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ČESKÁ SPOŘITELNA

EU OFFICE
Česká spořitelna, a.s.
Budějovická 1518/13a
140 00 Praha 4
tel.: +420 956 718 012
fax: +420 224 641 301
EU_office@csas.cz
http://www.csas.cz/eu

Jan Jedlička
Head of EU Office
+420 956 718 014
jjedlicka@csas.cz

Jana Majchráková
+420 956 718 012
jmajchrakova@csas.cz

Tomáš Kozelský
+420 956 718 013
tkozelsky@csas.cz

Iva Dlouhá
+420 956 718 015
idlouha@csas.cz

under the auspices of Pavel Kysilka
CEO of ČS

Dear readers,

Although August is usually an in-between month regarding European integration events, characterized by a holiday tempo in the main European institutions and the typical symptoms of the „summer season", this year was an exception.

The main August event of importance throughout Europe was the conclusion of the special meeting of the European Council at the end of August, where a decision was made about the future permanent President of the European Council, sometimes called the President of the EU. Surprisingly, a politician from a traditional EU member states (in other words Western) was not selected, but instead a representative from one of the new 2004 member states, the Polish Prime Minister. The appointment of Donald Tusk to the highest nominal seat in the EU institutions is an excellent form of recognition of our northern neighbors. The active attitudes of Polish diplomacy and policy initiatives pushed by top political leaders have borne fruit. This decision confirms the fact that Poland has been able to make maximum use of the benefits of EU membership not only in the economic sphere, but also in the political one.

Poland can also be a great inspiration for our country in the area of utilization of European Union funds. According to the report of the Ministry of Regional Development, which is in charge of the domestic coordination of EU Cohesion Policy, in the worst case scenario the Czech Republic will not manage to utilize up to 24 billion CZK this year. This amount would be added to the 10 billion CZK which we did not manage to spend last year. The report confirms the thesis that the problem in the Czech Republic is not lack of funds but inadequate quality of the public administration. We will see how this situation will change with the forthcoming Civil Service Act.

The main event in August of domestic significance was the official approval of the so-called Partnership Agreement by the European Commission. This agreement consists mainly of the plan for subsidies from EU funds in the 2014-2020 period, which will amount to about 22 billion euros. The Topic of the Month section of the current Monthly Journal is therefore devoted to this topic and we divide it into two parts. The second part, which will focus in more detail on the agreement defining the individual operational programmes will be published in the next issue of the Monthly.

In the Microscope section this month, we welcome the Secretary of State for European Affairs, Tomáš Prouza, and his contribution to the topic of the creation of the new EC. In his intereresting contribution, The Secretary of State also reveals the motives for selecting the domestic candidate Věra Jourová.

In its column this month, the European Commission writes about 26 September, which is the European Day of Languages. The Union respects linguistic diversity, which also represents a financial burden for translation and interpreting services. Question – How many EU official languages currently exist? The options are 24, 26 and 28 languages. The correct answer can be found on page 5.

With the arrival of September I wish you, dear readers, a smooth return from holidays, or more precisely from the holidays back to reality and perhaps after a rainy period from the end of August, finally we will enjoy a typical Indian summer.

Jan Jedlička

Jan Jedlička

Polish Prime Minister Donald tusk was elected as the new chairman of the European Council at its extraordinary August summit. Italian Foreign Minister Federica Mogherini has become the EU's high representative for foreign affairs and security policy. - The Czech Republic will no longer oppose the objectives for renewable resources and energy efficiency. - This year the Czech Republic does not have to draw up to CZK 24.4 billion. - The Commission has approved the Partnership Agreement with the Czech Republic for the next programme period of 2014-2020.

POLITICS

Donald Tusk has been elected the new European Council President for the 2.5 years

At a special meeting of the European Council held on 30 August 2014 **the Polish Prime Minister Donald Tusk was elected the new President of the European Council**. His term will begin on 1 December 2014 and end on 31 May 2017. He replaces Herman Van Rompuy in the function. Tusk is expected to introduce his strong opinions on the fight against the Russian action in Ukraine to the whole European Union. He wants to focus on **economic growth** and as European Council President will play an important role in finding a compromise with the United Kingdom, where a referendum on remaining in the European Union will be held in 2017.

The twenty-eight heads of state and prime ministers also named Italian Foreign Minister **Federica Mogherini** the new High Representative of the Union for Foreign Affairs and Security Policy for the period until the end of the current term of office of the European Commission on 31 October 2019.

The new president and representative must still be formally approved by the European Parliament in its plenary session.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/144535.pdf

ENERGY AND TRANSPORT

The Czech Republic will no longer oppose three of the EU climate targets for 2030

In the autumn negotiations on the climate-energy package for 2030, the Czech government will take a new position. Until now, the Czech Republic has only wanted to commit to one target, **a reduction of CO_2 emissions**. Now, however, it will not oppose the targets for renewable energy and energy efficiency.

More and more EU countries are supporting the Union's three 2030 climate and energy targets, which are the same targets as the current 2020 policy. Given this situation, the Czech Republic does not want to become politically isolated and lose its bargaining position. But so far it is not clear how high a target the Czech Republic will be willing to support and if it will be able to accept the fact that the targets will be set separately for each EU member state. In fact it has not yet been negotiated whether they will be binding and what demands will be placed on each of the member states. The government has always emphasized that it first wants to have clarity about the economic impacts of the targets on the Czech economy.

The target of increasing energy efficiency (or energy savings) by 30% was proposed by the European Commission about a month ago. This will complement the commitment **to reducing CO_2 emissions** (by about 40% compared to 1990) **and increasing the share of renewable resources in energy consumption** (to at least 27% in the whole EU). This October the heads of the member states will discuss the form of the climate and energy policy for 2030, but it is possible that the decision will be postponed until a later date.

In the first half of this year, it was still not clear whether the Commission would propose a third target related to energy efficiency and whether it would have sufficient support. But now a growing group of member states **(Germany, Belgium, Denmark, Ireland, Luxembourg, Portugal, Greece and France)** have expressed that they are in favor of this target. Developments in Ukraine have also played a role in the establishment of this target; indeed the EU considers increased efficiency as one of the ways to reduce energy dependence on Russia.

http://ec.europa.eu/clima/policies/2030/index_en.htm

REGIONAL POLICY

Black scenario: The Czech Republic will not be able to utilize up to 24.4 billion CZK this year

Last year, the Czech Republic did not manage **to draw ten billion CZK from EU funds**. According to estimates, this year more than twice that amount will not be utilized. So far, the crisis plans for drawing resources from European funds,

which were prepared by the Minister for Regional Development Vera Jourová, have not altogether fulfilled expectations.

List of operational programmes at risk

Name of OP	Estimate of the amount of unused 2014 allocation
OP Environment	4.5-10 billion CZK
OP Research and Development for Innovation	9.8 billion CZK
Integrated Operational Programme	2.2 billion CZK
OP Technical Assistance	0.4 billion CZK
ROP Northwest	1.5 billion CZK
ROP Moravia-Silesia	0-300 million CZK
OP Prague-Competitiveness	0-81 million CZK
OP Prague-Adaptability	97 million CZK

Source: Ministry of Regional Development

Some operational programmes are not yet proceeding at the pace that they should, and some of them are starting to experience delays in relation to the original estimates.

