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under the auspices of Pavel Kysilka
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Dear readers,

The turn of April and May brought with it an important anniversary, which (not only) in view of hour focus we cannot neglect to mention. That's right, on the 1st of May we celebrated not only Labour Day, but also the 10th anniversary of the Czech Republic's accession to the EU. How should the past decade be assessed? At the time of our accession, in both the domestic professional and general public there were concerns about how our businesses would manage in the barrier-free and unprotected European internal market. There were concerns about whether the capitally strong Western European competition would dominate and whether it would lead to a hike in unemployment.

These concerns turned out to be unsubstantiated, as the opposite situation arose. Our companies' success on foreign markets in the EU is best illustrated by the trade balance. After years of chronic deficits, it was reversed with EU accession and is now in positive numbers and regularly reaches billions in a surplus. What are the other economic effects of our membership in the EU, whether positive or negative? Please read starting on page 9 in our main topic, which this type due to its extent has been divided into two parts.

The Czech Republic's ten years in the EU is also described in the Commission's Column section. In this issue, our colleagues from the European Commission Representation in the Czech Republic this time focus on explaining the main myths being spread about the EU.

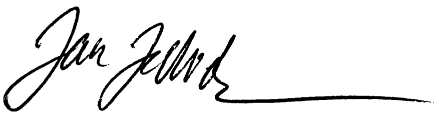
What other April events are worth mentioning? Negotiations with Brussels regarding the 2014-2020 cohesion policy in the Czech Republic advanced forward, when the government sent the EU for approval a draft version of the Partnership Agreement, which is the guide for future subsidies from EU funds.

Major progress has been achieved as well during forming of the banking union and its next pillar, the joint mechanism for dealing with banks' problems, which is ahead of its final approval. Political consensus between the European Parliament and the Council of the EU has already been achieved, the first legislative package from the specified bodies has already been approved, and the second is expected to be approved soon. An important aspect of the Single Resolution Mechanism (SRM) is setting up of harmonised rules for solving European banks' problems. The main role in financing of rescues will be played by besides taxpayers (the bail-out principle) also investors and depositors of the particular bank (the bail-in principle) with the support of the newly formed joint resolution fund, financed from banks' contributions.

In the Microscope section, we cannot ignore the approaching elections to the European Parliament, one of the two decision bodies of the EU. Twenty one seats are reserved for lawmakers representing the Czech Republic in the legislative body. In the next issue of the Monthly, we will present the election results.

The Dating with MFF section in this issue presents the Community programme Cosme, the main aim of which is to support competitiveness and sustainability mainly of small and mid-sized enterprises.

Dear Readers, we wish you enjoyable reading of our Monthly, ideally connected to descriptions about the pros and cons of our membership in the EU.



Balance of the Czech Republic's ten years of EU membership: the single market and the free movement of goods, services, labour and capital have benefited the economy. - British Prime Minister David Cameron has said he will resign from his post as prime minister unless a referendum is held in his country about whether Britain should remain in or leave the EU. - The EU is another step closer to banking union, and lawmakers have approved the bank rescue fund. - Establishing the banking union will soon be possible throughout the EU. - Greece has overcome its budget goal.

POLITICS

10 years in EU: membership is obvious everywhere

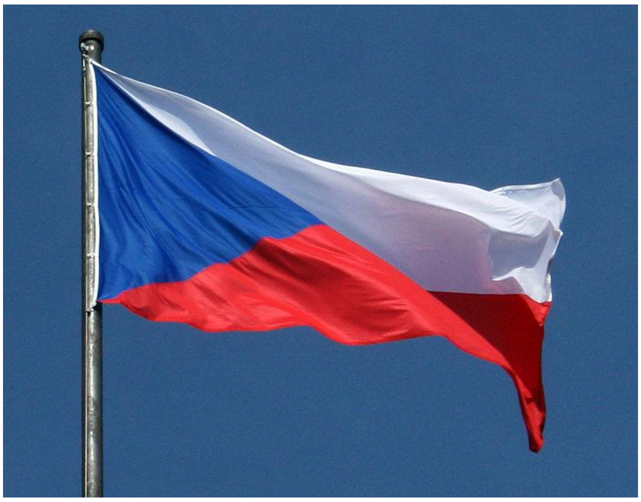
Summarising the **Czech Republic's ten years in the EU** is not easy. However, it is obvious from examining statistics and research that it has been a successful decade. The single market and the free movement of goods, services, labour and capital have benefited the economy. One need only look at the data regarding foreign trade.

Immediately in 2004, when the Czech Republic joined the EU, **exports grew by 26%**, and in the past ten years they have grown by more than double that. Success in foreign trade can also be illustrated by the trend, which with the Czech Republic's accession to the EU made it possible to overcome the chronic trade deficit and transform it to a surplus, which now **reaches hundreds of billions**.

Accession has benefited companies, and the same can be said about towns and municipalities, if they have managed to utilise money from EU funds. However, there have also been complaints about **excessive bureaucracy and regulations**. At issue is how much will come entirely from European institutions.

According to the Czech Republic's trade representatives in the EU, the Czech Republic is first in adding administrative burdens exceeding EU requirements.

From a purely financial perspective, which bears in mind receipt of resources from the joint European coffers after the deductions that we send to Brussels, **our membership in the EU has also been worth it**. This net position has been



positive for each year from 2004 to 2013. The total positive balance is CZK 334.4 billion.

Czech Republic's priorities in the single market in the next 10 years:

- Completion of the internal market;
- Energy security;
- Effective drawing of funds and strengthening of supervision over use of resources;
- Powerful European institutions.

You can read more about the economic impacts of our accession to the EU in the main topic of this and the next issues of the Monthly.

http://www.euractiv.cz/10-let-cr-v-eu-000236/clanek/deset-let-v-eu-clenstvi-je-znat-na-kazdem-kroku-at-se-to-komu-libi-nebo-ne-011779

Cameron: Without a referendum about the EU, I will resign as British prime minister

British Prime Minister David Cameron has said he will resign from his post as prime minister unless a **referendum is held in his country about whether Britain should remain in or leave the EU**.

The referendum is planned to take place **at the end of 2017**, and a condition for it to be held is that Cameron must be re-elected in the next British parliamentary elections planned **for May 2015**.

http://www.euractiv.cz/evropa-dnes0/clanek/cameron-bez-referenda-o-eu-rezignuji-na-post-britskeho-premiera-011783

ECONOMY AND EURO

The EU is another step closer to banking union, and lawmakers have approved the bank rescue fund

The European Parliament has given the green light to three measures, which will move the EU a step closer to creating **a banking union**. In mid April, MEPs first agreed on the creation of a resource fund for banks, which is part of the **Single Resolution Mechanism**, a mechanism for resolving banks' crisis situations.

The fund is expected to have a volume of **55 billion euros** and will be available to countries that are part of the banking union, meaning all Eurozone countries along with other countries that express interest.

Banks will contribute resources to it during the next eight years. Non-member states of the banking union will set up their own funds over ten years with an aim of a **1% volume of covered deposits**, which the banks will finance.

Another measure that MEPs have adopted is focused on protecting savers. In all member states, there will be mechanisms that will finance the banks themselves and that will pay out secured deposits up to **100,000 euros (CZK 2.75 million)** if an affected bank can not manage to do so on its own. In the Czech Republic, there is already a functioning system of insuring deposits financed by banks' contributions.

Lawmakers have also succeeding in pushing through a requirement that depositors be able **to receive the entire amount of their secured deposits within seven business days** and a minimum amount, about which the state will decide, within five days.

http://www.europarl.europa.eu/news/en/news-room/content/20140411IPR43458/html/Parliament-lifts-bank-bailout-burden-from-taxpayers%E2%80%99-shoulders

Opening a basic account will be possible throughout EU

No bank in the future will be able to refuse to open **a basic payment account** for anyone with legal residency in the EU.

The new rules, which have been approved by the European Parliament, will also enable easier changing of a basic account with transparent **implementation of fees and interest rates**.

A basic payment account is an account that enables **depositing and withdrawal of money** and conducting of payment transactions throughout the EU, including transactions carried out by credit or debit card or via internet banking. Consumers can conduct an **unlimited number of such operations free of charge** or for a reasonable fee.

