2	7.9
Inflation	8.0	0.6	0.5	4.7
Balance of payments	-6.3	-8.2	-7.9	-7.8
Deficit of public budgets	-2.8	-4.6	-4.5	-5.4

Source: MMF; ^{e} - estimate

Labor market

With the arrival of the economic crisis, unemployment in Ukraine began growing faster than in the Czech Republic, and last year it amounted to 8%. The IMF has not predicted any major change to that level in the years to come.

In recent years, the minimum wage in Ukraine has been increased several times, but even so compared to the (since

2007 "frozen") minimum wage in the Czech Republic, it is at a very low level and makes up only a third of the Czech minimum wage. Reduction in the difference between the Czech and Ukrainian minimum wages can be expected. In terms of average wages, employing Ukrainian workers is 2/3 cheaper than employing Czech workers.

Basic indicators of labor market		
Unemployment level (2012)	8.0%	
Economic. active population (2011)	20 393 thous.	
Minimum monthly wage (1H/2013)	108 EUR	
Ø monthly wages in sectors (2012)	**Ukraine**	**CR**
Manufacturing	325 €	905 €
Construction	260 €	878 €
Transport and storage	306 €	1 494 €
Accomodation and food services	194 €	504 €

Source: Statistical Offices of Ukraine 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. Employment for a definite period can be entered into only in justifiable situations, such as during work on projects, seasonal employment, etc. An employment contract can be terminated either based on a bilateral agreement or at the request of either party. The minimum notice period for termination by an employer is 2 months, and the notice period for termination by an employee is 14 days for a contract for an indefinite period.

The work week consists of 40 hours, and a maximum of 120 hours of overtime may be assigned per year. Paid leave to which an employee is entitled by law is 24 days.

Commercial law basics

Ukrainian legislation offers potential investors a number of investment opportunities. It is possible to set up several types of companies, to set up a representative office or to do business via various types of contractual partnerships, such as joint ventures.

Foreign investors most often establish limited liability companies, for which the law does not set a requirement for a minimum amount of capital. For joint-stock companies, whether private (shares held only by founders) or public (shares traded on the stock market), the minimum capital required depends on the development of the minimum wage and for 2013 is the equivalent of CZK 3.5 million.

Form of Company	Minimum Capital
Limited Liability Company	Not required
Private Joint Stock-Company	1,250x min. wages 1 433 750 UAH in 2013 (3.5 mil. CZK)
Public Joint Stock-Company	1,250x min. wages 1 433 750 UAH in 2013 (3.5 mil. CZK)

Source: web pages of Ministry of Economy in Ukraine

Main taxes and additional labor costs

The corporate tax rate is 19%, and under current legislation it is expected to fall to 16% next year. A 15 % withholding tax is imposed on dividends for non-residents in Ukraine. The individual income tax rate is a progressive 15% of overall earnings up to the value equalling ten times the minimum wage and 17% for earnings above that amount. The basic VAT rate is 20%, but certain socially sensitive commodities are relieved of VAT.

Each employee contributes to social security and health insurance 3.6% of his/her wages, and the employer contributes 36.75% to 49.7%, depending on the risks tied to the profession.

Tax/payment	Rate
Corporate Tax	19 %
Dividend tax for non-residents	15 %
Individual Income Tax	15 % / 17 %
VAT (basic)	20 %
Social insurance – employee	3.6 %
Social insurance – employer	36.76-49.7 %

Source: web pages of Ministry of Finance in Ukraine

Energy

In the past four years, Ukrainian companies have enjoyed electricity prices that are half those paid by their Czech counterparts. However, recently the difference between Czech and Ukrainian energy prices has become smaller.

Although the Ukrainian energy sector still bears the legacy of the Chernobyl tragedy, the country still produces half of its electricity from nuclear power.

In the last Monthly we focused on the beginnings of monetary cooperation in the EU. The last issue mentioned the Brettonwoods system and actions plans by the Community intended to form and create monetary union. The first part was ended in the mid 1960s, when European countries began experiencing serious exchange rate instability, and the creation of the monetary union was set aside. In this August issue of the Monthly, we will focus on how the Community has coped with exchange rate instability and on further developments related to monetary cooperation.

DEVELOPMENT OF MONETARY UNION II.

Until the end of the seventies the European countries struggled with the severe volatility of the exchange rates. In addition, Europe was stricken by the impact of the oil crisis in 1979 that caused a general increase in inflation.

The economic policies of the individual countries were becoming ever more divergent. The Union politicians focused their attention on solving the current economic problems, and the issue of building foundations of the future monetary union was put aside; among other things, the Werner Plan was abandoned.