Operating Programme risk as of June 30, 2014

High risk	OP Environment
	Integrated Operational Programme
	OP Research and Development for Innovation
	ROP Northwest
	OP Prague-Adaptability (newly)
Medium risk	OP Prague-Competitiveness
	OP Education for Competitiveness
	ROP Moravia-Silesia
	ROP Southwest
	OP Technical Assist. (formerly high risk)
	OP Enterprise and Innovation
	ROP Central Bohemia
	OP Transportation
	OP Human Resources and Employment (formerly low risk)
Low risk	ROP Northeast
	ROP Central Moravia
	ROP Southeast

Source: Ministry of Regional Development

According to the preliminary report of the Ministry for Regional Development, **OP Environment**, where **there is a risk of losing 10 billion CZK**, has the most problems. Also **the IOP** (Integrated Operational Programme) with predicted losses of **up to 2.2 billion CZK**, **OP Research and Development for Innovation**, where losses could climb as high as **9.8 billion CZK**, **ROP Northwest** (Regional Operational Programme Northwest), which could lose up to **1.5 billion CZK** and **OP Prague-Adaptability**, for which losses should not go **over 0.1 billion CZK**.

Among the examples of measures to reduce the risk of under-utilization of funds is so-called internal reallocation, the transfer of resources from less successful priorities to successful ones for the creation of replacement projects, phasing in of major projects and especially for more competent project administration.

Given that there still remains enough time until the end of the year for managing authorities, in collaboration with **the Ministry of Regional Development**, to prepare a new strategy for utilization of funds, the situation with European funds in the Czech Republic should improve.

Among the steps to be taken are for example decommissioning of risky projects, preparation of a sufficient number of replacement projects, **reallocation of 6.5 billion CZK** within the Operational Programmes, emergencyl certification and also a change in the method of reporting eligible expenditures to the European Commission.

http://www.mmr.cz/cs/Ministerstvo/Ministerstvo/Pro-media/Tiskove-zpravy/2014/Na-stole-jsou-dalsi-mozna-opatreni-pro-snizeni-ned

The European Commission has approved the Czech Partnership Agreement

Several years of negotiations between the Czech Republic and the EC on the so-called form of the document have ended. **The allocation of EU funds in the country over the next seven years will be done in accordance with the Partnership Agreement.** The European Commission officially approved the document on 26. 8. 2014.

The Partnership Agreement is an important strategic document, which will govern the spending of European funds in the 2014-2020 period. **Each member state negotiates a Partnership Agreement with the European Commission.** As of 29. 8. 2014 Partnership Agreements for a total of 16 member states had been approved by the European Commission.

The Czech Republic has been working on the document since 2011. A number of partners participated in its preparation- ministries, representatives of regions, cities and

The EU has allocated an additional 125 million euros for farmers. This money will make it easier to cope with the Russian embargo on imports of a lot of food products from Western countries. - On 12 August 2014, the EU commemorated International Youth Day, which is also connected with one of the EU's main priorities, tackling the problem of youth unemployment. Greece had the highest youth unemployment level last year (52.8%). The EU is trying to combat youth unemployment through various programmes.

municipalities, social and economic partners, the non-profit sector and others.

The government approved the Partnership Agreement this spring, and then formal hearings with the Commission on its provisions took place. During these meetings Czech officials had to deal with some of the reminders made by the Commission: **in the first place the still ineffective civil service law** and also **the incorrect implementation of the law on the assessment of the impact of buildings on the environment** (the so-called EIA).

The Operational Programmes currently being prepared will be significantly less compared with the previous 2007-2013 period. From these financial instruments about **616 billion CZK** will flow into the Czech Republic, focusing for example on infrastructure, research and development, the environment and the promotion of energy efficiency. The first calls for drawing money from EU funds could be launched in early 2015.

For a closer look at the Partnership Agreement, refer to our Topic of the Month which begins on page 8.

http://europa.eu/rapid/press-release_IP-14-947_en.htm

AGRICULTURE AND FISHERIES

The EU will give farmers an additional 125 million euros

European farmers can count on **financial aid amounting to 125 million euros**. With this money it should be easier to cope with the impact of the Russian embargo on imports of many western food products, **the European Commissioner for Agriculture and Rural Development Dacian Cioloş** announced on August 18.

The assistance will be available to fruit and vegetable producers who do not have the opportunity to move their products quickly to another market and therefore face a threat of spoilage. The money should be available to farmers by the end of November. The assistance will be financed through **the special reserve of 420 million euros** which is in the budget of the reformed Common Agricultural Policy. It is intended to help European farmers in the event of market disruption. The Commission added that in the event of a need to support manufacturers of dairy products hit by sanctions, it will also consider supporting them. The situation is apparently being analyzed more.

The impact of the sanctions also concerns the Czech Republic. The Office of the Government has a working group that meets every week **to evaluate not only the effects of the Russian embargo**, but also the consequences of the sanctions imposed by the EU on Russia. So far, the working group has advised the government to speed up work on the introduction of ***kurzarbeit*** (part-time jobs). They have also created a new position of agricultural diplomats.

http://ec.europa.eu/commission_2010-2014/ciolos/headlines/news/2014/08/20140818_en.htm

http://europa.eu/rapid/press-release_IP-14-944_en.htm

EMPLOYMENT AND SOCIAL POLICY

International Youth Day: Youth employment is a priority for the EU

On 12 August 2014, **the European Union commemorated International Youth Day**, which is also associated with one of the main priorities of the EU - the problem of youth unemployment. Currently many young, active and educated young people are unsucessfully trying to enter the labor market. **What is the EU doing in this area?**

One of the most popular EU programmes is the so-called **Erasmus +**. Its popularity is still growing and in 2013 alone 270,000 students received a grant to train or study abroad. For 2014-2020, the Union has allocated **a total of 15 billion euros for Erasmus +** to support education, training, youth and sport.

Another instrument to support the fight against unemployment is called **the Youth Guarantee**. Its main goal is to provide a concrete offer of employment (which may take the form of a job, work experience/apprenticeship, traineeship or continued education) for all young people under 25, within 4 months of leaving formal education or becoming unemployed. For the next 7 year programming period the European Union has earmarked **10 billion euros from the European Social Fund** to support unemployed young people and **6 billion euros to the Youth Employment Initiative**. The European Parliament is currently calling for more funding and a strengthening of measures to combat unemployment, for example the establishment of minimum standards for apprenticeships and decent wages.

In the area of student initiatives, the European Parliament welcomed more than 5,500 young people to **EYE2014** to share their ideas and recommendations for the future development of the EU in this area. We will therefore see whether it looks like Europe will succeed in the battle with high youth unemployment in the upcoming period. http://www.europarl.europa.eu/news/en/news-room/content/20140711STO52241/html/International-Youth-Day-how-the-EU-is-working-to-reduce-unemployment

The European Commission Representation in the Czech Republic has been adding regularly to the Monthly with contributions in the "Commission's Column" section. Since 26 September is European Day of Languages, the September article focuses on issues related to the multilingual nature of the EU, which has been an integral part of the EU's policies since its beginning. The EU currently has 24 official languages. Multiple translators and interpreters are needed to ensure the multilingual functioning of the EU.

MULTILINGUALISM IN THE EUROPEAN UNION

Multilingualism has been an integral part of EU policy since the very beginning. In fact, the first European regulation in 1958 was concerned with languages: it governed their use in the newly created **European Economic Community** and specified that French, German, Italian and Dutch as the official languages of the member states at that time (France, Belgium, West Germany, Luxembourg, Italy, the Netherlands), were also the official languages of the Community.

Since then, **the number of official languages has increased after each enlargement of the European Economic Community** and later the European Union, also including Czech since 2004. The last language to be added was Croatian which became the twenty-fourth official language of the Union last year. The already mentioned Regulation 1/1958 is always amended in these cases. **The multilingual nature of the EU** is also reflected in a number of other regulations. For example, according to Article 24 of the Treaty on the Functioning of the European Union, any citizen of the Union can write to the institutions of the European Union in his or her own language and has the right to receive a reply in the same language.