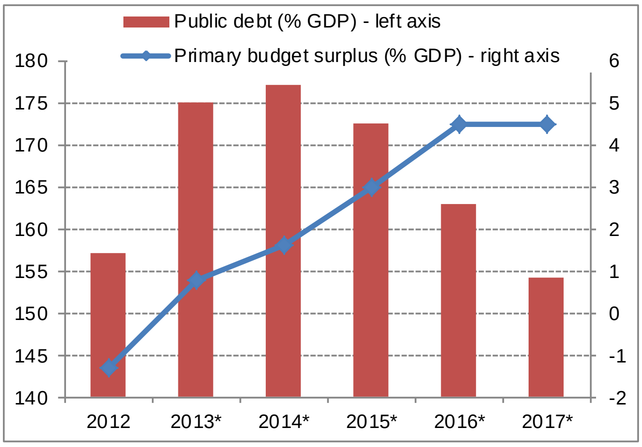
In order for the directive to become valid, it must first be approved by member states. As of its approval, there will be **a period of 24 months** for it to be enshrined in individual states' legislation.

http://www.europarl.europa.eu/news/en/news-room/content/20140411IPR43466/html/Basic-bank-accounts-for-all

Greece overcomes budget aim, opening the door to more relief

Last year Greece achieved a milestone, which will **facilitate its repayment of debt**. The country's primary budget for the first time after a number of years has reported a surplus. This was a condition imposed by Eurozone states in order to forgive Greece for a portion of its debt.

Public finances in Greece for 2012-2017



Source: EC; 2013-2017 EC´s estimate; the primary budget does not include interest on debt and other items or state debt

The figure of **+0.8% of GDP** was reported by the EU. According to European Commission spokesman Simon O'Connor, the result is "far ahead of the goal for 2013". However, according to the European Commission (according to the Second Economic Adjustment Programme for Greece), the primary budget surplus should reach even higher values - **in 2014 1.6% of GDP and in 2017 even 4.5% of GDP**.

The Poles are calling for creation of a European energy union. - The European Commission is putting the brakes on support for renewable resources, which will no longer received subsidies. - The government has approved the Partnership Agreement for European Funds and sent it to Brussels. It includes proposals for operational programs, including orientation allocations from European structural and investment funds. - Minister for Regional Development Věra Jourová wants to improve the financing of the project of Prague universities and research.

The growth of the deficit of state debt has slowed, reaching **12.7% of GDP**. The deepening of the debt was most contributed to by state assistance to the banking sector, without which **the budget deficit would have fallen to a mere 2.1%**.

Greece remains the most indebted country in the EU, and according to the European Statistical Office the country's state debt last year reached **175.1% of GDP**. In 2012 it **reached 157.2%** of the performance of the economy. However, the debt is expected in the years to come to decline eventually to the 2012 level. Since 2010, Athens has received **240 billion euros** in assistance from international creditors.

In 2012, Eurozone finance ministers decided that they would consider further relief for Greece, including reduction of the **country's share of financing structural funds** and reduction of interest from a rescue loan.

A condition for this was reporting of a surplus of the primary budget and implementation of reforms required by foreign creditors. So far Greece has not managed to fulfil budget aims set **by the European Commission, the European Central Bank and the International Monetary Fund**. After last year's budget cuts and tax increases, it seems that the development is starting to turn around.

http://ec.europa.eu/economy_finance/publications/occasional_paper/2014/pdf/ocp192_en.pdf

ENERGY AND TRANSPORT

Poles call for creation of a European energy union

Polish Prime Minister Donald Tusk, in response to the Ukrainian crisis, has urged the EU to engage in closer **energy cooperation**. He believes that creation of an energy union will help member states reduce dependence on Russia and prevent a gas crisis.

"The experience of the last few weeks has shown that Europe must push for solidarity in relation to energy. If we take into consideration the danger of a gas crisis, we should create a more effective mechanism for such case," the prime minister said, adding that it be most important for states to achieve a consensus. He also said that **German Chancellor Angela Merkel** had already pointed out that it would be a complicated process.

Warsaw is building its initiative on several points, which relate mainly to diversification of resources. It expects **"rehabilitation" of coal, development of exploitation of**

shale gas and supplies of liquefied gas from the USA. It also wants states to agree on the joint purchasing of gas from external suppliers, which would boost the negotiating position of customers and ensure fair prices for them.

The prime minister is also calling on Brussels to provide **75% of the resources for creating the necessary infrastructure**, including mainly gas distribution lines between member states. Tusk's goal is supported by EU President Herman Van Rompuy. By June, the European Union is expected to present a specific plan outlining how the energy union should function.

https://www.premier.gov.pl/en/news/news/donald-tusk-on-the-polish-project-of-the-european-energy-union.html

Commission puts brakes on support for renewable resources, which will no longer receive subsidies

The European Commission has presented **new rules for state support for energy and environmental protection**. They include gradual ending of support for renewable resources. They also include the option of relieving industrial firms from the obligation to pay fees for development of **green energy**.

Germany has managed to negotiate for support for energy demanding companies to be higher than originally planned by the Commission. According to their plan, industry was supposed to pay **at least 20% of the fees for development of renewable resources**.

The percentage eventually **was reduced to 15%**. Even less is paid by sectors with the highest energy demands, such as steel mills. Their fee **should be reduced to 0.5%** of the gross added value. In total, the instructions are expected to relate to 68 industrial sectors, which is much lower than the original 179.

A major problem in several European countries is providing of support for **renewable resources**, which often has not been set up well.

Therefore, the Commission has re-evaluated which types of sources should still receive support and which are already sufficiently mature. **As of 2016**, newly installed renewable resources should begin competing for access to the market. However, this does not apply to **small installations and hitherto systems of support**.

The instructions also relate to other technology, such as combined production of energy and heat, other technology for increasing energy efficiency and capacity mechanisms. However, it does not include **nuclear sources**. They are expected to be subject to individual assessment by the Commission.

This will also apply for the potential completion of the **Temelín nuclear power plant**, if the state is to guarantee its purchase price.

http://europa.eu/rapid/press-release_MEMO-14-276_en.htm

REGIONAL POLICY

Government approves Decision on Partnership for European Funds

The launch of drawing of funds in the new budget period (2014-2020) is a step closer. Prime Minister Bohuslav Sobotka's cabinet at its meeting at the beginning of April approved an important document, **the Partnership Agreement**, signed by a member state with the European Commission. It includes proposals for operational programmes, **including orientation allocations from European structural and investment funds**.

The document defines the main areas of support for financing in the next seven years. Investments will flow to, for example, infrastructure, research and development, environmental protection and support for energy efficiency.

The Partnership Agreement **has already sent to Brussels**. The Commission will now have three months to evaluate and approve it. If it has additional feedback, it is expected that approval will occur between summer and autumn of this year.

From the submission of the document**, the Czech Republic still has three months for completion** and sending of proposals of individual operational programmes.

The proposal calls for a lower number of operational programs than we have been used to **in the current seven-year period**.

Orientational allocation from EU funds for OP

Name of programme	Allocation (mil. EUR)
Integrated regional OP	4 725.3
OP Transport	4 695.8
OP Business and Innovation for Competitiveness	4 316.1
OP Research, Development and Education	2 779.6
OP Environment	2 565.4
Rural Development Programme	2 170.3
OP Employment	2 135.7
OP Technical Assistance	223.7
OP Prague – field of growth in CR	201.6

Source: Partnership Agreement – version sent to the European Commission, not including OP within the aim of European territorial cooperation

https://apps.odok.cz/djv-agenda?p_p_id=agenda_WAR_odokkpl&p_p_lifecycle=2&p_p_state=normal&p_p_mode=view&p_p_resource_id=downloadAttachment&p_p_cacheability=cacheLevelPage&p_p_col_id=column-2&p_p_col_count=1&_agenda_WAR_odokkpl_attachmentPid=VPRA9J7AJS6D

Jourová wants to improve financing of projects of Prague universities and research

Minister for Regional Development **Věra Jourová** is asking that Prague universities and scientific institutions receive better access to financing for their projects from European funds.

Prague is the sixth largest region in Europe and has certain limitations in its ability to draw from European funds. European resources have flowed in recent years mostly to institutions outside of Prague. However, this is expected to change in the next programme period.

The minister for regional development is demanding from the European Commission a clear explanation of the conditions under which Prague institutions could draw from finances intended for regions outside of Prague. Even though the negotiations have not ended, she says it is very likely that Prague institutions will be able **to receive CZK 13 to 16 billion for their projects**.

http://www.euractiv.cz/regionalni-rozvoj/clanek/jourova-chce-zlepsit-financovani-projektu-prazskych-vysokych-skol-a-vyzkumu-011777

The European Commission Representation in the Czech Republic has been adding regularly to the Monthly with contributions in the Commission's column section. In the May issue, it focuses on the topic of the "Euro myths". This term refers to the phenomenon of imprecise, misleading or even entirely untruthful information about "nonsense" from the EU, which became widespread as rumours in this country already during pre-accession negotiations and was one of the informal indicators that the Czech Republic's accession to the EU was approaching and would be inevitable.

10 YEARS OF EURO MYTHS

The tenth anniversary of the Czech Republic's accession to the European union, which we are commemorating, is being examined mainly in the spirit of balancing. While expert discussions have focused most often on the **economic benefits of membership** (which it seems very few doubt), the general public in research has mainly enjoyed freedom of travel and the right to study and work abroad.