Fourcad Plan

In 1974 in response to the abandonment of the Werner Plan the plan by Mr. J. P. Fourcad, the French minister of finance was presented, aiming in the first place at the creation of short-term and medium-term instruments for stabilising the “currency snake”, for creation of the common policy in relation to the dollar and for establishment of the European Currency Unit /ECU).

However, the plan was rejected by the Council of Ministers.

European Monetary System (EMS)

Towards the end of the seventies the Union continued struggling with the task of stabilising the exchange rates. The task was taken over by Mr. Roy Jenkins, the new head of the European Committee, who in 1977 presented the project of the European Monetary System. The project represented a kind of a precursor of the single European currency.

The goal of the project was, in the first place, to stabilise the exchange rates of the individual currencies, to stimulate and support the process of convergence of the individual member states and, in the longer-term perspective, to strengthen the support of the deeper monetary integration leading to the economic and monetary union. The project consisted of the following three principal pillars:

- European Monetary Unit ECU,
- European Exchange mechanism and
- Credit mechanisms of the European Fund for Monetary Cooperation.

ECU

ECU was the artificially created monetary unit based on the basket of the currencies of the member states. The weights of the individual currencies in the basket were determined on the basis of the strength of the respective countries, and these weights were to be adjusted each 5 years as deemed necessary. The ECU project was accepted by the Council in 1978. The system was put into practical operation on the 13th of March, 1979.

The ECU became functional as the accounting unit of the Community bodies and as the reserve currency of the central banks of the member states to be used as their instrument of intervention on the international monetary markets in the case of the need to intervene on behalf of the exchange rate of a specific currency suffering from an undesirable deviation from its “normal” exchange position.

The original currencies in the monetary basket as of the 13th of March, 1979:

- the German mark,
- French franc,
- Dutch gulden,
- Belgian frank,
- Luxembourg frank,
- Italian lira,
- Danish crown,
- Irish pound and
- the British pound.

European Exchange Rate Mechanism (ERM)

The European Exchange Rate Mechanism itself was based on the arrangement and control of the mutual exchange rates of the member states with respect to the ECU. Each member state had a prescribed central parity relative to ECU, and from these central parities the mutual parities of the currency pairs were determined, making together the parity matrix.

History

The bilateral exchange rates had the ± 2.25 % permitted fluctuation range in relation to the central parity (the countries with particularly difficult problems could make use the exceptional range ± 6 % for a limited period of time); otherwise the exchange rates could float freely within the permitted range.

If any currency moved outside the permitted range with respect to another currency, the central banks (the issuing banks) of the two countries concerned were obliged to commence a series of interventions with the aim to bring the currencies back to their standard fluctuation range. The central party could have been altered only following the specific approval by all members of the ERM and European Union.

Credit mechanisms

The part and parcel of the EMS system were also the credit instruments to be used for financing of intervention operations in defence of the fluctuation ranges and for alleviating and overcoming of the problems due to the unfavourable national balance of payments of the individual member countries.

The institution put in charge of these instruments was the European Fund for Monetary Cooperation. The activities of this Fund were wound up in December, 1993. The responsibilities were taken over by the by the European Monetary Institute, essentially representing the precursor of the European Central Bank.

EMS was divided into the two different stages. During the first period from 1979 through 1983, readjustments of the central parities were very common.

During the second period lasting from 1983 until September 1992, the number of currencies taking part in the system was increased (the Spanish peseta and Portuguese escudo joined and in 1990 the pound sterling of Great Britain was incorporated; until that time Great Britain was the only member state than was not a member of the ERM system).

Due to monetary fluctuations and various speculative attacks aimed at various national currencies (the most widely known is the attack by the financial operator George Soros against the British pound) the British pound sterling and the Italian lira were devalued in 1992 and 1993.

Both these currencies were unable to maintain themselves even within the extended temporary fluctuation range of ±6% and they had to leave the ERM. Following that, in August 1993 the fluctuation range was widened to ±15 % relative to the central parity. This act was named “the Brussels compromise”.

The Netherlands together with Germany did not adopt such widening of the fluctuation zone and they agreed between themselves to maintain the original fluctuation range honouring the maximum ±2.25% deviation of the exchange rate relative to the central parity.

The basic principles of the EMS, as they were set out at the time of its creation remained in force until 1987; then the EMS was revised within the framework of the Basel-Nyborg Agreement.

The main idea of the said Agreement was the modification of the intervention mechanism, i.e. the modification of the conditions under which the intervention in defence of a troubled currency could be commenced.

