



EU News

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Dear readers,

After the month of August, which is reserved for the "holiday leave" of the European institutions, from September the spinning carousel of negotiations, decision-making, drafting proposals, passing legislation and similar processes of European integration affairs have started picking up speed again. Please read through our monthly newsletter bringing you the most important events made in the EU, which "are overflowing" after the holidays.

Which events should we mark as the most important? Quite often in our EU office we flip-flop but this time our choice was clear. We have chosen presentation of the members of the new European Commission with its President Jean-Claude Juncker. The Former Prime Minister of Luxembourg took over his presidential role with enthusiasm, and compared to the previous period in the "European government", planned entirely new portfolios or merged existing ones. At the turn of September and October in the European Parliament, the traditional hearings for the members of the new Commission take place. Therefore we prefer to wait until the next issue of the Monthly to introduce the new Commissioners in detail.

President Juncker assigned the new portfolio for Justice, Consumer Protection and Gender Equality to the Czech candidate Věra Jourová which resulted in undisguised disappointment in domestic professional and political circles. Czech negotiators had "sharpened their teeth" in hopes of getting the economic sectors that have generous budgets: primarily cohesion policy and secondarily transport. However, even with this assigned portfolio Věra Jourová has a chance to make a "mark on the world", since data protection and negotiating on this controversial issue with the United States will be within its competences. And that is not all. A more detailed look at the main tasks of the Czech European Commissioner is summed up in the Commission's column on page 6.

For financial markets, however, the main news was the European Central Bank's decision on further reduction in key interest rates and particularly the launch of "soft Europeanised forms of" quantitative easing. This refers to purchases of long-term securities by central banks with the goal of increasing liquidity in the interbank market and consequently promoting lending to businesspeople. Mario Draghi has not yet made a decision on buying government securities with a group of monetary magicians around him as takes place in the USA or UK; the ECB will purchase securities from banks covered by private loans, i.e. Asset Backed Securities (ABS). Our colleague Luboš Mokráš has prepared an analysis of the current actions of the ECB and its future challenges; take a look at Microscope on page 8.

The main theme this time continues from the last issue and again deals with the key document that will be used in the years 2014-2020 for drawing subsidies from the EU Structural and Investment Funds – the Partnership Agreement. In this issue we focus on the individual operational programs through which subsidies from EU funds will be provided.

The Business Guide section brings us to Sweden, one of the most competitive economies in the EU. At the same time a country which cannot attract investors with cheap labor and low taxes.

I wish you pleasant reading and the longest possible Indian summer.

Jan Jedlička



The European Commission President Jean-Claude Juncker presented its new composition. – The members of the new European Commission face scrutiny. How was the hearing of the future Czech European Commissioner Věra Jourová? - The European Central Bank will support the economy: it unexpectedly cuts interest rates and will buy securities. - Bavaria calls for the reintroduction of border controls. - The European Union faces a decision on cutting emissions.

POLITICS

Jean-Claude Juncker presents the new composition of the European Commission

On 10 September at a press conference in Brussels, European Commission President **Jean-Claude Juncker** presented the **allocation of portfolios** for the next Commission. His team will consist of seven Vice-Presidents who will lead the broader teams of Commissioners.

During the next five years, his Commission has to operate on the basis of **close cooperation** between the individual Commissioners. For this reason, Juncker selected **seven Vice-Presidents**. These include Frans Timmermans, Kristalina Georgieva, Andrus Ansip, Alice Bratušeková, Valdis Dombrovskis and Jyrki Katainen.

As Juncker's Head of Cabinet Martin Selmayr signalled in advance on social networking sites, the next Commission is supposed to be full of surprises. What he referred to actually happened. Juncker did in fact distribute **completely new portfolios** or in some cases merged portfolios among the twenty-eight future Commissioners. Examples include the enlargement portfolio, which will bear the new name of European Neighbourhood Policy and Enlargement Negotiations, and the post of Commissioner for Climate Action and Energy. Juncker has assigned the Czech candidate for EU Commissioner **Věra Jourová** the new portfolio **Justice, Consumer Policy and Gender Equality**. The term of office of the new Commission will begin on 1 November 2014.

http://europa.eu/rapid/press-release_IP-14-984_en.htm

The members of the new European Commission face scrutiny

On **29 September** at the European Parliament in Brussels the hearings for the members of the new Commission began. MEPs want to thoroughly question the proposed Commissioners and find out their **positions** on important issues in the allocated areas, their views on important developments in the European Union as well as their personal qualities.

According to the Brussels-based media, it is expected that the European legislators will want to "grill" **at least one** of the candidates, and thus he or she **will be kept out** of the final composition of Jean-Claude Juncker's team.

Particularly hot candidates for "grilling" are the Spaniard **Miguel Arias Cañete** and the Slovenian **Alenka Bratušeková**. Juncker nominated both for positions related to **energy**.

The former Spanish Minister of Agriculture for the People's Party and current MEP Cañete should become **Commissioner for Climate Action and Energy**. The very combination of these two portfolios has already **provoked criticism** from NGOs and some MEPs who fear that climate protection will get pushed into the background in the new Commission.

According to the Brussels-based media, the former Slovenian Prime Minister **Bratušeková**, who could become Vice-President of the Commission responsible for **developing the Energy Union** also experienced a difficult hearing. The way she was chosen among other candidates for the Commission aroused astonishment. In fact, **she nominated herself** at a time when her party had experienced a tough defeat in the parliamentary elections, and it was clear that she was saying goodbye to the role of Prime Minister. In addition, according to critics, Bratušeková has no experience in the energy sector.

<http://www.europarl.europa.eu/news/en/news-room/content/20140925STO70401/html/Scrutiny-time-candidate-commissioners%E2%80%99-hearings-start-today>

How was the hearing of the future Czech European Commissioner?

On October 1, Věra Jourová completed a three-hour hearing in front of **four committees** of the European Parliament, during which MEPs asked a total of **45 questions**. Her performance was mostly evaluated **positively**, but a disatisfied reaction was also heard, in particular from the Committee on Civil Liberties, Justice and Home Affairs and the Committee on Women's Rights and Gender Equality. The final result will be known on October 6 at the earliest, due to the fact that four committees must agree on the decision. According to Czech MEPs, however, Vera Jourová has a chance of success.