However, accession to the EU has also brought another attribute of membership, which is also receiving a great deal of publicity: Euro myths.

This term refers to the phenomenon of imprecise, misleading or even entirely untruthful information about "nonsense" from the EU, which became widespread as rumours in this country already during pre-accession negotiations and were one of the informal indicators that the **Czech Republic's accession to the EU** was approaching and would be inevitable.

Aside from European flags and euros, **myths about ideas from Brussels bureaucrats** have been another sign of membership, which can be found in many EU states. It seems that the myths have found fertile ground in the Czech Republic. Below we offer a sampling of the most well known.

Already two years before accession to the EU, information appeared that pastries would be allowed to be sold only wrapped **"because of Brussels"**. That obligation was actually imposed in 2002, but not by the EU, but in a decree issued by the Czech Ministry of Health, which had no origin in EU regulations. The validity of the decree ended in 2006, but after more than 10 years the myth has acquired many followers, even among top politicians.

Many restaurant owners cannot forget about the requirement supposedly imposed by Brussels bureaucrats that they equip their businesses with touch-free water faucets. However, the idea did not come from the EU, but fro the Czech Ministry of Health in another of its decrees in 2001.

Nonetheless, **the myth prevails**, even though the validity of the decree ended in 2004.

Not only are myths widespread among restaurant owners related to the advantages of the single market and free movement of persons, goods, capital and services, but also among plumbers.

There is a particular myth circulating among **plumbers**, which has been successful from its very beginning. Last year's alleged planned regulation of flushing toilets directly led to creative articles in tabloids and rumours spread among opponents of European integration, and perhaps we can forgive them for misinterpretation of facts.

In fact, no binding European regulation in this area either exists or has been planned. The origin of this myth is the setting of parameters for the volume of flushers, whose voluntary fulfilment is a condition for obtaining **the Ecolabel**, a European certificate for an environmentally friendly product.

Politicians' discussions and meetings with voters during the ongoing campaign for the elections to the European Parliament have created an opportunity for spreading and for overturning various myths. The obligation to rename Czech rum and the Czech cream cheese spread known as **pomazánkové máslo** are focused on in TV debates, along with, for example, the claim that 80% of bills discussed in the Czech Parliament originate from Brussels.

Such a claim has also been made by politicians abroad, but so far none of them has backed up the claims with verifiable evidence. This has even been pointed out by analysts from the website factcheckeu.org (demagog.cz in the Czech Republic), which has revealed the so-called **Delors myth**.

The claim about 80% of national bills originating from the EU has been attributed to former European Commission chairman Jacques Delors. In 1988 he claimed that "within 10 years 80% of bills [...] will come from the European Community." His prophecy has not been fulfilled, but it has caught on.

Studies which have focused on the origin of legislation in member states so far have indicated that bills originating from the EU have amounted **to a maximum of 40%**, with differing percentages among individual member states. However, **no study refers to 80%**.

Unfortunately, there is no room for other myths. However, we hope that those we have mentioned will help you decide whom to give your vote to on 23 and 24 May in the European elections.

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://gr2014.eu/events/

Meeting of the key EU institutions

5 May 2014 - Eurogroup	**Brussels, Belgium**
5 May 2014 - Informal Meeting of Ministers for Agriculture and Fisheries	**Athens, Greece**
6 May 2014 - Economic and Financial Affairs Council	**Brussels, Belgium**
7 May 2014 - Informal Meeting of Ministers for Maritime Affairs	**Athens, Greece**
8 May 2014 - Foreign Affairs Council	**Brussels, Belgium**
8 May 2014 - Informal Meeting of Ministers for Transport and Telecommunications	**Athens, Greece**
12 May 2014 - Foreign Affairs Council	**Brussels, Belgium**
12 - 13 May 2014 - Informal Meeting of Ministers for Competitiveness	**Athens, Greece**
13 May 2014 - General Affairs Council	**Brussels, Belgium**
14 - 15 May 2014 - Informal Meeting of Ministers for Environment	**Athens, Greece**
15 - 16 May 2014 - European Council	**Brussels, Belgium**
19 - 20 May 2014 - Agriculture and Fisheries Council	**Brussels, Belgium**
20 - 21 May 2014 - Education, Youth, Culture & Sport Council	**Brussels, Belgium**

Source: www.europa.eu, http://gr2014.eu/events/, access as of 30th April 2014

In the Microscope section of the May issue of our monthly, we have focused on the upcoming elections to the European Parliament, which will take place in the Czech Republic on the 23rd and 24th of May 2014. This year Czechs will elect 21 MEPs, which is one seat fewer than in the previous European elections. You can read about which parties have the best chance to win seats in the European Parliament, according to public opinion polls, and much more in the following article.

2014 EUROPEAN PARLIAMENT ELECTIONS

Elections to the European Parliament will take place in the EU **between 22 and 25 May**. During that period, voters in individual member states will decide about the mandates of 751 new members of the European Parliament. **In the Czech Republic**, the elections will take place **on 23 and 24 May**.

Voters in the Czech Republic will elect candidates to **21 seats**, one seat fewer than in the previous European elections. During the last elections to the European Parliament held in June 2009, of 736 members of the European Parliament, 22 were elected to represent the Czech Republic.

Four parliamentary parties in the Czech Republic will defend mandates from the last elections. Five years ago, the Civic Democrats (ODS) received 9 mandates, the Social Democrats (ČSSD} received 7, the Communists (KSČM) received 4, and the Christian Democrats (KDU-ČSL) received 2.

In view of the results of the early Czech parliamentary elections that took place in October 2013, the results of the Czech elections to the European Parliament can be expected to be very different.

In this year's European elections, 21 mandates are being fought for **by 39 officially registered Czech political parties and movements**. The election threshold in the Czech Republic **is set at 5%**. However, for parties and movements there is another important threshold, which is 1%. If a particular party gets **more than 1% of the vote**, it will receive CZK 30 for each vote received.

However, interest in the European elections has not been very large in the past. Voters are not very interested in decisions about the EU.

In 2009 the voter turnout in the CR was only 27.5% In the entire EU it was only 43.1%, and voter turnout in EU elections has been in decline. In the first elections to the European Parliament, voter turnout in the EU was 63%, and during the elections in 2004 it was only 46%, which **was 3% more than in the last elections**, which had the lowest voter turnout in history.

According to EU treaties, the numbers of individual lawmakers from member states are based on population, and more mandates are received by states with more inhabitants.

Smaller states have more mandates than they would if the number of mandates were based on their geographical size.

With the approaching elections, public opinion polls have been held regarding support for parties with members standing as candidates for the European Parliament.

According to STEM/MARK and according to the Czech Centre for Public Opinion Research (CVVM), the ANO movement would have won **the European Parliament elections in April**. Another three parties also finished in the same positions in these surveys.

2014 European Parliament elections

	Number *	Age **		Number *	Age **
DE	96	18	AT	18	18
FR	74	18	BG	17	21
UK	73	21	DK	13	18
IT	73	25	FI	13	18
ES	54	18	SK	13	21
PL	51	21	IE	11	21
RO	32	23	LT	11	21
NL	26	18	HR	11	18
BE	21	21	LV	8	21
CZ	**21**	**21**	SL	8	18
HU	21	18	EE	6	21
EL	21	25	LU	6	18
PT	21	18	CY	6	25
SE	20	18	MT	6	18

*Source: European Parliament; Note: * Number of legislators elected to the EP, ** Minimum age of candidates*

In second place was the Czech Social Democratic Party (ČSSD), followed by TOP 09 in third place and the Communists (KSČM) in fourth place.

According to CVVM, the Christian Democrats (KDU-ČSL) and the Civic Democrats (ODS) **would each receive more than 5%**, and the order of popularity according to STEM/MARK is the Civic Democrats, the Dawn of Direct Democracy (Úsvit), the Christian Democrats, the Greens, the Pirates and the Freedom Party.

Only the final vote tally will show how accurate the surveys were. Perhaps these eight elections to the European Parliament will be interesting for eligible voters, and their turnout will not be so low again.

Tomáš Kozelský, EU Office ČS

In the main topic of the May Monthly, we focus on an analysis of the "Visegrad 4 - ten years of membership in the EU". In the current issue, we present the first part of the analysis, where we analyse what economic impact membership in the EU has had on the V4 countries. In the June issue of the Monthly, you can look forward to a continuation, in which we will describe the main advantages of EU membership for V4 countries, the main challenges for the future and population trends in the V4 countries.