The entire body of legislation is available in all the languages of the European Union, and in all stages of the legislative process - from the proposal of the EC through the suggestions of the European Parliament and after approval by the Council. A full range of non-legislative documents are also available in all EU languages, such as Commission statements, press releases and information on the websites.

There is a need for translators and interpreters to ensure the functioning of multilingualism. All the major European institutions have their own translation departments and the **Translation Centre in Luxembourg** is available to the various European agencies (such as the GSA in Prague). Overall the European Union employs 4,300 translators and 1,000 interpreters. A specific EU profession is thus lawyer-linguists, who among other things ensure that EU legislation in all languages is absolutely identical, because the different language versions all have the same legal validity.

In this context, it is important to remember **the cost of multilingualism**: in the total European Union budget for the year 2014 (136 billion euros) translation and interpreting services made up less than 1% (approximately 1 billion euros). Therefore for each citizen of the European Union, the equal status of all languages costs approximately 2.2 euros per year. The largest of the European Union's translating institutions is the Directorate-General for Translation of the European Commission (DGT), which is based in Brussels and Luxembourg and also has local offices in the member states.

The Directorate-General for Translation of the European Commission does translations from and into all the official languages, and employs over 1,700 translators, including 70 Czechs. Overall, last year it translated more than 2 million pages, of these almost 75,000 pages into Czech.

Multilingualism and support for language learning

According to Article 165 of the Treaty on the Functioning of the European Union, the EU fully respects the linguistic diversity of the member states and focuses on developing the European **dimension in education, particularly through teaching and disseminating the languages of the member states**. Language skills are not only a source of knowledge about foreign countries and cultures, but also an important prerequisite for mobility and employment.

The key point in this respect is the improvement of language learning and the goal is that every citizen of the European Union will speak two foreign languages in addition to his or her mother tongue. The European Council called for the teaching of at least two languages from an early age in its conclusions from Barcelona 2002.

In a similar vein, the European Commission supports **a number of initiatives to highlight the linguistic richness of the European Union**. One of them is the European Day of Languages in collaboration with the Council of Europe, celebrated annually on 26 September. The aim is to promote language learning and linguistic diversity as tools for achieving greater intercultural understanding and as an important part of the rich cultural heritage of Europe.

Across the EU a variety of events will be held to celebrate the European Day of Languages. In Prague for example on 25 September, the traditional **"Speak Dating"** event, i.e. fun interactive minilessons in 12 languages will take place at the Lucerna Palace. More information is on www.evropsky-den-jazyku.cz. Another important event is **the conference Promoting Multilingualism in Schools** on September 23, which is organized by the Ministry of Education in collaboration with the European Commission. For more information on the language policy of the European Union, please visit: http://ec.europa.eu/languages/index_en.htm

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: www.europa.eu; http://italia2014.eu/it/

Meeting of the key EU institutions

9 - 10 September 2014	**Milan, Italy**
- Informal meeting of the Ministers of Defence	
12 September 2014	**Brussels, Belgium**
- Eurogroup	
13 September 2014	**Milan, Italy**
- Informal meeting of the Economics and Finance Ministers	
15 - 18 September 2014	**Strasbourg, France**
- European Parliament Plenary Session	
16 - 17 September 2014	**Milan, Italy**
- Informal Meeting of the Ministers of Transport	
22 - 23 September 2014	**Milan, Italy**
- Informal meeting of the Health Ministers	
24 September 2014	**Turin, Italy**
- Informal Meeting of the Culture Ministers	
25 - 26 September 2014	**Brussels, Belgium**
- Competitiveness Council	
28 - 30 September 2014	**Milan, Italy**
- Informal Meeting of the Agriculture and Fisheries Ministers	
29 September 2014	**Brussels, Belgium**
- General Affairs Council	
8 - 9 October 2014	**Brussels, Belgium**
- European Parliament Plenary Session	
8 October 2014	**Luxembourg**
- Transport, Telecommunications & Energy Council	
9 - 10 October 2014	**Luxembourg**
- Justice and Home Affairs Council	

Source: www.europa.eu, http://italia2014.eu/it, access as of 25th August 2014

The contribution to the September "Microscope" section has been provided by State Secretary for European Affairs Tomáš Prouza. He focuses on a topic, which will familiarise readers with the new form of the European Commission, and he has highlighted the filling of commissioner posts, where the Czech Republic has a new representative, Věra Jourová, currently the Czech Minister of Regional Development. She should fulfil all of the qualifications for serving well as commissioner, but she will have to defend the EU's interests, not the Czech Republic's.

FORM OF NEW COMMISSION ALSO IN CZECHS´ HANDS

Czech media have increased their interest in recent months in developments at the EU level and have devoted increased attention to the future of the 28-member EU's executive body as well – the EC. Discussions behind the scenes among EU officials about filling the posts of commissioners and the European Council chairperson are almost always accompanied by a debate about the EU's direction. The attempt to fill lucrative positions is for member states always a game with an outcome that is difficult to predict. Determining factors include both the individual candidates' professionalism and experience and an effort at geographical, political, population and gender balance in the Commission.

Although the main attention is focused on **key positions within the Commission**, other important processes occur in the background, where negotiations are held about filling official posts in individual commissioners' cabinets. Previous Czech governments have underestimated this aspect to a great extent. However, members of the current cabinet are attempting to draw attention from their foreign partners to Czech experts, who could be a benefit for the cabinet.

A commissioner's post is a very specific function. Although national governments decide about nominations for commissioners, the commissioner must be entirely independent when carrying out the position and must defend EU interests, **not national ones**. The CR has handled this uneasy task this year by selecting **Věra Jourová**, who satisfies all of the expectations for good performance of the position.

Critics have often criticised the length of the appointment process. However, it is necessary to emphasise the specifics of negotiations at the EU's highest level. Each considered candidate must be deemed acceptable both at home and abroad. It is also necessary to select a tactic with consideration for the interests and preferences of the other member states**. Belgium** officially commented regarding the nomination of **Marriane Thyssen** to the post of commissioner only a few days before the European Council's August session, when it was clear that nominating a woman would almost certainly mean acquisition of a significant portfolio. Sloppiness during this type of negotiations could lead to disappointment and subject the candidate to unreasonable pressure.

It is a success that following tactical negotiations, a very high quality candidate has been selected with professional experience in several areas. A larger number of portfolios has also been chosen in relation to other partners and for providing manoeuvring room during negotiations.

I am personally convinced that the Czech candidate for the post of commissioner will play an important role in the European environment and that she will represent the CR in the EU in a dignified manner. **If we are to talk about the future composition of EU institutions, then we must not forget the important debate about the arrangement of the collective of commissioners.** In connection with the establishment of the new EC, discussion has begun about the possibility of creating junior and senior portfolios. The CR has taken an approach to this proposal similar to that of other member states, who are pushing for preserving the principle of equality among all Commission members. A general risk is that during the arrangement of the Commission into sections with specific focuses, some commissioners would appear to have greater powers than others.

Despite the complex negotiations regarding filling seats, we must not forget **about the goal of crating a balanced and strong institution from the EC**. More than just negotiations about specific names, we have long pushed for reaching a consensus regarding the main priorities, which the Commission intends to promote in its next term. The main objective of member states' and EU institutions' joint effort must be stabilisation of the European economy, which has been weakened by the crisis, and sustainable development along with increasing employment levels. **One of the Czech Republic's long-term priorities is also finalisation and improvement of the functioning of the internal market.**

We need a Commission that **will aim for necessary reduction of administrative burden and for improving conditions mainly for small and mid-sized enterprises**. Something important related to this is the aim to create a framework for development of industry and ensuring energy security. EU citizens should also profit more from the creation of an area with true freedom, security and the rule of law and from the effective functioning of legitimate EU institutions. **The Czech Republic's promotion of these priorities is especially important in the subsequent period, which will be key for the EU's future and further direction.** The CR has a unique opportunity to contribute to the discussion with clear suggestions and opinions and with a candidate for a commissioner post who will be able to tackle challenges in her department.