<http://www.elections2014.eu/cs/new-commission/hearing/20140918HEA65206>

ECONOMY AND EURO

The ECB will support the economy: It unexpectedly slashes interest rates and will buy securities

The European Central Bank started taking steps to support the weakening eurozone economy and prevent it from slipping into deflation. First it **unexpectedly cut its interest rate on the main refinancing operations** to a new record low of 0.05% from the existing 0.15%, and then announced



that it will start to buy asset-backed securities (ASBs) and bonds from commercial banks.

Financial markets do not expect further reductions because after the June shift of the interest rate to a new minimum and the shift of **deposit rates** into negative territory, ECB President Mario Draghi said that rates "are from a practical viewpoint at the bottom of the boundary." Nevertheless, in addition to the interest rate, the ECB has now also cut the deposit rate deeper into negative territory, i.e. to -0.2% from -0.1%, which will save commercial banks money in the short-term. It has also reduced **the marginal lending facility**, from which commercial banks can borrow emergency loans to 0.3%.

The annual **rate of inflation** in the eurozone fell in August to a new five-year low of 0.3%. Therefore, it is already well below the target level of two percent and even below the level of one percent which the ECB designates as a dangerous zone. Moreover, economic growth in the eurozone countries fell in the second quarter due to a downturn in the German economy and continuing stagnation in France. In response to the surprise move by the ECB, the **euro fell** by one percent against the dollar to \$1.3014, which was the lowest in 14 months. A closer look at the steps taken by the European Central Bank can be found in the "Microscope" section on page 8.

<https://www.ecb.europa.eu/press/pr/date/2014/html/pr140904.cs.html>

JUSTICE AND HOME AFFAIRS

More voices for restrictions on free movement: Bavaria wants border controls

The Conservative Party CSU (part of the Union party the CDU-CSU, the ruling party in Bavaria) wants the federal government in Berlin to open negotiations with Austria on the **reintroduction of border controls**. Last week in its "seven-point action programme", the party stated that it is concerned about immigrants from Africa and the Middle East who come from Italy to Germany via the Alpine country. The Christian Socialists dislike that the Italian authorities allegedly allow arriving immigrants to travel to other Schengen countries. In this regard the CSU refers to the EU regulation from the **Dublin Convention**. According to this regulation, the country where a refugee first comes into Schengen must take responsibility for the refugee and process the asylum application after he or she has entered the area of free movement. According to Bavarian conservatives, the Italian authorities do not comply with this obligation.

On the basis of non-compliance with this regulation, the CSU wants to renew control of the border with Austria. This is possible under certain conditions within the Schengen Agreement. So far, as a first measure Bavaria has intensified **police stop and search checks** in the border area.

<http://www.euractiv.de/sections/eu-innenpolitik/fluechtlingspolitik-csu-will-grenzkontrollen-zu-oesterreich-308482>

ENERGY AND TRANSPORT

The EU faces a battle on reducing emissions

In October the European Union has to decide which targets to set for **reducing CO2 emissions**. With its proposal it will then enter into negotiations on a global climate agreement.

On 23 September in New York, UN Secretary-General Ban Ki-moon convened an **extraordinary climate summit**, in order to "kick" world leaders into action before the heated phase of the global climate negotiations.



This December in Lima Peru, representatives of the countries that signed the United Nations Framework Convention on Climate Change (UNFCCC) will meet. It will be the last big meeting before the expected UNFCCC Conference of the Parties in Paris next December, where a **new global climate agreement** must be signed. The agreement will build on the Kyoto Protocol of 1997, which established binding limits on greenhouse gas emissions until 2012 and was later extended to 2020.

By March of next year, countries have to propose how they want to contribute to combatting climate change after 2020. **The EU countries** want to submit their proposal together. It is expected that the EU will enter into the negotiations proposing that **by 2030 it will reduce its CO2 emissions by 40%** (compared with 1990). The European Commission has also proposed **increasing the share of renewable energy consumption** to 27% and increasing **energy efficiency** by 30% (compared to 2005). The member states have not yet been able to agree on these targets because that have had to pay more attention to current events in Ukraine. A consensus could now be found at the **October EU summit**.

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

<http://www.un.org/climatechange/summit/>



The European Commission has won the battle on emissions allowances. - MEPs in Strasbourg and the Ukrainian parliament in Kiev have approved the Association Agreement with Ukraine. - New EU sanctions against Russia: separatist leaders and the nationalist Vladimir Zhirinovskiy will not be allowed into the EU. - British Prime Minister David Cameron will strengthen the powers of Scotland. The Scottish are doubtful however. – Has Scotland started Balkanisation in Europe? The Scottish referendum has given new impetus to separatists.

The European Commission has won the battle on emissions allowances

By a narrow majority of 4 votes, the Environment Committee of the European Parliament **rejected the proposal** of some MEPs to return the European Commission to a shortened list of industries that are entitled to **free emissions allowances** in the years 2015 to 2019. The main controversy among MEPs was based on the fact that the Commission had prepared a list of vulnerable sectors on the basis of an unrealistic allowance price of € 30. Now the price is €6. Impact studies highlight the need to revamp the list using a price of € 16.50. According to calculations by MEPs, the companies dropped from the list because of the new parameters would then have to buy allowances for €5 billion.

<http://www.eppgroup.eu/press-release/Carbon-leakage%3A-ENVI-Committee-Adopts-Commission-proposal>

EXTERNAL RELATIONS

MEPs and the Ukrainian Parliament have approved the Association Agreement

On September 16, MEPs in Strasbourg and the Ukrainian Parliament in Kiev simultaneously **voted for the Association Agreement** with Ukraine that will lay the foundations for closer cooperation between Ukraine and the EU. The vote took place shortly after noon.

The Agreement, which **535 MEPs** spoke in favour of (127 against and 35 abstentions) will come into effect from 1 November of this year. The part devoted to free trade was postponed until 2016. The EU and Ukraine will approach this after agreement with Russia. The Association Agreement stood at the beginning of the current **conflict in Ukraine**. The Ukrainian leadership at that time headed by President Viktor Yanukovich rejected it, sparking mass demonstrations in the country. Yanukovych resigned, and the western-leaning opposition which took over the country subsequently came into conflict with the east of the country which is orientated towards Russia.