VISEGRAD FOUR – TEN YEARS OF EU MEMBERSHIP

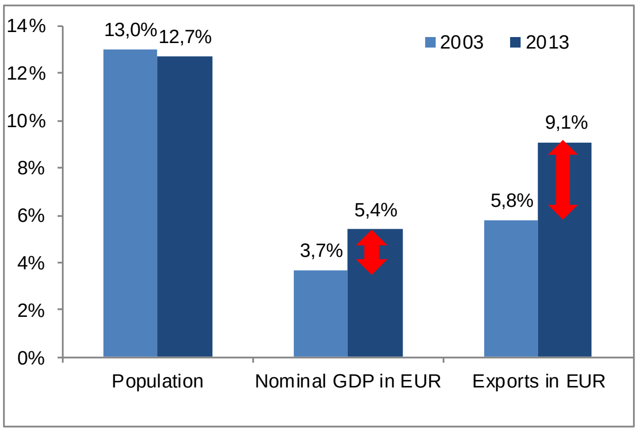
ECONOMIC IMPACT OF EU MEMBERSHIP ON VISEGRAD COUNTRIES

The V4 countries joined the EU in 2004 as rather weak nations economically, but with huge growth potential. With a **population of above 64mn**, or 13% of the EU28, the economic output of the Visegrad countries totaled only **about 3.7% of that of the EU28**.

After 10 years of EU membership, the V4 countries have become much stronger economically and more relevant for the European Union.

The economic strength of the V4 relative to the EU28 as measured by GDP has increased by one half over the last decade to 5.4% of that of the EU28. The economic relevance of the V4 has become most visible in foreign trade. **The share of V4 exports** relative to those of the EU28 **has increased to 9.1%**, from 5.8% a decade ago.

Economic importance of V4 has increased over last decade (V4 as % of EU28)



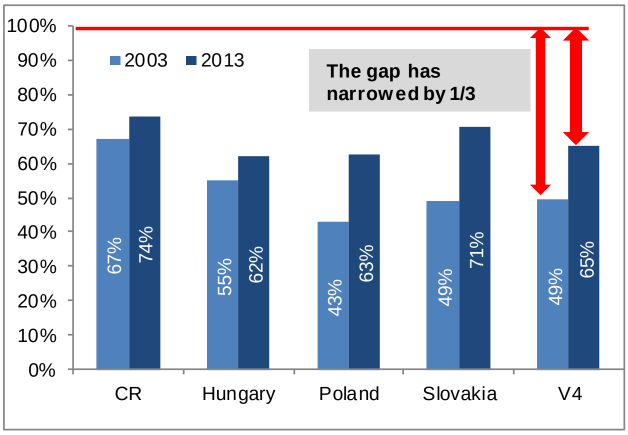
Source: Eurostat, Erste Group Research

Over the last decade, the V4 countries have experienced strong income convergence. **The GDP per capita of the V4 measured in purchasing power standards** has increase from 49% of that of the EU15 in 2003 to 65% in 2013.

Thus, the income gap between the V4 and the old EU members has narrowed by 1/3. In line with income convergence theory, countries with a lower initial level, like Slovakia and Poland, were growing much faster than the more advanced Czech Republic.

Hungary was unfortunately a little bit of an outlier in income convergence, mostly due to domestic policy mistakes. The twin deficit in 2003-06 and unorthodox measures have undermined the growth potential of Hungary and it has been surpassed by Poland and Slovakia in income convergence.

GDP per capita in PPS (% of EU15)



Source: Eurostat, Erste Group Research

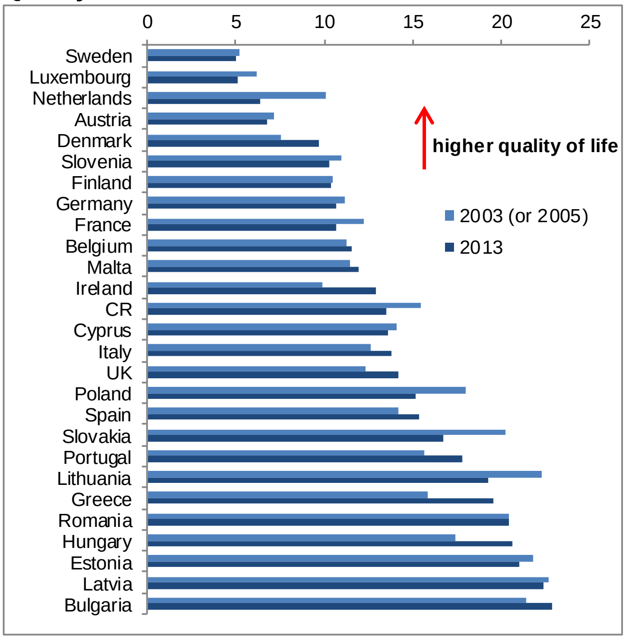
The progress has gone far beyond just headline indicators like increase in **GDP per capita**. Three out of four V4 countries jumped in the quality of life ranking, with Czech Republic actually surpassing Italy and the UK.

That is an index built from average ranking of countries in **10 indicators** that might according to Eurostat[1] have a material effect on quality of life (like life expectancy, early school leavers, income inequality, gender pay gap, homicide rate, etc.).

Slovakia, the Czech Republic and Poland were among the top five countries with the largest improvement in scoring over the last decade, while Hungary experienced the second largest worsening right after Greece.

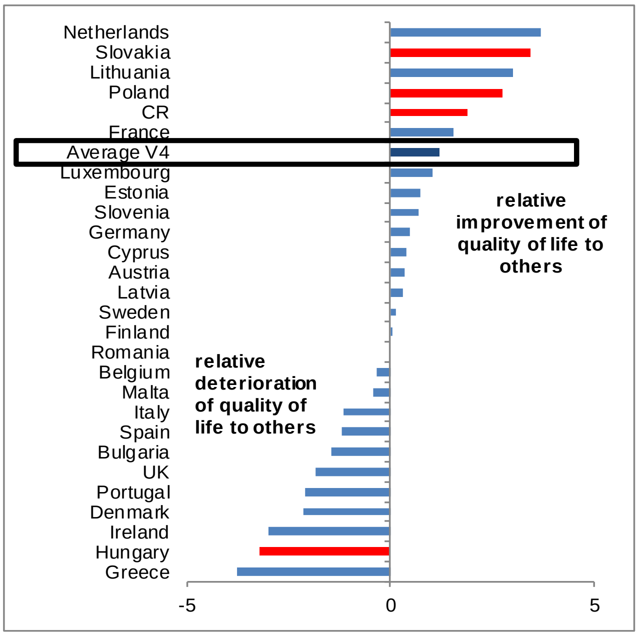
[1] 'Quality of life' indicators were originally released by Eurostat for 2012, on 19 March 2013. (http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-19032014-CP/EN/3-19032014-CP-EN.PDF). We constructed the overall index based on average ranking in all categories. Due to availability of data, however, we needed to omit the air pollution variable (PM 10), change the homicide rate definition slightly, use years of 2003-2006 (In the case of Romania, for the median income and for the ability to afford unexpected expenses, we used 2007 as reference year).

Quality of life index



Source: Eurostat, Erste Group Research

Changes in index (2013 vs. 2003)

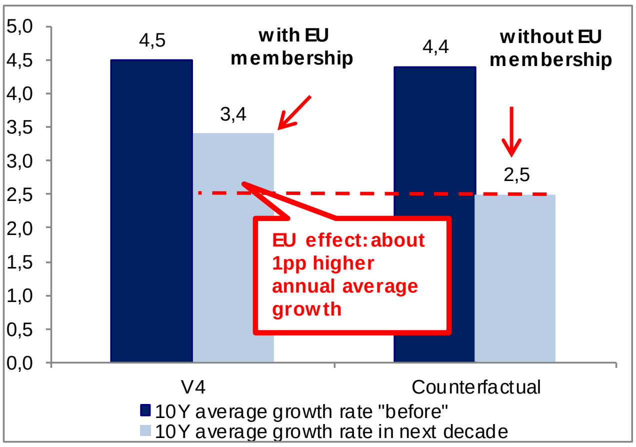


Source: Eurostat, Erste Group Research

EU membership obviously has an overall **positive impact on the development** and wealth of V4 economies. In order to estimate the impact of EU membership on economic growth in the V4, we built a simple counterfactual from the European countries that had experienced similar growth in one decade like the V4 did in 1993-2003 (Austria 1965-75, Norway 1969-79, Portugal 1967-77 and Spain 1967-77), but were not EU members for another decade. Afterwards, we compared the **growth differential**, which would give us a rough estimate of how the income convergence in the V4 would have naturally slowed down if the V4 countries had not gotten a boost from EU.