The new aspect introduced by this modification was that in the future the central banks could act in defence of the exchange rate in a preventive manner, i.e. sooner than at the time the troubled currency hits the limit of the permitted fluctuation range.

Within the framework of the said agreement, the enhanced position and authority of the Board of Governors of the Central Banks was also adopted. The EMS remained in operation in this modified form until the time when it was essentially replaced by the concept of Economic and Monetary Union (EMU) proposed in 1989 and incorporated into the European Union Treaty.

The EMS existed and remained functional side by side with the preparatory work on the EMU concept until the end of 1998.

The statistical window displays the important microeconomic indicators of all 28 EU member states. It includes comparable data from the labour market (the unemployment level, the average gross salary compared to the EU average, work productivity compared to the Czech Republic) as well as price characteristics (year-to-year inflation based on the HICP index, average mortgage interest rates and electricity prices compared to the EU average for 1000-2500 kWh). For a comparison, the same indicators for the entire EU are shown in the table. The sources of the data are Eurostat and the EBC.

Key microeconomic indicators

	Inflation (YoY)				Unemployment rate				Average wages to Ø EU			
in %	III-13	IV-13	V-13	VI-13	Q2-12	Q3-12	Q4-12	Q1-13	2008	2009	2010	2011
Belgium	1.3	1.1	1.1	1.5	7.6	7.7	8.0	8.3	135.1	138.1	134.3	128.9
Bulgaria	1.6	0.9	1.0	1.2	12.2	12.4	12.6	12.8	11.1	12.7	12.6	13.1
CR	1.5	1.7	1.2	1.6	6.9	7.0	7.2	7.2	36.3	35.9	36.8	35.6
Denmark	0.7	0.4	0.6	0.6	7.9	7.4	7.3	7.1	160.0	166.1	163.5	155.0
Germany	1.8	1.1	1.6	1.9	5.5	5.4	5.4	5.4	137.5	138.5	137.3	132.2
Estonia	3.8	3.4	3.6	4.1	10.0	10.0	9.8	9.3	33.4	32.0	31.0	29.9
Ireland	0.6	0.5	0.5	0.7	14.9	14.7	14.2	13.7	108.1	107.1	104.6	99.0
Greece	-0.2	-0.6	-0.3	-0.3	23.9	25.4	26.1	26.6	55.5	62.5	66.2	47.4
Spain	2.6	1.5	1.8	2.2	24.7	25.5	26.1	26.5	77.2	81.4	80.2	76.1
France	1.1	0.8	0.9	1.0	10.2	10.3	10.6	10.8	111.5	115.0	112.8	108.1
Croatia	3.4	3.1	1.8	2.2	15.1	15.9	17.5	16.8	n/a	n/a	n/a	n/a
Italy	1.8	1.3	1.3	1.4	10.6	10.8	11.4	11.9	89.1	92.4	91.4	87.5
Cyprus	1.3	0.1	0.2	0.8	11.4	12.4	13.5	14.8	n/a	n/a	n/a	n/a
Latvia	0.3	-0.4	-0.2	0.2	15.4	14.4	13.8	12.4	26.9	27.9	26.6	25.8
Lithuania	1.6	1.4	1.5	1.3	13.3	13.0	13.2	12.5	24.6	23.2	21.9	21.0
Luxembourg	2.0	1.7	1.4	2.0	5.1	5.1	5.2	5.4	156.2	162.3	159.7	150.4
Hungary	2.3	1.8	1.8	2.0	11.0	10.7	10.9	11.1	30.8	29.3	29.5	28.3
Malta	1.4	0.9	0.8	0.6	6.6	6.3	6.4	6.3	55.7	57.7	58.1	59.4
Netherlands	3.2	2.8	3.1	3.2	5.2	5.3	5.6	6.2	143.3	149.6	146.4	138.4
Austria	2.4	2.1	2.4	2.2	4.3	4.5	4.6	4.9	123.7	127.5	124.6	118.4
Poland	1.0	0.8	0.5	0.2	10.0	10.2	10.4	10.6	31.9	27.2	29.3	28.2
Portugal	0.7	0.4	0.9	1.2	15.6	16.2	17.0	17.6	55.4	57.7	56.2	53.0
Romania	4.4	4.4	4.4	4.5	7.1	7.0	6.7	7.1	18.1	16.8	18.0	18.0
Slovenia	2.2	1.6	1.6	2.2	8.6	9.4	9.5	10.6	52.4	54.2	54.8	51.5
Slovakia	1.9	1.7	1.8	1.7	13.9	14.0	14.3	14.2	28.2	30.5	30.2	29.1
Finland	2.5	2.4	2.5	2.3	7.7	7.8	7.9	8.1	124.1	129.5	129.4	125.0
Sweden	0.5	0.0	0.3	0.5	7.9	8.0	8.1	8.1	121.7	114.9	125.0	125.4
UK	2.8	2.4	2.7	0.0	7.9	7.8	7.7	7.8	139.2	126.3	129.4	119.1
EU	1.9	1.4	1.6	1.7	10.4	10.6	10.8	11.0	100.0	100.0	100.0	100.0