The approved Association Agreement **must be confirmed by the EU member states**. As of the end of September **six countries** have already confirmed it.

Regarding trade with Ukraine, the tense situation in recent months seriously concerns the Czech Republic. According to figures from the Czech Statistical Office, in the last quarter of last year Czech exporters exported goods worth nearly **9 billion CZK** to Ukraine. In the first quarter of this

year, this figure was just under **6 billion** and in the second quarter approximately **4.8 billion CZK**. Thus, in the future the Association Agreement may also have a **positive impact** on Czech exports. In June the **Department for European Affairs at the Office of the Government** tried to quantify its impact on the Czech economy. Their data calculated a reduction in tariff costs for Czech exporters of hundreds of millions of crowns annually.

7 figures for Czech exports

5:	Among the EU member states, the Czech Republic is the fifth largest exporter to Ukraine and the sixth largest importer from Ukraine. The Czech Republic mainly exports electronics and mechanical tools to Ukraine. On the other hand it imports mainly metal ores, fuels and oils.
450 million:	The amount of crowns Czech exporters could save per year due to the reduction in tariff burdens which full implementation of the Agreement will bring in the future.
13 million:	The amount of crowns on the contrary that the Czech budget could lose due to lost duties from Ukrainian exporters. Ukraine exports less to the Czech Republic and mainly products with low added value, for which exporters pay a lower rate.
1 billion:	Exports from the Czech Republic to Ukraine could increase by about one billion crowns per year, due only to changes in tariffs.
900 million:	Moreover, it is even possible to calculate a yield of yet another 900 million crowns per year, which could mobilize Czech exporters thanks to the reduction of non-tariff barriers. For Ukrainian exporters this would amount to about 1.2 billion crowns annually.
2 billion:	The long-term Czech gross national product could increase by about two billion crowns due to the Association Agreement.
1,700:	The amount of new jobs that could be created in the Czech Republic due to the effects of the Association Agreement.

Source: *The Office of the Government*

<http://www.europarl.europa.eu/news/cs/news-room/content/20140915IPR62504/html/Evropsk%C3%BD-parlament-ratifikoval-asocia%C4%8Dn%C3%AD-dohodu-mezi-EU-a-Ukrajinou>

http://www.vlada.cz/assets/evropske-zalezitosti/aktualne/SEZ_PB---Asociacni-dohoda-s-Ukrajinou.pdf



New sanctions: Separatist leaders and the nationalist Vladimir Zhirinovsky will not be allowed into the EU

The populist Russian Deputy **Vladimir Zhirinovsky**, the "Prime Minister" of the Donetsk insurgents **Alexandr Zacharčenko** and the other pro-Russian separatist leader **Vladimir Kononov will now not be allowed to travel** to the European Union. Their names are now included in the new list of **24 persons** created within the framework of the 12 September EU anti-Russian sanctions which **banned entry** into EU territory and froze any foreign assets.

Zhirinovsky is known for his intolerant statements towards the West. In August, for example, he **threatened** to wipe **Poland** and the Baltic states off the map if there is a war over Ukraine. The Deputy Chairman of the Russian State Duma **Igor Lebedev** and the businessman **Sergei Čemezov**, who has been described as a close associate of Russian President Vladimir Putin during his tenure in East Germany with the KGB, are also on the list that the EU published in its journal this morning. The sanctions will newly **hit tens of companies**.

The ban on access to EU financial markets has affected the **oil giants** Rosneft, Transneft and Gazprom for example; the same sanctions also apply to the **trio of arms firms** OPK Oboronprom, United Aircraft Corporation and Uralvagonzavod. Other companies have found themselves on the list of companies to which European companies cannot supply so-called **dual-use goods**.

http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/144868.pdf

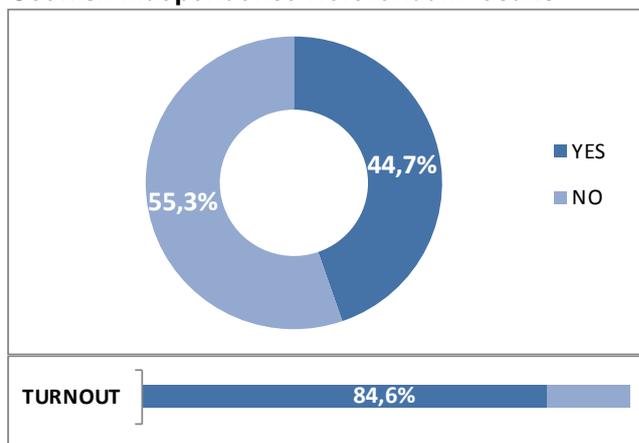
We will strengthen the powers of Scotland says Cameron. Scots are doubtful

British Prime Minister **David Cameron** expressed appreciation that **Britain remains united** after the Scottish referendum. During a speech at Downing Street in London he confirmed that Scotland will receive the promised **new powers**. The draft laws should be finished in January of next year. In the **referendum** held on 18 September, the Scots clearly **rejected independence** with 55.3% of Scots voting to remain in the United Kingdom and 44.7% voting for independence. Overall turnout exceeded 84%. Therefore the United Kingdom of Great Britain and Northern Ireland will remain a single entity. Attention will focus however on fulfilling the promise of further transfer of powers to the Scottish Parliament in Edinburgh which the three main British political parties promised the Scots. In the streets of Edinburgh, however, considerable **skepticism** rules in both

camp of voters. Scots in fact doubt that London's promised reforms will actually become reality. The **new Parliament** that will emerge from the elections in May next year will vote on the proposal.

According to the proposal previously published, the Scots would have **more power in levying taxes** in particular. At the same time, however, these concessions may lead to similar demands in Wales and Ulster and also to efforts to obtain more power either for England as a whole or for its regions.