Tomáš Prouza, State Secretary for European Affairs

The „Main Topic“ of the September Monthly of EU News is devoted to the recently approved Partnership Agreement, which the Czech Republic has entered into with the Commission for the 2014-2020 programme period. The Commission adopted the Agreement on 26 August 2014. It is a strategic document, based on which money from European resources will be drawn in the next seven years. We focus in detail in the article on the process of preparing the Agreement and 11 thematic objectives and their main areas, which will be co-financed from individual funds.

PARTNERSHIP AGREEMENT 2014-2020 WITH A FOCUS ON THEMATIC OBJECTIVES

INTRODUCTION AND PREPARATION PROCESS

The European Commission officially entered into **the Partnership Agreement with the Czech Republic** on 26 August 2014, an important document regarding the use of structural and investment funds from EU resources to promote growth and boost employment during 2014-2020.

The Partnership Agreement will enable investment of **a total of 22 billion euros** from cohesion policy resources during 2014-2020 (in regular prices, including financing from European territorial cooperation and allocation for the initiative to support employment among young people).

The Czech Republic will also receive another two billion euros for rural development and 31 million euros for fisheries, which represents a total amount of just under 24 billion euros.

The signing of the Partnership Agreement was the culmination of several years of negotiations and preparations related to the current programme period. The preparations themselves for the next seven-year financial framework began in 2010. Many partners took part in the preparations, including the Ministry for Regional Development, representatives of regions and municipalities, social partners, etc.

The government addressed the first draft of the Partnership Agreement last June. A year later, the draft was sent to the Commission for evaluation. In autumn 2013, the European Commission sent its feedback regarding the draft to **the Ministry for Regional Development**, to which the Czech Republic responded in November of the same year. In spring 2014, conclusions regarding the likely impacts of the plan on the environment and public health were discussed. In April, the government approved the submitted version of

the Partnership Agreement, which it then sent to the European Commission for evaluation.

The Commission responded to the sent Partnership Agreement on 24 June with a set of feedback, which the government discussed with its partners. The subsequent form of the Partnership Agreement was approved on 21 July at a cabinet meeting, and in August the final version was sent to the European Commission for approval, which occurred before the end of the summer.

The course of the approval process can be attributed to the fact that the European Commission did not like certain points in the submitted original versions of the Partnership Agreement. These included the non-implemented service act, insufficient capacity of schools, preliminary conditions for drawing of funds, etc.

APPROVED PARTNERSHIP AGREEMENTS IN THE EU

The Czech Republic has already become **the fifteenth EU member state** to enter into a Partnership Agreement with the European Commission. These agreements are negotiated between the Commission and domestic bodies following consultations at various levels of administration with representatives of interest groups, civic associations and local and regional bodies.

Documents prepared by Commission bodies in 2012 for each EU member state are the basis for the agreements.

Those documents describe how EU investments **should support intelligent and sustainable growth** supporting integration and focus on key advantages and important areas of growth in regions and member states.

The Partnership Agreements and **draft operational programmes** have been and continue to be verified by the Commission among the 28 member states, which all states had submitted in previous months. In them they highlighted their investment plans related to **European structural and investment funds for 2014-2020**. The first member state whose submitted Partnership Agreement was accepted by the EC was Denmark. That happened on 5 May 2014.

Although it has been only short number of days since the Commission entered into the Partnership Agreement with the Czech Republic on 26 August 2014, the Czech Republic is not the last state whose agreement the Commission has approved. When this issue of the monthly was being finalised, the last state with an approved Agreement was Hungary (on 29 August 2014).

Partnership Agreements approved by the European Commission for 2014-2020

Country	Approved Partnership
Hungary	29. 8. 2014
Czech Republic	26. 8. 2014
Netherlands	22. 8. 2014
France	8. 8. 2014
Bulgaria	7. 8. 2014
Romania	6. 8. 2014
Portugal	30. 7. 2014
Latvia	20. 6. 2014
Lithuania	20. 6. 2014
Estonia	20. 6. 2014
Slovakia	20. 6. 2014
Cyprus	20. 6. 2014
Greece	23. 5. 2014
Poland	23. 5. 2014
Germany	22. 5. 2014
Denmark	5. 5. 2014

Source: European Commission; Note: As of 29 August 2014

STRATEGIC DOCUMENT

The Partnership Agreement for the 2014-2020 programme period is a document, which sets **the objectives and priorities for effective use of European structural and investment funds** (ESIF) for the purpose of fulfilling the Europe 2020 strategy based on defined national priorities.

European structural and investment funds include:

- the European Regional Development Fund (ERDF);
- the European Social Fund (ESF);
- the Cohesion Fund (CF);
- the European Agricultural Fund for Rural Development (EAFRD);
- the European Maritime and Fisheries Fund (EMFF).

The main purpose of **the European structural and investment funds** is to boost competitiveness and support for innovation. The investments will boost measures related to support for growth and job creation, improvement of education quality and stimulation of private investments.

The investments from **the European Social fund** are focused on disadvantaged persons and ensuring their better access to the job market, better availability of social housing and better quality of initial education, followed by increased opportunities for graduates to apply their skills in practice.

The European Agricultural Fund for Rural Development will contribute mainly to support for sustainable use of natural resources, biodiversity and measures against climate change. **The European Maritime and Fisheries Fund** will focus on increasing competitiveness in the Czech aqua-culture sector and sustainable handling of natural resources.

The Partnership Agreement itself is a strategic document, which is based on a thorough analysis of the current social and economic situation, economic trends and **the Czech Republic's needs**, based on which priorities are set for financing during 2014-2020 while at the same time monitoring fulfilment of common EU objectives.

Based on the identified needs for development and defined priorities for financing and in connection with **the Position Document and the National Programme of Reforms**, specific areas have been selected for support in the Czech Republic.

Each specifically thematic objective represents a key component for achieving competitiveness for the Czech Republic and the aims of the Europe 2020 strategy, and therefore they must not be neglected.

However, for a better focus on results and achievement of critical mass, it is essential to devote attention to key problems within individual specific areas at the level of investment priorities.

The selection of specifically thematic objectives itself stems from identified problems and needs within the analytical part, **resulting priorities for financing in the Czech Republic, relevant aims of the Europe 2020 strategy**, specific recommendations from the Council and related measures of the National Programme of Reforms.

For each specifically thematic objective, the main results are specified, which should be achieved with assistance from European structural and investment funds. **These results represent the main changes that will be realised in the 2014-2020 programme period.** For individual ESI funds related to particular defined areas, the main results, which will be co-financed from these funds, are specified.

THEMATIC OBJECTIVES FROM THE PARTNERSHIP AGREEMENT

Objective 1 – Strengthening research, technological development and innovation

European Regional Development Fund (ERDF)

- Increased quality of research and its greater focus on benefits for experience and for society, including increased international openness of public research;
- Increased benefits of research and development for competitiveness;
- An increased number of companies capable of international technological competition in their areas of business.

European Agricultural Fund for Rural Development (EAFRD)

- Boosting of ties between agriculture, food production, forestry and research during implementation and transfer of innovations, with both the use of advisory services and through various forms of cooperation;
- A greater number of various forms of cooperation (including EIP operational groups).