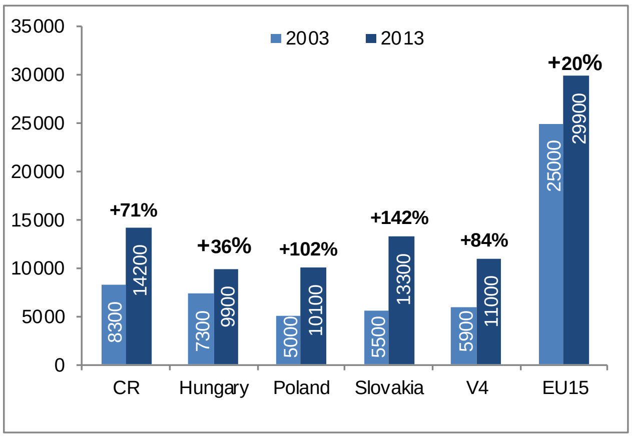
Based on benchmarking of the average growth of the V4 countries to some European countries at their earlier stage of income convergence, we estimate that EU membership increased the annual average growth in the V4 by around 1pp in the last decade. Income has also increased substantially in nominal terms. **GDP per capita** in EUR has more than doubled in Slovakia and Poland since EU membership. In the CR, the increase has been about 70%, but significantly lower in Hungary - only about 36%.

Estimated impact of EU membership on average GDP growth in V4 (%)



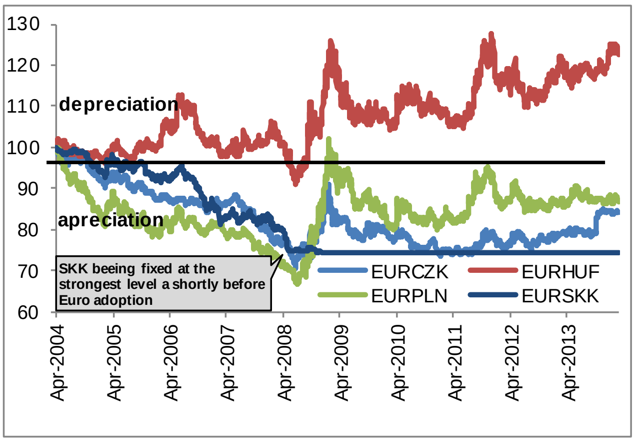
Source: AMECO, Erste Group Research

GDP per capita in EUR



Source: Eurostat, Erste Group Research

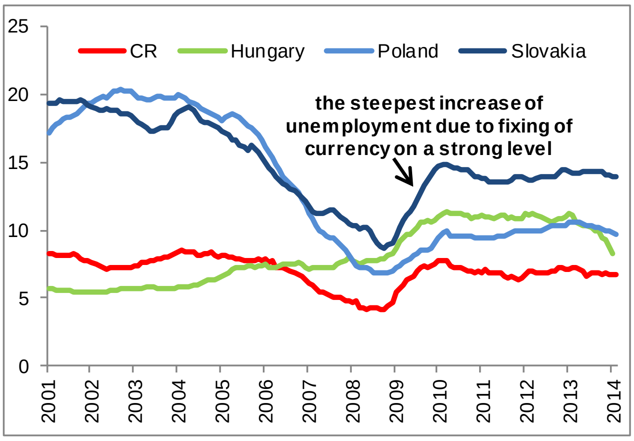
Exchange rate (Index, April 30, 2004 = 100)



Source: Eurostat, Erste Group Research

However, this is still high enough to outperform the old EU15. The convergence in nominal terms has been strongly affected by **exchange rate developments**, where the depreciation of V4 currencies during the crisis slowed down or even reversed part of the nominal convergence.

Unemployment rate (seasonally adjusted, %)



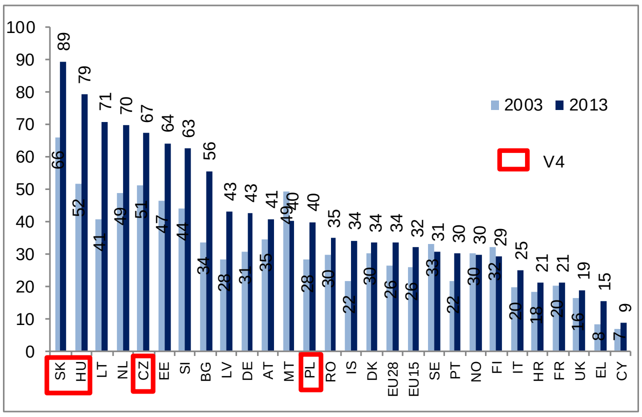
Source: Eurostat, Erste Group Research

Hungary is the only country where the currency is actually weaker **(-22% against the euro)** compared to the time of EU entry. The reasons for this are the high external imbalances at the beginning of EU membership and high accumulation of external debt.

The Slovak currency gained the most among the V4 (26% until mid-2008), as it managed to join the euro, which prevented the currency from high fluctuations during the financial crisis. Even more, Slovakia managed to fix the conversion rate at its all-time high in 2008 at the upper boundary of fluctuation band.

However, euro adoption came at some costs that were not so apparent before the onset of the financial crisis. Fixing the conversion rate at a strong level helped to tame inflation risks associated **with euro adoption in Slovakia**, but backfired when the crisis hit the region and the currency could not depreciate like other V4 currencies did.

Exports of goods as % of GDP



Source: Eurostat, Erste Group Research

Slovakia lost about 10-15% in price competitiveness against V4 countries, due to its strong and rigid exchange rate.

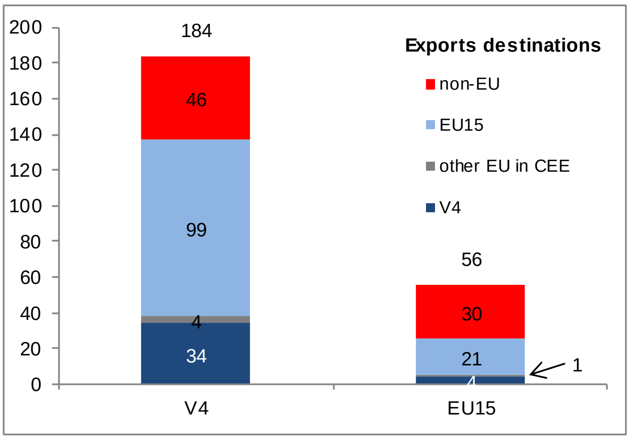
Biggest exporters in EU28 (EUR bn)

2003	2013
DE (661)	DE (1169)
FR (323)	FR (434)
UK (271)	NL (420)
IT (263)	**V4 (398)**
NL (233)	IT (390)
V4 (155)	UK (359)
SE (92)	SE (129)
AT (78)	AT (128)
DK (57)	DK (83)
FI (46)	FI (56)
PT (31)	PT (49)

Source: Eurostat, Erste Group Research

The labor market was the only shock absorber at that time and that is why unemployment spiked in Slovakia much more than in other V4 countries.

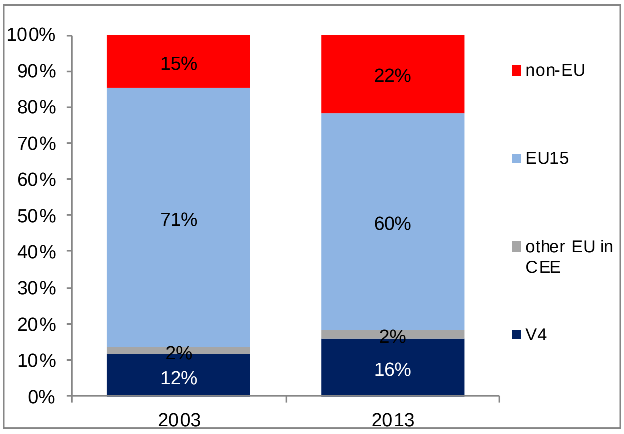
Contributions to export growth (2003–13, %)



Source: Eurostat, Erste Group Research

EU membership has expanded the export opportunities of V4 countries. This is one of the most important advantages for the region, as three out of four V4 countries (**Slovakia, Hungary and the Czech Republic**) rank in the top 5 most open economies in the EU.

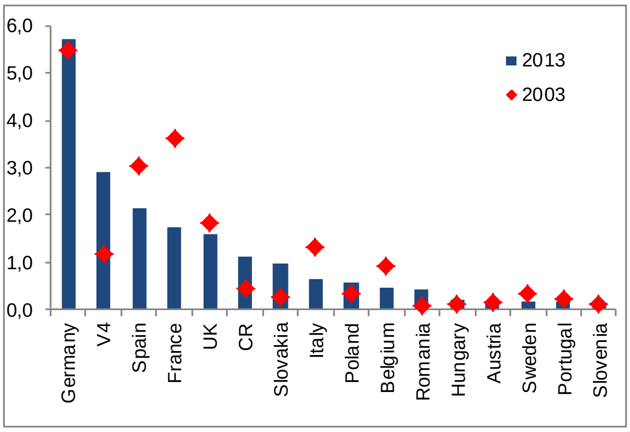
Geographical breakdown of V4 exports



Source: Eurostat, Erste Group Research

V4 countries were outperforming the old member states in export growth by a wide margin**. Exports of V4 countries grew three times faster** than exports of old EU15. The V4 region now ranks as the fourth largest exporter in the EU28 (compared to the sixth position in 2003), becoming a real heavyweight among European exporters. The highest contribution to export growth came from exports to old member states. However, V4 countries were also successful on external markets – their exports to non-EU28 countries have quadrupled since 2003. **EU enlargement** provided a unique opportunity for companies in Western Europe to build new or scale-up existing production capacities in the V4 that would make them more competitive both on the internal EU market and the external market as well. **Car production** became the most prominent export-oriented industry in the V4. V4 countries have been persistently outperforming car production in EU15 and the V4 became the second largest car producer in EU right after Germany.