Scottish Independence Referendum results



Source: *Scottish Independence Referendum*
<http://scotlandreferendum.info/>

Has Scotland started Balkanisation in Europe? Separatists have a new impetus

Representatives of **separatist** and **regionalist** movements throughout Europe promise to **legitimize their own efforts** with the referendum held on Scottish independence. Their opponents fear that this could lead to Balkanization in Europe. Representatives of stronger and weaker nations without their own countries hope that the referendum on the independence of Scotland which took place on 18 September could **strengthen** separatism and regionalism across Europe. The Catalans, in particular, who will go to the polls to express their opinion on independence at the beginning of November were watching closely.

Unlike in Scotland, this **will not be a binding** referendum - Madrid disagrees with it. According to Madrid, the referendum is unconstitutional and it is going to block it. The Scottish plebiscite also raises hopes for the **Flemish nationalists** and the voting could even wake up separatist passions in nearby Northern Ireland.

<http://www.euractiv.com/future-eu/scottish-catalan-independence-vo-news-517434>

The European Commission Representation in the Czech Republic provides contributions to the EU News Monthly Journal in the "Commission's column." In the October issue this column focuses on the topics proposed to the Czech candidate for the post of European Commissioner for Justice, Consumer Protection and Gender Equality, Věra Jourová. You can read the article which follows for information on the main areas the European Commission President has designated to Věra Jourová.

WHAT WILL VĚRA JOUROVÁ DECIDE?

Disappointed - this was probably the most frequently mentioned word in the Czech media immediately after the elected President of the new European Commission **Jean Claude Juncker** announced in early September how the portfolio would be distributed among its 27 members. In the end, candidates from other member states got Regional Development and Transport, long speculated on as possible areas for the Czech representative, and the Czech government's nominee Věra Jourová was assigned **Justice, Consumer Protection and Gender Equality**.

The initial rather cold and astonished reaction was certainly not caused only by unfulfilled ambitions, but to a large extent lack of knowledge about the contents of the allocated portfolio. While the transportation agenda is understood by everyone only a few commentators were initially able to describe the content and importance of the area which had been unexpectedly assigned to the Czech Republic. This was despite the fact that in the previous Commission **Vivian Reding**, one of the most prominent faces of the Barroso era, had responsibility for practically the same area.

Soon however, the general public began to acquaint itself with the newly assigned agenda and then we could read that Věra Jourová will **negotiate with the United States on the protection of the personal data** of European citizens and **oversee the appropriateness of the remuneration of bankers from the City of London**. What will the Czech Commissioner for the next five years actually deal with?

Jean-Claude Juncker designated the **main areas** to her in the mission letter. In it he emphasized the following key tasks for Jourová:

- work to complete the EU accession process to the European Convention for the Protection of Human Rights and Fundamental Freedoms, enforce compliance with the Charter of Fundamental Rights of the European Union and ensure the role of the European Commission in protecting the rule of law;
- promote the fight against discrimination, promote equality between women and men and unblock the negotiations on the so-called anti-discrimination directive that extends the fight against discrimination to areas outside of employment;
- seek swift adoption of reforms in the area of personal data protection and simplify the rules in the Digital Single Market (shopping and provision of services online);

- finalize negotiations on an agreement between the EU and the USA on the protection of personal data;
- seek to ensure that policies in the area of justice contribute to job creation and growth, and continue to monitor the performance of judicial systems in the individual member states;
- strengthen European cooperation in criminal matters and seek the establishment of a European Public Prosecutor by 2016.

In response to questions from MEPs sent to her in preparation for the hearing, Věra Jourová herself identified as her top priority the **rapid adoption of common European personal data protection rules** which she considers essential to the functioning and completion of the Digital Single Market.



For this market, progress on the issue of European contract law – **the common European Sales Law** – will be even more important. This should facilitate the conclusion of contracts in cases where the sellers and buyers are in different EU member states.

The future commissioner also wants to deal with the issue of limited access to some services and content. Her stated aim is to ensure that EU citizens have the **opportunity to buy music or movies** with their electronic devices, regardless of which EU member state EU they are in.

Making progress on the matter of the European Public Prosecutor will be a difficult task. Although the Lisbon Treaty already allows for the establishment of this office, whose task should be to investigate and prosecute fraud related to European finances, some member states are still opposed to its creation. It has many opponents in the Czech Republic as well. Vera Jourová is nevertheless committed to negotiating the **establishment of this office by 2016**.

The first Czech in the College of Commissioners thus has enough tasks in front of her. Without a doubt however, her most pressing task is to succeed along with her colleagues at the October 22 hearings and gain the confidence of the majority of the members of the European Parliament. Only then will it be possible to devote herself to the finalized delegated portfolio from 1 November.



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://italia2014.eu/it/>

Meeting of the key EU institutions

2 - 3 October 2014	Milan, Italy
- Informal meeting of Telecommunications Ministers	
5 - 6 October 2014	Milan, Italy
- Informal meeting TTE - Energy	
8 October 2014	Luxembourg
- Transport, Telecommunications & Energy Council	
9 - 10 October 2014	Luxembourg
- Justice and Home Affairs Council	
13 - 14 October 2014	Luxembourg
- Agriculture and Fisheries Council	
13 October 2014	Luxembourg
- Eurogroup	
14 October 2014	Luxembourg
- Economic and Financial Affairs Council	
16 October 2014	Luxembourg
- Employment, Social Policy, Health and Consumer Affairs Council	
20 October 2014	Luxembourg
- Foreign Affairs Council	
20 - 23 October 2014	Strasbourg, France
- European Parliament Plenary Session	
21 October 2014	Luxembourg
- General Affairs Council	
23 - 24 October 2014	Brussels, Belgium
- European Council	
28 October 2014	Luxembourg
- Environment Council	

Source: www.europa.eu, <http://italia2014.eu/it/>, access as of 30th September 2014

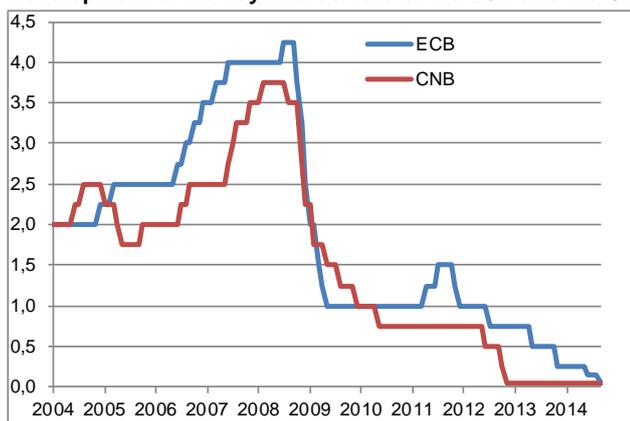


In October, the "Microscope" section concerns the topic of the effectiveness of the interest rate reduction by the European Central Bank (ECB). The development of European economies is influenced by two factors at the moment. The Ukrainian crisis is a specific and temporary factor in the category of external shocks, whereas the activity of the ECB is a factor with permanent influence. First, we will briefly look at the effects of the shock and then we will look in detail at the events related to the ECB.