Objective 2 – Enhancing access to, and use and quality of ICT

European Regional Development Fund (ERDF)

- Improved access, use and quality of ICT;
- Boosted digitisation of public administration;
- Increased security of public administration information systems.

Objective 3 – Enhancing the competitiveness of SMEs, of the agricultural sector and of the fishery and aquaculture sector

European Regional Development Fund (ERDF)

- An increase in the number of new companies, particularly in knowledge intensive areas.

European Agricultural Fund for Rural Development (EAFRD)

- Cooperation during introduction of innovations among entities involved in research and development, professional non-governmental organisations and other entities with businesses in the agricultural, food and forestry sectors and among businesses mutually through support for development of new products, processes and technology and their use in practice;
- Increasing the competitiveness of agricultural, food and forestry companies though support for improvement of factors affecting competitiveness;
- Halting of the unfavourable development of the age structure of workers in agriculture through support for young farmers' start of activities.

European Maritime and Fisheries Fund (EMFF)

- Improved management and greater effectiveness of strategic processes (management, marketing, innovation management) of supported companies;
- Greater competitiveness of aqua culture.

Objective 4 – Supporting the shift towards a low-carbon economy in all sectors

European Regional Development Fund (ERDF)

- Transition to a low-carbon economy.

Cohesion Fund (CF)

- Reduction of energy demands of buildings (including residential, public and commercial buildings).

European Agricultural Fund for Rural Development (EAFRD)

- An increased share of production and consumption of energy from renewable resources;
- Reduction of the energy demands and boosting of energy efficiency of production and technological processes in agriculture (as a secondary effect of support within TC 2 focused on increasing businesses' competitiveness);
- Improved absorption of carbon in agriculture and forestry through a suitable type of economic management, a change of regional coverage and concentration of carbon in soil and biomass.

Objective 5 – Promoting climate change adaptation, risk prevention and management

European Regional Development Fund (ERDF)

- Improved prevention and reduced environmental risks;
- Increased preparedness and endurance of territory in relation to adaptation to climate change and risk avoidance and tackling.

Cohesion Fund (CF)

- Improved prevention and reduced environmental risks;
- Ensured anti-flood protection based mainly on increased retention capability in countryside and slowing of the natural outflow of water, both in the agricultural and aqua culture sectors as a main factor related to the occurrence of floods, and other anti-flood measures, including technical ones.

European Agricultural Fund for Rural Development (EAFRD)

- Adaptation of agriculture and forestry to anticipated climate phenomena;
- Increasing the potential of agriculture and forest ecosystems, minimisation of the negative impacts of climate change, effective use of water, retention of water in countryside, prevention of erosion caused by water and wind and beneficial management of grass vegetation;
- Anti-flood protection based mainly on increasing the retention capability of countryside and slowing the natural outflow of water ensured mainly through beneficial agro-environmental and climatic operations, along with mitigation and adaptation measures in forests (prevention, restoration, boosting of health).

Objective 6 – Preserving and protecting the environment and promoting resource efficiency

European Regional Development Fund (ERDF)

- Increased effectiveness of environmental protection and effective use of resources;
- Quality improvement and modernisation of public infrastructure for access and use of natural and cultural assets, more effective presentation of cultural assets and natural heritage and boosting of their protection and development through investments into their beneficial use.

Cohesion Fund (CF)

- Increasing protection of water sources, modernised water distribution systems and ensuring sufficient sources of drinking water and water for industry, energy and agriculture;
- Increased effectiveness of waste water handling with an emphasis on small facilities and reduced agricultural water pollution;
- Reduced pollution of the air with harmful substances, especially in the most affected regions;
- Greater effectiveness of waste management in connection with the waste management hierarchy based on the framework directive and an emphasis on reducing the amount of stored waste.

European Agricultural Fund for Rural Development (EAFRD)

- Reduction of agricultural water pollution by reducing run-off of nutrients, pesticides and topsoil. Application of beneficial land management methods in areas threatened by erosion, protected zones with water sources and areas put at risk of harm by nitrates;
- Increased protection of nature and countryside, increased permeability of countryside, boosting of ecological stability, preservation of biodiversity through beneficial agro-environmental and climatic operations and environmental measures in forests;
- Increased land protection, particularly agricultural protection, against erosion and degradation, through efficient management. Boosting of the retention capability of countryside/land;
- Boosting of the health condition and endurance of forest vegetation, through restoration of vegetation in pollution areas and ensuring of quality seeds;
- Boosting of prevention of land abandonment in areas with natural limitations, including prevention of degradation of valuable stations and increased aesthetic value of countryside;
- Support for environmentally friendly management systems.

European Maritime and Fisheries Fund (EMFF)

- Increased protection of nature and countryside through strengthening of ecological stability by strengthening biodiversity and implementing beneficial measures in aqua culture;
- Reduction of energy demands of technological processes in aqua culture.

Objective 7 – Promoting sustainable transport and removing bottlenecks in key network infrastructures

European Regional Development Fund (ERDF)

- Expanded and improved infrastructure outside of TEN-T and development of sustainable transport.

Cohesion Fund (CF)

- Expanded and improved infrastructure within TEN-T and supported development of sustainable transport.

Objective 8 – Promoting sustainable and quality employment and supporting labour mobility

European Social Fund (ESF)

- Increased employment of groups who are difficult to employ, through greater effectiveness of public services focused on employment;
- Greater adaptability of employees and better opportunities for job applicants to apply their skills in practice, through an increased correlation between employees' knowledge and skills and the requirements of the job market;
- Better conditions for a correlation between private and work life and equal treatment of women in the job market;
- Increased cooperation among key players in the job market and realisation of synergy measures to increase employment.

European Agricultural Fund for Rural Development (EAFRD)

- An increased share of agricultural businesses, which have diversified their activities through the launch and development of non-agricultural activities;
- Creation of jobs in rural areas with support from diversification of agricultural businesses' activities.

Objective 9 – Promoting social inclusion, combating poverty and any discrimination

European Social Fund (ESF)

- Increased employment opportunities for members of socially excluded communities (at risk of social exclusion), enabling them to apply their skills on the market;
- Increased application of inclusive education for the development of the personal potential of schoolchildren with special education needs;
- Reduction of the number of excluded localities and the share of excluded inhabitants living in them;
- Improved availability of social housing;
- Better availability and setting up of social services for target groups;
- Better conditions and a developed system of social enterprise;
- Adopted measures for improving the health of the population.

European Regional Development Fund (ERDF)

- Reduction of the number of excluded localities and the share of excluded inhabitants living in them;
- Improved availability of social housing;
- Better availability and setting up of social services for target groups;
- Better conditions and a developed system of social enterprise;
- Adopted measures for improving the health of the population.

European Agricultural Fund for Rural Development (EAFRD)

- Boosted local development in rural areas, with involvement of local communities;
- Verification and potential implementation of pilot social enterprises in agriculture.

Objective 10 – Investing in education, training and vocational training for skills and lifelong learning

European Regional Development Fund (ERDF)

- Ensuring sufficient capacity of affordable childcare facilities, especially within 3 years, including sufficient capacity of quality pre-schools;
- Ensuring modern spaces and equipping of schools (at all levels) and educational organisations, enabling equal access to quality education.

European Social Fund (ESF)

- Increased quality of initial education with an impact on more opportunities for graduates to apply their skills in practice;
- Development of inclusive education and an individual approach;
- Increased opportunities for graduates to apply their skills on the job market;

- Improvement of the quality of universities, which will lead to their better evaluation in international ladders.

European Agricultural Fund for Rural Development (EAFRD)

- Increased qualification of workers in agriculture, forestry and the food industry;
- Ensuring the availability of expert information, particularly in relation to effective use of natural resources, adaptation to climate change and easing of its effects;
- Ensuring food safety and increased productivity and increasing the education of agricultural workers regarding these areas.