Car production (mn)



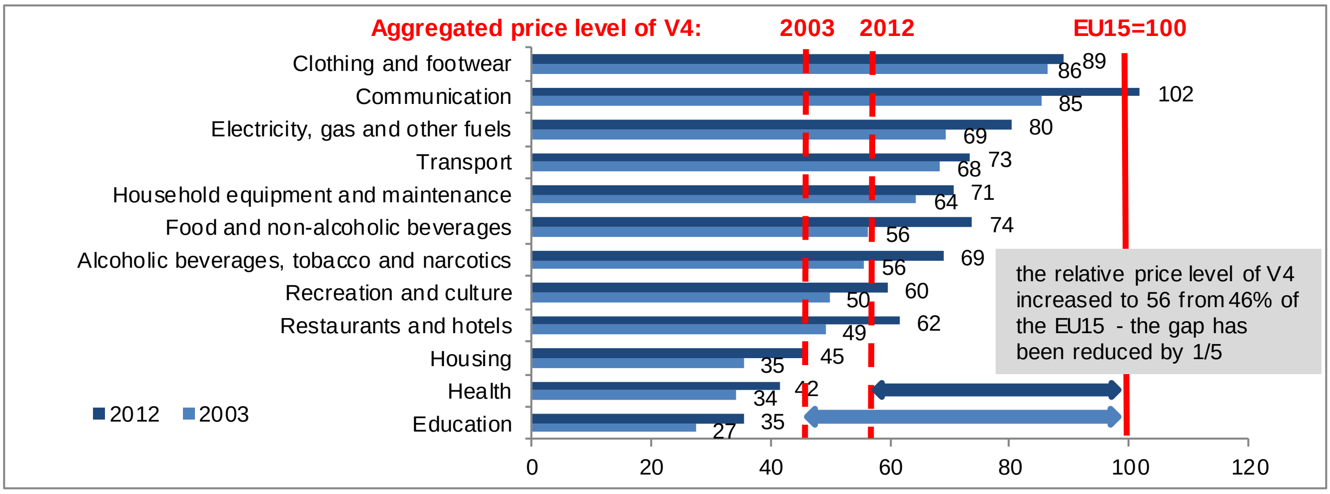
Source: OICA, Erste Group Research

Price convergence had to proceed hand in hand with income convergence. The price level gap in tradable goods has always been relatively thin, while the highest potential for price convergence had been in services. **The aggregated price level of the V4** had increased to 56% of that of the EU15 in 2012, from 46% in 2003. The price gap has narrowed by 1/5.

The highest price gap still remains in state regulated services, like healthcare and education, due to the lack of liberalization of the market and the government's preference to provide many services for free or at low costs, albeit at the expense of quality. EU membership has brought a reduction of the risk premium that V4 countries had to bear. Spreads on long-term government bonds yields collapsed shortly before EU membership and in the early years of membership. This was not the case for **Hungary**, which was struggling with a lack of fiscal discipline and rising imbalances. Spreads spiked during the financial crisis in all countries for a while, but they are now again below the level seen in the pre-accession period (except for Hungary).

Before the V4 countries became EU members, they occupied the lower end of the rating ranks of European economies. **Slovakia was ranked 25th** among the current 28 EU members based on its S&P long-term rating in January 2004. Since then, **the Czech Republic, Poland**

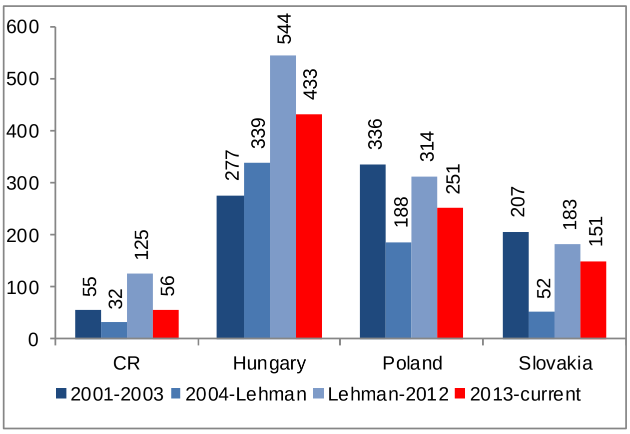
Average price level of V4 countries relative to EU15



Source: Erste Group Research

and Slovakia have been among the few countries whose ratings have improved. They climbed 8-12 positions on the rating list and are now among the 14 best-rated countries in the EU28. Unfortunately, this was not the case for **Hungary**, which wasted its potential. Its large accumulation of public and external debt over the last decade, plus a wide range of unconventional measures have led to a downgrade of Hungary by five notches. Hungary now belongs to the group of five countries sitting at the bottom of the rating list of EU28 members, according to S&P.

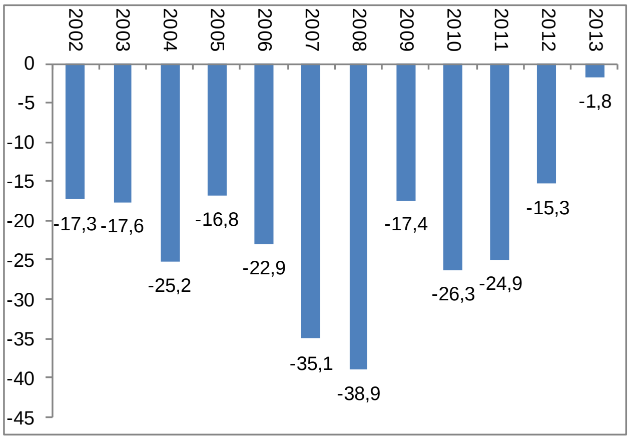
Average spread on long-term government yields vs. Germany (bp)



Source: Eurostat, Erste Group Research, Note: bonds issued on domestic market

The divergence in economic development between the V4 countries has been strongly affected by the **financial crisis** - the vulnerability of the countries as well as policy responses. Due to the already high level of public and external debt, Hungary had far fewer policy options at the beginning of the crisis compared to the Czech Republic, Poland and Slovakia, which could afford to let automatic stabilizers increase their deficits.

Current account balance of V4 (EUR bn)



Source: Eurostat, Erste Group Research

After 10 years of EU membership and a sharp adjustment in **the external balance**, the V4 region is more resilient to crises.

The current account has narrowed close to zero, from the EUR 20-40bn seen in the previous decade. This means that the region is less dependent on net capital inflows and that the current growth trajectory is more sustainable.

Besides France and UK there is actually no EU country running a large current account deficit anymore.

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 Italy.

ITALY

Official name	Italian Republic
Population	59 685 227 (2013)
Area	301 338 km^2
Currency	Euro (EUR) – from 1 January 2002
Official language	Italian

Source: Eurostat

Italy consists of 20 regions and is located on the Italian Peninsula and on adjacent islands in the sea. Its neighbouring countries are France, Switzerland, Austria and Slovenia.

Supreme power is held by a bicameral parliament, whose members are elected to five-year terms and who elect the country's president. The current president is Giorgio Napolitano. Supreme executive power is in the hands of the prime minister, who since February 2014 has been Matteo Renzi, a centre-left Social Democrat.

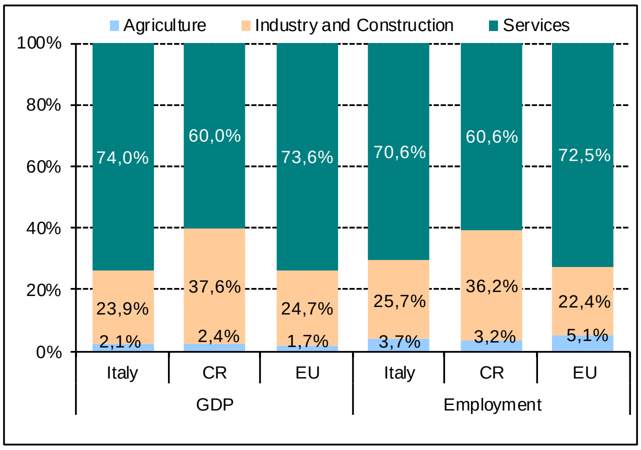
Structure of economy and foreign trade

Italian agriculture makes up 2.1% of the country's GDP and employees 3.7% of the labour force. For than a quarter of employees work in industry, making up nearly 24% of GDP.