CAN THE ECB WAKE UP EUROPE?

Problems prompted by the situation in Ukraine and the related sanctions against Russia are among the factors complicating the lives of people from the European Central Bank. Europe has been recovering only with difficulties from the double assault of the U. S. mortgage crisis and the subsequent global recession and European debt crisis. The ECB has **long reacted systematically** to the challenges that it faces. The long-term negative impacts of the crisis of the financial system and state finances can basically be divided into three areas: the banking and financial sector, state finances and the real economy.

Development of the key interest rate of the ECB and the CNB



Source: ECB, CNB

The debt crisis, which relates primarily to state finances, of course in a peripheral way also affects the financial sector and the real economy and is currently in a relatively calm phase. Its calming has been contributed to significantly by ECB President **Mario Draghi** in his declaration that the euro would be rescued "at any cost" through the **OMT** programme (Outright Monetary Transactions), which if necessary would enable the ECB to buy up **state bonds directly** from states affected by the crisis. Of course, this does not mean that all of the problems with high indebtedness of states are definitively behind us. The ECB rather has provided governments with a delay, and they now have to resolve long prevailing problems with constant growth in state debt.

The problems in the banking sector, mainly the uncertain condition of bank balances and the resulting lack of trust among them, are being focused on mainly by the ECB. The way to re-establishment of stability and mutual trust involves acceptance of supervision over banks by the ECB, and the preparatory phase for this step is an asset **quality review** (AQR) of large European banks and a **stress test** of those

banks. The results of these actions should show the real position of the banks and create an opportunity for weaker ones to increase necessary capital and regain their stability and trust.

Of course, **the real economy** is what the ECB has the most to do with most directly. Its **main objective** and purpose is to maintain currency stability, specifically by maintaining **inflation** measured by the **HICP index** (the European Harmonised Inflation Index) slightly **below 2%**. Banks have had a lot of problems in the past with tackling excessively high inflation. Now many of them have the opposite problem with excessively low inflation, and the ECB is among them.

The ECB has long lagged behind the development of the situation in the real economy, which has led to inflation being where it is now. **The Consumer Price Index** (CPI) is growing by a mere 0.4% and is slightly above the limit of technical deflation. It is not yet fully developed deflation, but it is already relatively close to it.

The ECB, in an effort to revive the economy and contribute to quicker growth in prices, has **reduced rates** to as almost zero (0.05%) and the deposit rate to even minus figures, but so far it is not helping. In order to support the financial sector further and with it the real economy, the ECB since the beginning of the crisis has placed a lot of cash into the financial system. Besides worries about inflation, the ECB has directly related concerns about growth. Europe has barely recovered from the recession, and it seems to be **stagnating** now, rather than growing. A major role in this weakness is played by linked credit issuance. The ECB is trying to solve this problem via **modification of LTRO**, or TLTR, intended to support the private sector directly via lines of credit. It is still also trying to solve this problem by buying up asset bond securities (ABS) and covered bonds.

Time will tell whether the ECB's effort will be successful. So far it appears so, and the market increasingly expects that Europe will follow Japan after 1990 and go through a lengthy period of stagnation and low inflation or even deflation. This is not primarily the fault of the ECB, but the result of objective factors such as demographics and the inability of governments to react in time to problems and their efforts to solve everything through **increasing debt**. Even now, the majority of European governments are not sufficiently willing to carry out reforms, which is reducing chances for favourable developments.

Luboš Mokráš, Česká spořitelna



Main Topic

The main theme of the last EU News Monthly Journal was the 2014-2020 EU Partnership Agreement – an important document for the use of structural and investment funds. We present each of the thematic objectives of the Agreement, which represent key components for achieving competitiveness of the Czech Republic and the Europe 2020 targets in detail. In the October Monthly we bring in and focus on the Operational Programmes for the next 2014-2020 programming period.

PARTNERSHIP AGREEMENT 2014-2020 WITH A FOCUS ON OPERATIONAL PROGRAMMES

INTRODUCTION

The European Commission processes suggestions, and following their application it also approves partnership agreements with individual member states and cooperates during the preparation of operational programmes, in which investment priorities and the objectives of the partnership agreements are reflected in specific measures. The operational programmes have an effect on the entire particular member state or relate to a certain region, and

these programmes can also be intended for cooperation among several states. The European Commission agrees on the final contents of these investment plans with domestic and regional bodies. All levels of administration, including civil society, should be consulted and included in the phases of programming and management of the operational programmes.

OPERATIONAL PROGRAMMES FOR THE 2014-2020 PROGRAMME PERIOD

New programmes will be co-financed from the European Structural and Investment Funds – the European Fund Regional Development, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund.