Objective 11 – Enhancing institutional capacity of public authorities and stakeholders and efficient public administration

European Regional Development Fund (ERDF)

- Increased effectiveness and efficiency of public administration.

European Social Fund (ESF)

- Increased effectiveness, professionalism and transparency of public administration.

Allocation: breakdown by thematic objective and by fund (except territorial cooperation)

Thematic Objective	ERDF	ESF	Cohesion Fund	EFRD	EMFF	Total
TO 1	2 421 050 980	0	0	85 568 023	0	2 506 619 003
TO 2	1 025 806 133	0	0	0	0	1 025 806 133
TO 3	892 130 143	0	0	428 544 298	21 198 975	1 341 873 416
TO 4	1 720 569 475	0	509 626 952	17 037 110	0	2 247 233 537
TO 5	173 640 003	0	453 242 155	724 001 865	0	1 350 884 023
TO 6	777 013 397	0	1 205 075 137	724 001 865	8 201 740	2 714 292 139
TO 7	2 519 745 264	0	3 723 015 754	0	0	6 242 761 018
TO 8	6 652 474	1 283 683 716	0	58 166 870	0	1 348 503 060
TO 9	1 037 378 062	1 512 161 471	0	108 516 702	0	2 658 056 235
TO 10	899 317 340	428 757 043	0	1 997 263	0	1 330 071 646
TO 11	94 506 295	112 595 903	0	0	0	207 102 198
Technical Assistance	372 880 065	92 805 105	367 965 724	22 500 000	1 707 300	857 858 194
TOTAL	**11 940 689 631**	**3 430 003 238**	**6 258 925 722**	**2 170 333 996***	**31 108 015**	**23 831 060 602****

*Source: Partnership Agreement for 2014 – 2020; *Note: For EAFRD are listed allocation including transfer between 1st and 2nd pillar of CAP and without commitments listed in Regional Development Programme ; **Note: The allocation to Youth Employment Initiative accounts for 13 million euros; TO = Thematic Objective.*

CONCLUSION

The several years of efforts for establishment of conditions for distribution of EU funds were accomplished by the approval from the Commission on the Partnership Agreement for programme period of 2014-2020. **All Member States have already submitted their Agreements to the Commission. Sixteen agreements were approved so far.** The amounts of selected parts for the programme period of 2014-2020 are already known, however the previous 7-year financial framework in not finished and the distribution of the European Funds will continue until 31st December 2015. We have introduced the allocations and fundamental results from the 11 thematic objectives in this Monthly Journal. It will remain crucial to monitor where will the allocations end up and what will the amount be in particular years. **The introduction of OP´s and the allocations will be done in the next issue.** To conclude, we can laconically say that the amount itself is not as important, rather how effective will the allocation of funds be. Because let’s face it, the Czech Republic, in this regard is lacking behind the rest of the European Union.

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 Luxembourg.

LUXEMBOURG

Official name	Grand Duchy of Luxembourg
Population	537 039 (2013)
Area	2 586 km^2
Currency	Euro (from 1. 1. 1999)
Official language	Luxembourgish, French, German

Source: Eurostat

The Grand Duchy of Luxembourg is located inland between Germany, Belgium and France. It consists of 3 regions and 12 cantons. Luxembourg is a constitutional monarchy with a unicameral parliament elected for 5 years.

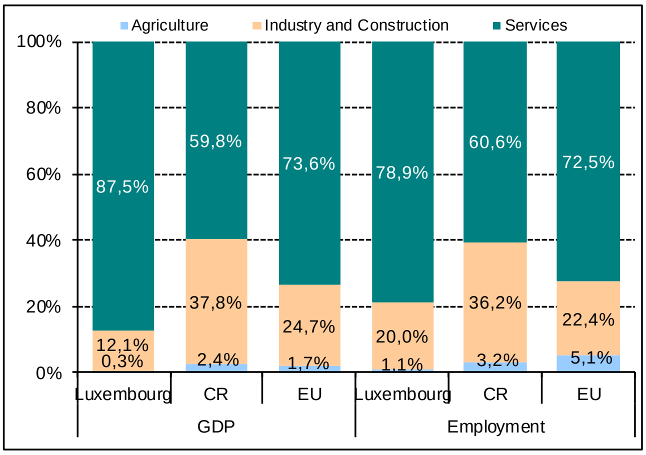
Xavier Bettel of the Christian Democratic Party has been the Prime Minister since December 2013. Since October 2000, the head of state has been the Grand Duke Henri Albert Gabriel Félix Marie Guillaume also called Henri I.

Structure of economy and foreign trade

The share of agriculture in GDP in Luxembourg is 0.3% and 1.1% of the labor force works in this area, the lowest in the EU. The same is true of industry, which produces only 12.1% of GDP, but employs exactly 20% of the total labor force, which almost pushes it up to the EU average. The service sector (with a very strong financial sector) is therefore dominant, generating 87.5% of GDP (the highest in the EU) and employing 78.9% of the workforce, which is the fourth highest share in the EU.

Luxembourg's main export partners are Germany (21.5%), France (15.5%) and Belgium (14.5%). It imports mostly from Belgium (30.6%), Germany (23.6%) and France (10.4%).

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



Source: Eurostat, data as of 2013

The main export commodities include machinery and equipment, steel products and chemicals. Imports are mainly minerals, metals and food products.

Macroeconomic outlook

In 2012, the economy of Luxembourg rebounded and embarked on an upward path. In 2013, GDP growth amounted to 2.1% mainly due to exports; this year growth should accelerate to 2.6% of GDP, which is more than twice the euro area average.

The main driving force this year will be the restored financial sector. Private consumption will gradually increase in the next two years with the improvement of the situation on the labor market, together with an increase in the disposable income of the population. Exports will grow in connection with rising external demand, but alongside a strengthening of imports (due to a "hungry" domestic market); thus, the contribution of net exports to growth will only be slightly positive and will fall in the future. Inflation in 2014 and 2015 will be well above the eurozone average; next year it should reach 2.4% due to the influence of the planned increase in VAT.

The Grand Duchy has a long-term balanced budget, but in the coming years it plans to significantly increase spending, while revenue from the planned VAT increase will only slightly alleviate the deficit. Government debt has been growing since the beginning of the crisis and in 2015 should exceed 25% of GDP.

Basic indicators (in %)	2012	2013	2014^e	2015^e
GDP growth	-0.2	2.1	2.6	2.7
Unemployment level	5.1	5.8	5.7	5.5
Inflation	2.9	1.7	1.4	2.4
Current account saldo	5.8	5.2	6.4	5.0
Public debt	21.7	23.1	23.4	25.5

Source: European Commission; ^{e} - estimate

Labor market

The annual unemployment rate reached its peak in 2013 (5.8%) and should decrease in the future. Labour productivity per hour worked has long been the highest in the EU, although in comparison with the EU average it has fallen since 2006 (when it reached 192.2% of the EU average). In 2012, it reached 176% of the EU average. The price level is higher in Luxembourg than in the Czech

Republic, which is also reflected in higher average labor costs in various sectors, which are generally 2-3 times above those in the Czech Republic.

Basic indicators of labor market		
Unemployment level (April 2014)		6.1%
Labor productivity to ø EU (2013)		175.7%
Minimum monthly wage (2014)		1 921 EUR
Ø monthly labor costs in sectors (2013)	**Luxembourg**	**CR**
Manufacturing	4 431 €	1 473 €
Wholesale and retail trade	3 192 €	1 519 €
Inf. and communic. activities	7 134 €	2 848 €
Construction	2 765 €	1 475 €

Source: Eurostat

Labor law basics

Contracts are usually concluded in writing. Under certain conditions it is also possible to finalize them verbally. The contract may be for a definite or indefinite period. Working hours are 40 hours per week, 8 hours per day. Daily working time including overtime must not exceed 10 hours a day and 48 hours per week. Collective agreements may however reduce this maximum.