The traditionally dominant sector is services, which makes up nearly two thirds of total domestic product and employees 70.6% of the working population.

Italy's main export partners are Germany (12.8%), France (11.3%) and the United States (6.6%). The country exports mainly engineering products, textiles and clothing. It imports mainly chemicals, engineering products and energy products. Italy's main import partners are Germany (15.7 %), France (8.9 %) and China (7 %).

Sectors of the National Economy – Italy (CR and EU)



Source: Eurostat, data as of 2013

Macroeconomic outlook

Due to unfavourable lending conditions, the main slower of growth remains domestic demand, which for the third consecutive has been declining and is expected to fall year-to-year for 2013 by 2.6%, with total GDP expected to drop by 1.9%. Czech exports are expected to be the main driver of growth.

In 2014, Italian banks will prepare to launch the European Banking Union project, which should theoretically bring about better lending terms for households and firms. Better lending terms together with rising external demand will culminate in greater investments into increasing capacity, mainly of export companies.

However, investments into construction will continue to decline. According to the European Commission, Italian households should save more, since even despite growth of real wages, domestic consumption is expected to grow only marginally. This year, 0.6% growth of GDP is expected, which should pull the Italian economy out of the recession. In the following year, growth is expected to speed to 1.2% of GDP.

Without figuring costs for managing Italian debt, the budget is in a huge surplus, which has been above 4% of GDP since 2012. However, during 2014 overall debt is expected to grow to 134% of GDP, followed by a likely decline in 2015.

Basic indicators (in %)	2012	2013^e	2014^e	2015^e
GDP Growth	-2.5	-1.9	0.6	1.2
Unemployment rate	10.7	12.2	12.6	12.4
Inflation	3.3	1.3	0.9	1.3
Current account saldo	-0.5	0.9	1.3	1.2
Public debt	127.0	132.7	133.7	132.4

Source: European Commission; ^{e} - estimate

Labor market

The unemployment level at the end of 2013 hovered at around 13%. However, the rise in unemployment is expected to stabilise in 2014, followed by a decline.

The rise in consumer prices is expected to be around 1.5% in 2013 and remain at this level until 2015. In the short-term

horizon, the increase in the basic VAT rate by 1% from October 2013 will be compensated by de-inflation pressures stemming from lower growth in the cost of labour and suppressed demand.

The lowest labour costs among the monitored sectors are traditionally in the sectors of accommodation, catering and hospitality (2,301 euros), and the highest costs are in the processing industry (3,828 euros).

Basic indicators of labor market		
Unemployment level (March 2014)	12.7%	
Labor productivity to ø EU (2012)	100.1%	
Minimum monthly wage (2014)	-	
Ø monthly labor costs in sectors	**Italy**	**CR**
Manufacturing (2012)	3 828 €	1 445 €
Wholesale and retail trade (2012)	3 633 €	1 500 €
Transport and storage (2012)	3 771 €	1 488 €
Acommodation and food … (2012)	2 301 €	917 €

Source: Statistical Offices of Italy and Czech Republic

Labor law basics

An employment contract must be in writing and can be entered into for either a definite or indefinite period. Most of these contracts are entered into for an indefinite period. No minimum wage is set by law in Italy. The work week is 40 hours per week and can be adjusted by the collective agreement. An Italian employee is entitled to four weeks of paid leave. The probationary period may be agreed upon for a maximum of 6 months (3 months for non-management positions).

Commercial law basics

Italy offers investors the opportunity to establish two basic types of companies: A joint-stock company (S.p.A.) and a limited liability company (S.r.L.), for which the minimum registered capital is 10,000 euros. Partners are liable for the company's obligations only up to the amounts of their unpaid investments.

For a joint-stock company, the minimum registered capital is 120,000 euros.

Form of Company	Minimum Capital
European Company (SE)	120 000 EUR
Limited Liability Company (S.r.L.)	10 000 EUR
Joint Stock Company (S.p.A.)	120 000 EUR

Source: Ministry of Economy

The number of shareholders is unlimited, and companies are subject to an audit obligation by law.

Main taxes and additional labor costs

The basic corporate tax rate is 27.5% plus a regional surcharge (around 4%). Individual income taxation is progressive in Italy. The minimum rate is 23% for income up to 15,000 euros, followed by 27% for income up to 28,000 euros, 38% for income up to 55,000 euros, 41% for income up to 75,000 euros and 43% above that amount. A regional tax is also applied, which ranges between 0.7% and 2.03%, along with local government taxes (between 0% and 0.9%).

A 3% solidarity tax is also imposed for income above 300,000 euros. A 20% withholding tax is imposed on dividends for non-residents. In Italy there are three VAT rates. There is a basic rate of 22%, the reduced 10% rate is applied mainly to pharmaceuticals, public transport, culture, accommodation and catering, and 4% is applied to food, healthcare an books.

Tax/payment	Rate
Corporate Tax	27.5%
Individual Income Tax	23%-43%
Social insurance (employee)	9%-10%
Social insurance (employer)	30%-35%
VAT (basic /lower)	22% / 10% / 4%

Source: Ministry of Finance

Energy

In Italy in the monitored period, the price of electricity was on average just over 50% higher than in the Czech Republic. It reached its peak in the second half of 2012, and after a brief decline the price stabilised at the end of 2013 at 17.6 euro cents per kWh. Prices of natural gas first fell by 30% and then grew year-to-year by 30%. At the end of 2013, the price stabilised at 10.4 euros per gigajoul.

Investment incentives

Italy offers foreign investors a wide range of investment incentives, mainly through tax relief, contributions and advantageous loans.

The country particularly supports technology innovations and research and development as well as tourism, industrial production and development of economically lagging regions in the south of the country. For cohesion policy, Italy is receiving 32.82 billion euros from European funds in the new programme period of 2014-2020.

In the May Dating with MFF section, we will present another of the programmes financed from the European budget for 2014-2020, the Cosme programme. It is intended to support competitiveness and employment in SMEs. The European Commission has allocated 2.3 billion euros for the Cosme programme for the next seven years. The money is intended for among other things companies' better access to financing and easier access to international markets.

COSME

Another of the programmes of the multi-year financial framework for 2014-2020 is the COSME programme, the main aims of which are support for competitiveness and sustainability of companies (mainly small and mid-sized enterprises) along with strengthening of business culture and support for establishment and growth of small and mid-sized enterprises.

Representatives of this segment make up the overwhelming majority of all businesses in the EU. They are a major driver of economic growth, employment and social integration. The programme is financed from section 1a: Competitiveness for Growth and Employment, and for a seven-year period, just over 2.3 billion euros (in regular prices) has been allocated for it.

With regard to specific aims, money from the budget is going mainly for:

- support for better access to financing of SME´s enterprises through their own and borrowed capital;
- gaining of easier access to international markets of other EU member states and non-member states (with the help of a free global expert network, the Enterprise Europe Network (EEN);
- strengthening of business culture and
- improvement of conditions for establishing companies and their growth.

Support for better access to financing of SME.

COSME aims to facilitate and improve access to financing for SME via two different Community financial instruments, an instrument for loan guarantees and a tool for capital investments for growth. The first tool provides guarantees and counter-guarantees for financial brokers (such as guarantee organisations or banks). The second tool is focused on funds, which provide risk capital and international financing, such as supervised and participation loans to companies in the phases of expansion and growth. Support is also provided to exporters.

Easier access to international markets

The EEN provides basic implementation and advice regarding the COSME programme. Its services can be accessed freely from every region via a local partner.

Free of charge EEN services include:

- obtaining of information about EU legal regulations, intellectual property rights and programmes for supporting environmentally friendly innovations and sustainable development (close cooperation of COSME, Horizon 2020 and structural funds);
- assistance with finding a business partner for cooperation abroad (within the EU or globally), advice related to access to financing from the EU and support for innovations and transfer of technology;
- ensuring feedback exchanged between SME and the European Commission.

Strengthening of business culture

The main goals for supporting business culture are:

- Business education – the COSME supports the exchange of proven support approaches among European institutions involved in business education in the EU.
- Improvement of the business environment – the aim is to try to prove the legal and fiscal environment for business operators, so that their business activities can grow. Experts are able to prepare recommendations for the best support for businesses for the duration of their life cycle.
- Models and cooperation with specific groups – For specific groups of COSME business operators (such as young people, women and older entrepreneurs), mentoring is available, along with other programmes for supporting business education (such as the Erasmus exchange programme for young entrepreneurs).

Better conditions for companies' founding, growth

Conditions for founding companies and their subsequent growth is expected to improve mainly thanks to reduction of administrative and regulatory burden, creation of analytical tools for better formation of policies and timely identification and exchange of proven approaches between domestic administrative bodies.

Businesses and other legal entities may apply for grants via calls for offers published by the European Commission. If business operators want to receive financial support for various studies and other services, they can apply for it via tenders announced by the Commission.