The following programmes are involved for the 2014-2020 programme period:

- The Business and Innovation OP, overseen by the Ministry of Industry and Trade;
- The Research, Development and Education OP, overseen by the Ministry of Education, Youth and Sport;
- The Environment OP, overseen by the Ministry of Environment;

- The Transport OP, overseen by the Ministry of Transport;
- The Integrated Regional OP (IROP), overseen by the Ministry for Regional Development;
- The Technical Assistance OP, Overseen by the Ministry for Regional Development;
- The Employment OP, overseen by the Ministry of Labour and Social Affairs;
- The Prague - Field of Growth OP, overseen by Prague City Hall;

The Rural Development Programme, overseen by the Ministry of Agriculture;

- The Fisheries OP, overseen by the Ministry of Agriculture;

Allocation to OP in EUR

Operational programme	Thematic objectives (TO)	Funds	Allocation
Business and Innovation for Competitiveness	TO 1, 2, 3, 4, 7	EFRD	4 331 062 617
Research, Development and Education	TO 1, 9, 10	EFRD, ESF	2 779 600 572
Environment	TO 4, 5, 6	EFRD, CF	2 636 592 864
Transport	TO 7	EFRD, CF	4 695 769 435
Integrated Regional Operational Programme	TO 2, 4, 5, 6, 7, 9, 10	EFRD	4 629 160 909
Technical Assistance	N/A	CF	223 704 582
Employment	TO 8, 9, 11	ESF, YEI	2 145 737 492
Prague – Field of Growth	TO 1,4,8,9,10	EFRD, ESF	201 590 104
Rural Development Programme	TO 1, 3, 4, 5, 6, 8, 9, 10	EAFRD	2 170 333 996
Fisheries	TO 3, 6	EMFF	31 108 015
Total			23 844 660 586

Source: Partnership Agreement for the 2014-2020 programme period; Note EFRD - European Fund for Regional Development; CF - Cohesion Fund; ESF - European Social Fund; EAFRD - European Agricultural Fund for Rural Development; EMFF - European Maritime and Fisheries Fund; YEI - Youth Employment Initiative



Main Topic

Priority areas of European territorial cooperation and their links to the objectives of programmes for Investment for Growth and Employment

During the 2014-2020 programme period, the Czech Republic will participate as part of fulfilment of the objectives of European territorial cooperation in cross-border cooperation with Poland, Slovakia, Austria, Bavaria, Saxony and the international cooperation programmes:

- the Central Europe 2020
- the Danube Programme
- the inter-regional cooperation programmes: Interreg Europe, Espon 2020, Interact III and Urbact III.

As part of fulfilment of the European territorial cooperation objectives, the Czech Republic plans to focus on cooperation with foreign partners in the following priority areas:

- Research, development and innovation
- Risk prevention, monitoring and management
- Environment and effective use of resources
- Cultural and natural heritage
- Transport
- Employment
- Education, skills and life-long learning
- Legal and administrative cooperation and cooperation among citizens and institutions
- Support for business

Business and Innovation for Competitiveness OP

The aim of the Business and Innovation for Competitiveness OP is achievement of a competitive and sustainable economy based on skills and innovation.

The operational programme is focused on:

(1) Increasing the number of companies capable of advancing or at least achieving the technological limit in their fields, with emphasis placed on development of business research, development and innovation capacities and their connection with the surrounding environment.

(2) Development of business and innovation in sectors with lower knowledge intensity, which is focused especially on supporting the implementation of new business objectives, including development of services leading to increased competitive advantages for individual companies in the global environment.

(3) A shift to an energy efficient low-carbon economy mainly involving energy efficiency in the business sector, use of renewable energy resources, modernisation of energy infrastructure and implementation of new technology for handling energy and raw materials.

(4) Facilitating the development of business, services and access to state services through high-speed internet access and a wide range of information and communication technology services, since the competitiveness of the information society is based on effective use of modern ICT services.

Programmes of the European Structural and Investment Funds (in mln EUR)

Operational programme	Total	2014	2015	2016	2017	2018	2019	2020
Business and Innovation for Competitiveness	4 331.1	582.6	594.2	606.1	618.2	630.6	643.2	656.1
Research, Development and Education	2 779.6	373.9	381.4	389.0	396.8	404.7	412.8	421.1
Environment	2 636.6	352.4	360.8	369.2	377.1	384.5	392.8	399.9
Transport	4 695.8	627.9	642.6	657.5	671.5	684.8	699.4	712.1
Integrated Regional OP	4 629.2	622.6	635.1	647.8	660.8	674.0	687.5	701.3
Technical Assistance	223.7	29.9	30.6	31.3	32.0	32.6	33.3	33.9
Employment	2 145.7	294.4	298.5	298.4	304.4	310.4	316.7	323.0
Prague – Field of Growth	201.6	27.1	27.7	28.2	28.8	29.4	29.9	30.5
Rural Development Programme	2 170.3	314.3	313.0	311.6	310.1	308.7	307.1	305.5
Fisheries	31.1	4.3	4.3	4.4	4.4	4.5	4.6	4.6
Total	23 844.7	3 229.4	3 288.1	3 343.4	3 404.1	3 464.3	3 527.3	3 588.1

Source: Partnership Agreement for the 2014-2020 programme period



Research, Development and Education OP

The key principle of the Research, Development and Education OP (OP VVV) is development of human resources for the knowledge economy and sustainable development in a socially cohesive society, and it is supported by interventions within multiple priority axes. It is connected with support for quality research, for which a quality work force is a crucial factor. Intervention in the field of education will also be supported by systematic changes, which will improve the quality of the education system in the Czech Republic. Intervention in the field of education will also be supported by systematic changes, which will improve the quality of the education system in the Czech Republic.

Intervention areas of OP VVV include:

(1) support for equal treatment and quality in education; (2) development of better competencies for the labour market; (3) boosting of capacities for quality research and its benefits for society.

Employment OP

The aim of the Employment OP (OP Z) is improvement of the human capital of the Czech Republic's inhabitants and public administration in the Czech Republic, which are key for competitiveness. The Czech Republic must devote a large amount of attention to this area if it wants to endure in today's complex world.

The Employment OP is focused on supporting employment, equal opportunities for both genders, adaptability of employees and employers, further education, social inclusion, the fight against poverty, medical services, modernisation of public administration and public services and support for international cooperation and social innovations in employment, social inclusion and public administration.

Transport OP

The main objective of the Transport OP (OP D) is to ensure quality transport infrastructure throughout the Czech Republic, including by gradually bringing the quality of the Czech Republic's transport network up to the level of states that have been EU members longer.

The transport sector is one of the key areas of the national economy, which affects practically every area of public and private life and the business sphere. Quality transport infrastructure is necessary for increasing the competitiveness of the country as a whole and its regions. Its disproportionate quality is one of the causes of differences among different areas of the country.