	Productivity to Ø CR				Average interest rate on mortgages				Price electricity to Ø EU			
in %	2009	2010	2011	2012	2009	2010	2011	2012	2010	2011	1H-12	2H-12
Belgium	264.5	259.8	257.8	270.1	n/a	n/a	n/a	n/a	120.5	121.8	115.1	115.7
Bulgaria	33.0	33.8	36.1	40.2	10.9	9.7	8.8	8.3	45.1	43.4	42.1	45.2
CR	100.0	100.0	100.0	100.0	5.8	5.2	4.5	4.0	118.5	118.7	114.8	110.4
Denmark	280.2	286.6	283.1	294.2	4.4	3.7	4.0	3.4	163.9	167.2	163.7	155.7
Germany	207.1	204.8	203.1	211.5	4.3	3.8	4.0	3.2	145.6	142.8	140.7	139.0
Estonia	80.9	83.2	84.0	89.9	4.3	3.9	3.7	3.1	55.0	52.9	55.5	54.3
Ireland	290.9	279.5	283.2	296.4	3.1	3.1	3.5	3.3	117.8	125.0	129.5	132.4
Greece	168.1	156.9	151.0	158.0	4.1	3.8	4.7	3.6	57.0	56.4	61.0	60.8
Spain	190.8	185.3	184.6	196.4	3.4	2.6	3.5	3.4	111.3	116.1	120.0	119.5
France	246.3	237.2	235.3	246.7	5.0	4.3	4.4	4.4	82.4	81.5	77.6	78.3
Croatia	98.1	97.1	96.1	102.1	n/a	n/a	n/a	n/a	62.0	60.7	65.6	71.1
Italy	217.2	211.2	207.3	212.7	3.8	2.8	3.6	4.3	88.9	86.6	91.8	95.7
Cyprus	150.3	147.2	146.5	156.8	5.9	4.6	5.3	5.5	105.7	114.6	137.8	137.6
Latvia	66.0	63.7	75.3	83.2	10.5	7.4	4.7	3.8	57.4	60.9	64.8	57.9
Lithuania	66.2	68.4	72.4	85.4	9.9	6.0	4.2	3.3	66.3	65.0	63.8	61.3
Luxembourg	582.9	601.0	605.6	637.1	2.4	2.2	2.5	1.4	105.1	95.5	93.3	90.0
Hungary	85.0	85.0	84.3	83.7	14.6	10.5	10.5	11.9	93.9	87.2	80.5	78.0
Malta	130.4	128.7	126.2	131.7	3.8	3.7	3.6	3.6	109.6	102.9	99.0	95.0
Netherlands	236.1	229.6	225.4	233.1	4.9	4.6	4.6	4.3	52.7	54.9	57.2	54.4
Austria	n/a	n/a	n/a	n/a	4.0	3.1	3.4	3.2	117.4	113.5	109.9	107.1
Poland	68.9	76.3	76.8	81.3	8.0	7.1	7.0	7.4	80.1	78.0	74.5	74.8
Portugal	117.3	115.6	112.8	117.4	3.4	3.4	4.8	4.8	100.4	102.3	110.7	108.3
Romania	43.7	43.6	45.2	46.2	12.6	11.7	9.5	8.0	57.4	56.6	53.6	52.4
Slovenia	127.1	122.8	122.4	n/a	4.4	3.5	4.0	3.6	92.4	86.9	86.5	84.1
Slovakia	93.4	94.6	94.7	102.0	6.2	5.6	5.2	5.2	97.4	97.9	96.4	92.8
Finland	243.8	239.6	241.6	254.5	2.6	2.1	2.6	2.2	93.8	100.5	96.6	93.7
Sweden	230.0	258.3	270.8	293.5	2.1	2.4	3.9	3.5	112.6	116.0	109.5	107.6
UK	193.2	198.6	195.6	217.0	n/a	n/a	n/a	n/a	83.6	83.9	90.2	93.3
EU	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100.0	100.0	100.0	100.0

Source: Eurostat