The EC´s invitations for participation in the COSME are expected to be focused mainly on areas such as:

- support for the European strategy for key emerging technology, support for social economics, pan-European activities for supporting business education, the Enterprise Europe Network etc.

The statistical window in a tabular form shows important macroeconomic indicators from all member states and the EU as a whole. It includes economic performance indicators (per capita GDP as compared to the EU average, GDP growth), external economic stability indicators (current account to GDP), fiscal stability indicators (public budget to GDP, public debt to GDP) and price level to ø EU. The source of the data is Eurostat and EC.

Key macroeconomic indicators

	GDP Growth				GDP per capita (PPS, % of ø EU)				Price level to ø EU			
in %	2010	2011	2012	2013	2009	2010	2011	2012	2009	2010	2011	2012
Belgium	2.3	1.8	-0.1	0.2	117.4	120.1	119.6	119.6	112.3	110.2	109.6	108.6
Bulgaria	4.0	3.3	0.7	0.4	114.3	119.1	122.3	122.8	107.0	103.5	102.0	101.1
CR	2.6	9.6	3.9	0.8	63.6	63.8	69.0	71.2	77.3	74.8	75.9	76.9
Denmark	-1.1	2.2	0.2	0.3	127.9	127.9	128.1	128.3	125.6	118.1	118.7	117.0
Germany	-4.9	-7.1	-7.0	-3.9	94.7	88.5	80.9	76.3	95.0	94.5	94.5	92.1
Estonia	-0.2	0.1	-1.6	-1.2	103.0	99.0	96.0	95.0	97.7	96.6	96.9	94.9
Ireland	1.7	2.0	0.0	0.2	108.7	108.8	108.8	108.4	112.2	110.1	109.7	108.1
Greece	1.7	0.4	-2.4	-1.9	103.6	102.5	101.3	100.2	104.8	101.2	102.9	102.5
Spain	1.3	0.4	-2.4	-5.4	99.8	96.6	93.4	91.3	89.8	88.7	88.7	87.4
France	-1.3	5.3	5.2	4.1	53.9	55.1	59.7	64.1	76.0	70.0	71.2	71.6
Croatia	3.1	1.9	-0.2	2.1	251.8	261.7	265.2	262.6	121.5	122.3	123.3	122.1
Italy	4.1	1.6	0.6	2.4	84.2	86.8	85.9	85.7	78.0	77.4	78.4	77.8
Cyprus	1.5	0.9	-1.2	-0.8	131.8	129.6	129.0	127.3	107.9	107.8	108.4	107.6
Latvia	1.8	2.8	0.9	0.3	125.5	126.3	128.5	129.6	107.9	105.1	105.7	105.5
Lithuania	1.9	-1.3	-3.2	-1.4	80.0	80.1	76.8	75.8	89.2	87.4	87.8	85.9
Luxembourg	1.3	0.7	-2.5	-1.1	86.1	84.2	84.2	83.6	87.9	86.1	84.9	82.9
Hungary	4.4	3.0	1.8	0.9	72.5	74.1	75.2	75.9	73.2	70.3	70.7	70.4
Malta	3.4	2.8	-1.0	-1.4	114.3	114.0	115.5	115.0	124.0	121.7	122.2	121.7
Netherlands	0.4	1.8	0.6	0.9	43.8	44.1	46.4	47.4	51.3	50.0	48.8	48.3
Austria	2.5	1.8	-1.0	-0.9	82.4	80.5	80.9	80.8	73.1	74.6	75.6	72.2
Poland	1.4	1.1	-0.4	0.4	123.1	127.6	125.1	125.6	143.0	140.4	142.6	140.5
Portugal	-2.3	-0.2	-1.9	-1.0	47.0	50.0	52.0	56.0	76.3	75.2	73.0	69.9
Romania	1.6	6.0	3.7	3.3	57.7	61.7	67.2	71.3	67.0	63.6	64.5	63.9
Slovenia	1.1	1.6	-1.7	1.1	65.1	65.9	67.0	66.5	63.2	63.0	61.5	60.3
Slovakia	3.9	4.5	1.9	1.6	60.3	62.8	64.9	66.8	58.1	60.4	58.6	56.7
Finland	-1.1	2.2	0.7	3.5	49.5	50.5	51.1	52.8	57.5	57.4	58.8	55.4
Sweden	6.6	2.9	0.9	1.5	119.8	123.3	124.9	125.9	107.6	119.7	125.7	128.6
UK	1.7	1.1	0.3	1.9	111.8	107.6	104.9	104.7	96.8	107.8	108.7	116.5
EU	2.0	1.7	-0.4	0.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

	Public budget deficit to GDP				Public debt to GDP ratio				Current account saldo to GDP			
in %	2010	2011	2012	2013	2010	2011	2012	2013	2010	2011	2012	2013
Belgium	-3.7	-3.7	-4.0	-2.7	85.6	87.9	92.6	95.5	0.3	0.4	1.8	2.7
Bulgaria	-4.2	-0.8	0.1	-0.1	95.7	98.0	99.8	99.8	2.6	0.5	-0.2	0.1
CR	0.2	1.1	-0.2	-0.4	82.5	80.0	81.0	79.6	6.4	6.3	7.0	7.0
Denmark	-30.6	-13.1	-8.2	-7.2	6.7	6.1	9.8	10.0	3.5	0.3	-2.8	-2.1
Germany	-10.7	-9.5	-9.0	-13.1	91.2	104.1	117.4	122.3	1.1	1.2	4.4	7.0
Estonia	-9.6	-9.6	-10.6	-7.2	148.3	170.3	156.9	177.3	-12.8	-11.7	-5.3	-2.3
Ireland	-7.1	-5.3	-4.8	-4.2	61.7	70.5	86.0	94.8	-4.4	-4.0	-1.2	1.1
Greece	-4.5	-3.8	-3.0	-3.0	82.4	85.8	90.2	93.9	-1.7	-2.5	-2.1	-1.9
Spain	-5.3	-6.3	-6.3	-5.9	119.3	120.7	127.0	132.7	-3.5	-3.1	-0.5	0.9
France	-8.1	-3.6	-1.3	-1.3	61.3	71.5	85.8	112.0	-9.2	-4.3	-6.8	-1.7
Croatia	-0.8	0.1	-0.6	-0.2	44.4	41.9	40.6	38.4	2.9	-2.3	-2.5	-1.6
Italy	-3.5	-2.8	-3.3	-3.0	19.5	18.7	21.7	24.3	8.4	7.3	6.7	6.4
Cyprus	-5.1	-4.3	-4.1	-3.1	66.8	69.5	71.1	72.0	-5.4	-1.0	1.1	1.7
Latvia	-4.5	-2.5	-2.5	-1.7	63.4	65.7	71.3	74.3	5.0	7.4	7.7	9.2
Lithuania	-9.8	-4.3	-6.4	-5.9	72.3	72.8	74.0	74.6	3.6	1.5	1.8	2.9
Luxembourg	-5.9	-6.3	-3.8	-14.9	94.0	108.2	124.1	129.4	-10.4	-7.2	-2.2	0.4
Hungary	-7.7	-5.1	-4.5	-2.5	38.7	47.1	54.4	71.9	-0.2	0.2	3.1	4.9
Malta	-2.5	-0.7	-1.8	-2.4	41.0	43.4	52.4	54.3	-3.7	-2.6	1.6	2.0
Netherlands	-3.1	-2.0	-0.8	-1.9	48.7	49.2	53.6	57.2	1.7	-1.5	-1.4	-0.2
Austria	-4.7	-3.2	-4.4	-2.7	16.2	16.3	18.5	19.4	-0.4	0.1	-1.3	2.0
Poland	-2.5	-1.8	-4.4	-2.7	38.4	41.4	46.2	46.1	-5.0	-3.5	-2.6	-2.4
Portugal	-6.4	-7.8	-5.0	-6.0	42.7	46.4	45.4	42.4	5.9	5.6	6.0	7.0
Romania	-7.2	-5.5	-3.2	-2.7	44.7	54.6	55.5	64.9	-0.9	-1.1	-0.2	0.8
Slovenia	-4.3	4.3	2.0	-2.4	37.8	38.3	40.5	39.5	-0.4	-3.9	-1.1	0.1
Slovakia	-7.9	-5.0	-3.9	-4.4	82.2	82.1	79.8	77.8	0.4	0.6	1.1	2.9
Finland	-6.8	-5.6	-3.0	-2.6	54.9	56.2	55.6	57.8	-4.3	-4.5	-3.3	-1.6
Sweden	0.3	0.2	-0.2	-1.1	30.5	34.7	38.0	38.3	-4.4	-4.5	-4.4	-1.0
UK	-10.1	-7.7	-6.1	-6.3	39.4	38.6	38.2	41.5	6.9	6.6	6.5	6.2
EU	-6.5	-4.4	-3.9	-3.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: Eurostat, EC