The support within this OP will be focused mainly on development and modernisation of rail routes, roadways, including highways, domestic water routes, multiple means of transportation, urban and suburban rail system infrastructure, ITS implementation, environmentally clean vehicles and development of powering stations for alternative energy.



Environment OP

The main purpose of the Environment OP (OP ŽP) is to ensure and protect a quality environment for the lives of the Czech Republic's inhabitants, to support effective use of resources, to eliminate the negative impacts of human activity on the environment and to ease the impacts of climate change.

The Environment OP follows up from the OP of the same name from the 2007-2013 programme period. It is based on strategic documents of the EU and the Czech Republic along with analysis of needs for the 2014-2020 programme period.

Integrated Regional Operational Programme

The Integrated Regional Operational Programme (IROP) corresponds to seven regional OPs and partially also to the Integrated Operational Programme from the 2007-2013 programme period. The priority of IROP is that it enables balanced development of territory, improvement of public services and public administration and ensuring of sustainable development in cities, municipalities and regions.

IROP will be focused on reducing territorial differences, improving infrastructure, boosting competitiveness in regions, strengthening public services, supporting education as one of the pillars of improving the quality of inhabitants' lives and strengthening the institutional capacity of public administration.



Main Topic

Prague – Field of Growth OP

The main purpose of the Prague – Field of Growth OP (OP PPR) for the programme period is to ensure fulfilment of specific objectives. It is also necessary to ensure effective realisation of investments in Prague, which will lead to increased competitiveness of Prague as a development centre of the country and help ensure quality of life for inhabitants.

Creation of a favourable business environment and supporting education and science must lead to fulfilment of Prague's role as the country's main innovation centre. It is also essential to ensure effective management of all resources, including land, real estate, infrastructure, energy and finances, in the interest of promoting sustainable development and balancing links among resources.

Interventions and areas, which will be decisive for Prague in the future period and which will be supported via the OP PPR, include use of quality human and innovative potential in the areas of research, development and innovations; support for small and mid-sized enterprises; energy savings and support for a transition to a low-carbon economy and support for education and equal opportunities.

Fisheries OP

The principal aim of the Fisheries OP is to achieve sustainable and competitive aquaculture based on innovations, competitiveness, knowledge and more effective use of resources.

The goal is development of effective fish cultivation in the Czech Republic and ensuring balanced supplying of freshwater fish during the year to the domestic market in the required varieties, including diversification of aquaculture (fisheries) for ensuring production of carp and their supplying to the market, and it is also necessary to support the implementation of modern intensive cultivation systems in order to increase fish production and contribute to elimination of negative impacts on the environment related to cultivation of salmon and other types of fish in order to ensure year-round supplying of fish to the market.

Rural Development Programme

The main aim of the Rural Development Programme (PRV) is restoration, preservation and improvement of ecosystems dependent on agriculture, particularly through agro-environmental measures, investments into competitiveness of agricultural products, support for entry of young people into the agricultural sector and regional infrastructure. The programme will also support diversification of economic activities in rural areas, with the aim of creating new jobs and increasing economic development. Support will be provided for regional development overseen at a community level and the LEADER method, which contributes to improving direction of aid to the local needs of a particular rural area and development of cooperation at the local level. A horizontal priority is the transfer of knowledge and innovation through educational activities, advice and cooperation in the areas of agriculture and forestry.



OP Technical Assistance

The purpose of the Technical Assistance OP (OP TP) is to support financing of administration, to support absorption and administrative capacities and supplementing activities necessary for smooth running of the entire system of drawing from ESI funds in the 2014-2020 programme period. The Technical Assistance OP will be crucial for ensuring successful work of the National Body for Coordination and other bodies. The goal of the Technical Assistance OP is for resources from ESI to be used as much and as effectively as possible

PRIORITY AXES OF OPERATIONAL PROGRAMMES

Overview of priority axes for operational programmes for 2014-2020

OP	Priority axes
OP PIK	Research and development and development for innovation; development of business and competitiveness of small and mid-sized enterprises; effective handling of energy, development of energy infrastructure and renewable energy resources, support for implementation of new technologies related to handling of energy and raw materials; development of high-speed internet access and information and communication technology.



OP VVV	Boosting of capacities for quality research; development of universities and human resources for research and development; equal access to quality pre-school, primary and secondary education.
Environment OP	Support for employment and adaptability of the labour force; social inclusion and the fight against poverty; social innovation and international cooperation; effective public administration.
Transport OP	Infrastructure for railways and other sustainable transport; network infrastructure for TEN-T networks and public infrastructure for clean mobility; roadway infrastructure outside of TEN-T networks.
Environment OP	Improving water quality and reducing flood risks; improving air quality in population centres; waste and material flows; environmental burden and risks, protection of nature and rural areas and care for them; energy savings.
IROP	Competitive, available and secure regions; improving the quality of public services and living conditions for regions' populations; good management of territory and more effective public institutions.
OP PPR	Strengthening research, technological development and innovations; sustainable mobility and energy savings; support for social inclusion and the fight against poverty; education and skill acquisition.
OP Fisheries	Support for environmentally sustainable, innovative and competitive aquaculture based on knowledge and effectively used resources; support for implementing joint fisheries policy; support for introduction onto the market and processing of financing in the Fisheries OP will be drawn from the EAFRD.
Rural Development Programme	Support for transfer of knowledge and innovations in agriculture, forestry and rural areas; increasing the lifespans of agricultural businesses and competitiveness of all types of agricultural activities in all regions and support for innovative agricultural technology and sustainable forest management; Support for organisation of food chains, including processing of agricultural products and their introduction onto the market, good living conditions for animals and risk management in agriculture; restoration, preservation and improvement of ecosystems related to agriculture and forestry; support for effective use of resources and support for a transition to a low-carbon economy in the sectors of agriculture, food and forestry which is resistant to climate changes; support for social integration, reduction of poverty and economic development in rural areas.
Technical Assistance OP	Support for management and coordination of the Partnership Agreement and creating of conditions for fulfilling the objectives of the Partnership Agreement and coordination of management; ensuring timely preparation of the new programme period 2021+, ensuring informativeness about ESIF among target groups; supporting the capacity for ESIF implementation at a lower than national level; ensuring a single monitoring system based on a high level of data digitisation. All financial resources will be drawn from FS.