Employees have the right to a continuous 11 hour break between working days and an uninterrupeted 44 hour weekly break. Overtime pay includes a 40% surcharge added to the hourly wage. Employees are entitled to a minimum of 25 days of paid holiday.

Commercial law basics

The establishment of a limited liability company in Luxembourg can take less than three weeks and costs a little over 1,100 euros. Minimum capital is also not very low: capital of 12,400 euros must be paid by the partners on the date of establishment.

For joint stock companies, minimum capital of 31,000 euros is needed of which 7,500 euros must be paid on the day of founding and the remainder within 5 years.

Form of Company	Minimum Capital
European Company - SE	120 000 EUR
Limited Liability Company	12 400 EUR
Joint Stock Company	31 000 EUR

Source: Ministry of Economy

Main taxes and additional labor costs

Luxembourg has established the most income tax rates for individuals in the whole EU. The 19th lowest rate is 0% for income up to 11,265 euros and the highest is 40% for income above 100,000 euros. The corporate tax rate is 20% and 21% for companies with taxable earnings over 15,000 euros. A separate surcharge on corporate tax is a 7% contribution to the unemployment fund.

The standard rate of VAT is 15%. Along with that there are two reduced rates of 12% (e.g. wines, printed advertising) and 6% (e.g. gas and electricity) and a highly reduced 3% rate, used for food, books, medicines, public transportation, newspapers, cultural and sporting events, hotels and restaurants. The health and social security system in Luxembourg is very complicated; there are various rates and deductions that apply only to certain individuals. The contributions are about 12.20% - 12.45% for employees and 12.43% - 14.90% for employers, based on gross wages.

Tax/payment	Rate
Corporate Tax	20% / 21% (+ 7%)
Individual Income Tax	0% - 40%
Social insurance (employee)	12.20% – 12.45%
Social insurance (employer)	12.43% – 14.90%
VAT (basic /lower)	15% / 12% / 6% / 3%

Source: Ministry of Finance

Energy

After an initial drop in 2010, when electricity prices fell by 12% in 6 months, the market for wholesale electricity stabilized and at the end of 2013 electricity was selling at 0.1 euros/kWh. Gas prices have had a rather opposite trajectory, gradually growing until the beginning of 2013. At the end of the year, gas prices fell by 12%, and therefore wholesale prices remained on average 12.4 euros/GJ.

Regarding production of electricity the country relies 63.1% on natural gas and 35.3% on renewable resources. Luxembourg does not possess domestic nuclear energy, fossil fuel or petroleum resources. Luxembourg is thus 97.2% dependent on imports to meet its energy needs.

Investment incentives

Luxembourg attracts investors, especially in aeronautics, the automotive industry, clean technology and finance. It offers for example tax exemptions of 80% on revenue from intellectual property or grants for research and development of up to 75% of costs for small and medium-sized enterprises.

ITER is an international project being cooperated on by the EU, the USA, China, Japan, India, Russia and South Korea and focuses on using nuclear synthesis for energy production. Its results could dramatically change the world's energy situation and clear the way for safe, affordable and unlimited sources of emission-free energy. You can read more about the ITER programme, which is part of EU's multi-annual financial framework for 2014-2020, in the September “Dating with MFF” section.

JOINT UNDERTAKING FOR ITER AND THE DEVELOPMENT OF FUSION ENERGY

The joint undertaking for ITER (International Thermonuclear Experimental Reactor) and development of fusion energy was established based on Council Decision 2007/198/Euratom, with the aim of supporting scientific research and technological development in the area of nuclear synthesis over the long term. The joint undertaking has functioned since 19 April 2007 with validity for 35 years and is seated in Barcelona, Spain. The project is being cooperated on by the EU (through Euratom represented by the European Commission, individual EU member states and certain non-EU countries), the USA, China, Japan, India, Russia and South Korea.

The EU (through Euratom) provides funding for the ITER programme from its joint budget. Within the multi-year financial framework for 2014-2020, **it has allocated 2.986 billion euros** (at current prices) for its support. The funding is part of phase 1a: Competitiveness for Growth and Jobs. However, the expenses for construction of the ITER reactor are not being covered by all countries equally. Since ITER will be on the EU's territory (in France), since the beginning of the joint undertaking **the EU has been paying the largest amount of funding necessary for the entire project** – about half of the total costs.

Development of reactor in France

The aim of the ITER project is to achieve commercial use of nuclear fusion to produce electricity. The basic aim of the project is to construct a tokamak (a device used as a magnetic vessel for storing hot plasma, preventing it from touching the wall of the chamber, which is a condition for successful nuclear fusion). The fusion reactor does not produce greenhouse gases or any other emissions. No radioactive waste is generated either. And the raw materials for it are not insufficient.

However, scientists do not know how to use ordinary hydrogen in a tokamak the way that the Sun uses it. They need the heavier isotopes deuterium and tritium. The first can be obtained directly from water, and the second is usually produced by bombarding lithium with neutrons in a nuclear reactor.

Within the joint undertaking, the EU is mainly supporting a project for the development of the ITER reactor, and it is also participating in equipping **the ITER international organisation** with both material and financial resources, and last, but not least, it is working to ensure quality scientists for the organisation with commensurate qualifications. The EU funds are also intended for coordination of scientific and technological research and development and nuclear synthesis activities. Other EU objectives include providing contributions for further activities carried out within **"broader access" with Japan** for the purpose of constructing a demonstration reactor for nuclear synthesis (DEMO) and other facilities, including an international facility for irradiation of materials for nuclear synthesis (the IFMIF project).

The Cadarache research centre in France has been chosen as the location for building the reactor. The construction of the reactor and related buildings began already in 2007. The construction of the tokamak and production of **the first plasma** should be completed by 2020. Then the first power plants will be built that are based on the principle of nuclear fusion – this is expected to happen around 2040.

This means that one of the EU's goals is to demonstrate production of electricity from nuclear synthesis in the middle of the century. The EU in cooperation with other countries **will try to copy nuclear fusion**, which so far has only been possible inside stars. If scientists actually manage to achieve this process in the future, mankind would gain an unlimited source of safe and emission-free energy.

The ITER joint undertaking has its legal subjectivity. Its bodies include the director, who represents the company externally, signs contracts and supervises the organisation's daily functioning. He is **Japanese professor Osamu Motojima**. Another body is the administrative board, which, for example, has the power to appoint management employees, decide regarding budget matters, etc. The chairperson and deputy chairperson of the board are selected from among its members and can serve for up to 4 years. The board is supported by two advisory bodies – an expert advisory commission, which assists with handling of professional and scientific matters, and an executive committee, which assists with tasks such as approval of job assignments.

The Commission must submit a prepared report regarding progress with the ITER project to the Council of the EU and Parliament by the end of 2017. Let's let it be a surprise whether the ITER project will achieve its ambitious goal and ensure enough energy for the world. You can find more information at the website: http://www.iter.org/.

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	2010	2011	2012	2013	2010	2011	2012	2013
Belgium	2.3	1.8	-0.1	0.2	120.1	119.6	119.6	119.0	110.2	109.6	108.6	109.3
Germany	4.0	3.3	0.7	0.4	119.1	122.3	122.8	124.0	103.5	102.0	101.1	101.5
Estonia	2.6	9.6	3.9	0.8	63.8	69.0	71.2	72.0	74.8	75.9	76.9	79.9
Ireland	-1.1	2.2	0.2	-0.3	127.9	128.1	128.3	126.0	118.1	118.7	117.0	118.1
Greece	-4.9	-7.1	-7.0	-3.9	88.5	80.9	76.3	75.0	94.5	94.5	92.1	89.5
Spain	-0.2	0.1	-1.6	-1.2	99.0	96.0	95.0	95.0	96.6	96.9	95.0	94.8
France	1.7	2.0	0.0	0.2	108.8	108.8	108.4	108.0	110.1	109.7	108.1	109.1
Italy	1.7	0.4	-2.4	-1.9	102.5	101.3	100.2	98.0	101.2	102.9	102.5	103.2
Cyprus	1.3	0.4	-2.4	-5.4	96.6	93.4	91.3	86.0	88.7	88.7	87.4	86.2
Latvia	-1.3	5.3	5.2	4.1	55.1	59.7	64.1	67.0	70.0	71.2	71.6	71.2
Luxembourg	3.1	1.9	-0.2	2.1	261.7	265.2	262.6	264.0	122.3	123.3	122.1	123.2
Malta	4.1	1.6	0.6	2.4	86.8	85.9	85.7	87.0	77.4	78.4	77.8	79.5
Netherlands	1.5	0.9	-1.2	-0.8	129.6	129.0	127.3	127.0	107.8	108.3	107.6	110.1
Austria	1.8	2.8	0.9	0.4	126.3	128.5	129.6	129.0	105.1	105.7	105.5	106.9
Portugal	1.9	-1.3	-3.2	-1.4	80.1	76.8	75.8	75.0	87.4	87.8	85.9	86.0
Slovenia	1.3	0.7	-2.5	-1.1	84.2	84.2	83.6	83.0	86.1	84.9	83.0	83.3
Slovakia	4.4	3.0	1.8	0.9	74.1	75.2	75.9	76.0	70.3	70.7	70.4	70.6
Finland	3.4	2.8	-1.0	-1.4	114.0	115.5	115.0	112.0	121.7	122.2	121.7	123.5
Bulgaria	0.4	1.8	0.6	0.9	44.1	46.4	47.4	47.0	50.0	48.8	48.3	48.4
CR	2.5	1.8	-1.0	-0.9	80.5	80.9	80.8	80.0	74.6	75.5	72.2	70.6
Denmark	1.4	1.1	-0.4	0.4	127.6	125.1	125.6	125.0	140.4	142.6	140.6	139.6
Croatia	-2.3	-0.2	-1.9	-1.0	60.0	60.4	61.2	61.0	75.2	73.0	70.0	68.5
Lithuania	1.6	6.0	3.7	3.3	61.7	67.2	71.3	74.0	63.6	64.5	63.9	64.6
Hungary	1.1	1.6	-1.7	1.1	65.9	67.0	66.5	67.0	63.0	61.5	60.3	59.7
Poland	3.9	4.5	2.0	1.6	62.8	64.9	66.8	68.0	60.4	58.6	56.7	56.5
Romania	-1.1	2.3	0.6	3.5	50.5	51.1	52.8	54.0	57.4	58.8	55.4	57.5
Sweden	6.6	2.9	0.9	1.5	123.3	124.9	125.9	127.0	119.7	125.7	128.7	129.8
UK	1.7	1.1	0.3	1.7	107.6	104.9	104.7	106.0	107.8	108.6	116.5	113.5
EU	2.0	1.6	-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	-3.8	-3.8	-4.1	-2.6	96.6	99.2	101.1	101.5	2.6	0.5	-0.2	-0.3
Germany	-4.2	-0.8	0.1	0.0	82.5	80.0	81.0	78.4	6.4	6.3	7.0	7.4
Estonia	0.2	1.1	-0.2	-0.2	6.7	6.1	9.8	10.0	3.5	0.3	-2.8	-1.8
Ireland	-30.6	-13.1	-8.2	-7.2	91.2	104.1	117.4	123.7	1.1	1.2	4.4	6.6
Greece	-10.9	-9.6	-8.9	-12.7	148.3	170.3	157.2	175.1	-12.8	-11.7	-4.6	2.4
Spain	-9.6	-9.6	-10.6	-7.1	61.7	70.5	86.0	93.9	-4.4	-4.0	-1.2	0.8
France	-7.0	-5.2	-4.9	-4.3	82.7	86.2	90.6	93.5	-1.9	-2.5	-2.1	-1.9
Italy	-4.5	-3.7	-3.0	-3.0	119.3	120.7	127.0	132.6	-3.5	-3.1	-0.4	0.9
Cyprus	-5.3	-6.3	-6.4	-5.4	61.3	71.5	86.6	111.7	-9.2	-3.5	-7.0	-1.4
Latvia	-8.2	-3.5	-1.3	-1.0	44.5	42.0	40.8	38.1	2.9	-2.2	-2.5	-0.8
Luxembourg	-0.8	0.2	0.0	0.1	19.5	18.7	21.7	23.1	7.7	6.6	5.8	5.2
Malta	-3.5	-2.7	-3.3	-2.8	66.0	68.8	70.8	73.0	-5.3	-1.0	1.1	0.6
Netherlands	-5.1	-4.3	-4.1	-2.5	63.4	65.7	71.3	73.5	5.0	7.4	7.7	7.8
Austria	-4.5	-2.5	-2.6	-1.5	72.5	73.1	74.4	74.5	3.6	1.5	1.8	2.7
Portugal	-9.8	-4.3	-6.4	-4.9	94.0	108.2	124.1	129.0	-10.4	-7.2	-2.2	0.4
Slovenia	-5.9	-6.4	-4.0	-14.7	38.7	47.1	54.4	71.7	-0.2	0.2	3.1	5.3
Slovakia	-7.5	-4.8	-4.5	-2.8	41.0	43.6	52.7	55.4	-3.7	-2.6	1.6	2.5
Finland	-2.5	-0.7	-1.8	-2.1	48.8	49.3	53.6	57.0	1.7	-1.5	-1.4	-0.8
Bulgaria	-3.1	-2.0	-0.8	-1.5	16.2	16.3	18.4	18.9	-0.4	0.1	-0.9	1.9
CR	-4.7	-3.2	-4.2	-1.5	38.4	41.4	46.2	46.0	-5.0	-3.5	-2.6	-1.2
Denmark	-2.5	-1.9	-3.8	-0.8	42.8	46.4	45.4	44.5	5.8	5.9	6.0	7.3
Croatia	-6.4	-7.8	-5.0	-4.9	45.0	52.0	55.9	67.1	-0.9	-0.7	-0.4	0.5
Lithuania	-7.2	-5.5	-3.2	-2.2	37.8	38.3	40.5	39.4	-0.4	-3.9	-1.1	1.3
Hungary	-4.3	4.3	-2.1	-2.2	82.2	82.1	79.8	79.2	0.4	0.6	1.1	3.1
Poland	-7.8	-5.1	-3.9	-4.3	54.9	56.2	55.6	57.0	-4.3	-4.5	-3.4	-1.6
Romania	-6.8	-5.5	-3.0	-2.3	30.5	34.7	38.0	38.4	-4.4	-4.5	-4.4	-1.1
Sweden	0.3	0.2	-0.6	-1.1	39.4	38.6	38.3	40.6	6.9	6.2	6.5	6.6
UK	-10.0	-7.6	-6.1	-5.8	78.4	84.3	89.1	90.6	-2.7	-1.5	-3.8	-4.4
EU	-6.5	-4.4	-3.9	-3.3	80.0	82.9	86.6	89.4	-0.1	0.2	0.9	1.6

Source: Eurostat, EC