Source: Partnership Agreement for the 2014-2020 programme period; note: another part of the individual operational programmes is the Technical Assistance priority axis.

CONCLUSION

The allocations to operational programmes for the 2014-2020 programme period have exceeded 22 billion euros. This is not at all a small amount, and investments are still planned into development of agriculture in rural areas from the European Agricultural Fund for Rural Development in the amount of approximately 2.2 billion euros and another 31.1 million euros for fisheries in the Fisheries OP.

The operational programmes themselves have been designed to correspond to 8 topics set at the national level representing a certain bridge between the level of development priorities and the aims of priority axes of individual programmes. Certain simplification and reduction of the number of operational programmes should make the entire system more transparent, and so perhaps it can be used for more effective drawing and purposeful projects.

Doing business

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 Sweden.

SWEDEN

Official name	Kingdom of the Sweden
Population	9 555 893 (2013)
Area	450 295 km ²
Currency	(SEK) Swedish krona
Official language	Swedish

Source: Eurostat

The Kingdom of Sweden is located in northern Europe between Finland and Norway. It consists of 21 counties, comprising 8 NUTS 2 cohesion regions. Sweden is a constitutional monarchy with a unicameral parliament elected for 4-year terms. The prime minister since 2006 has been Frederik Reinfeldt from the Liberal Conservative Party. The head of state has been King Charles XVI. Gustav since 1973.

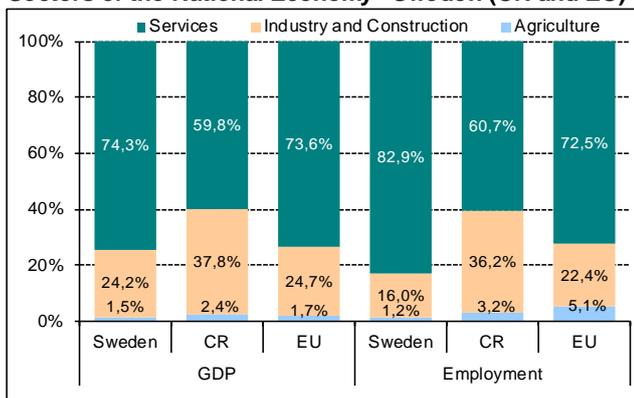
Structure of economy and foreign trade

The generation of GDP in Sweden is nearly identical to the EU average. Agriculture makes up 1.5% of GDP, industry just under 25% of GDP and services nearly 75% of GDP. Among the labour force, the situation is a bit different. Agriculture employs only 2.2% of the labour force, industry just under 21% and services 77% of the Swedish labour force (5.5% more than the EU average).

Sweden's main export partners are Norway (10.4%), Germany (10.3%) and the UK (8.1%). The country exports mainly engineering products (more than a third of total exports), cars, paper and wood.

Sweden's main import partners are Germany (17.4%), Denmark (8.5%) and Norway (8.4%). The most important import commodities are machines, petroleum, petroleum products and chemicals

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



Source: Eurostat, data as of 2013

Macroeconomic outlook

After two weak years, when GDP growth was around 1% annually, the European Commission expects that this year the Swedish economy will speed up to 2.8% of GDP and in 2015 to 3% of GDP. The



driver will be private consumption and investments, which will be aided by the relaxed monetary policy along with fiscal stimuli. This positive outlook is further supported by completion of large infrastructure projects. Households' consumption will be driven by low interest rates and rising available along with declining unemployment.

Public debt to GDP in Sweden has been declining in the last 10 years, but last year it exceeded 40%. The state coffers are in a slight deficit, which, however, is safely under the "Maastricht" 3% limit. The worsening of public finances predicted for this year will be at the expense of new waves of asylum seekers (mainly from Syria) and the ageing population. Budget revenues have not met expectations and are characterised by weaker collection of corporate taxes and lower dividends of state companies.

Basic indicators (in %)	2012	2013	2014 ^e	2015 ^e
GDP Growth	0.9	1.5	2.8	3.0
Unemployment rate	8.0	8.0	7.7	7.3
Inflation	0.9	0.4	0.5	1.5
Current account saldo	-0.6	-1.1	-1.8	-0.8
Public debt	38.3	40.6	41.6	40.4

Source: European Commission; ^e - estimate

Labor market

The unemployment level in recent months has hovered at around 8% with anticipated improvement of the situation on the labour market in later years. Despite the growth in the population, including the labour force, the unemployment level is expected to decline to almost 7%.

Basic indicators of labor market		
Unemployment rate (August 2014)	8.0%	
Labor productivity to ø EU (2013)	116.9%	
ø monthly labor costs in sectors	Sweden	CR
Manufacturing (2013)	5 569 €	1 480 €
Wholesale and retail (2013)	5 034 €	1 512 €
Construction (2013)	4 922 €	1 467 €

Source: Eurostat



The average labour costs in individual sectors are approximately 3.5x higher than in the Czech Republic. No minimum monthly wage has been set.

Labor law basics

An employment contract is usually in writing. An employment contract can be for a definite or indefinite period. The work period is 40 hours per week, including overtime, but it cannot exceed 48 hours during 7 consecutive days. Overtime must not exceed 200 hours per calendar year and is rewarded with a 50% to 100% addition to the hourly wage. Employees are also entitled to 25 days of paid leave.

Commercial law basics

Establishing a limited liability company in Sweden can last just over two weeks and costs around 2,000 Swedish crowns (about CZK 6,000). Individuals and legal entities can found companies. The owners shares must be paid in cash, and the minimum share of an hour is 100 Swedish crowns (approximately CZK 300). For a limited liability company (Aktieblag), the minimum registered capital is 50,000 Swedish crowns and for a joint-stock company it is 100,000 Swedish crowns (approximately CZK 300,000).

Form of Company	Minimum Capital
European Company -SE	120 000 EUR
Limited Liability Company - Aktiebolag	50 000 SEK
Joint Stock Company – Publikt aktiebolag	100 000 SEK

Source: Swedish Ministry of Economy

Main taxes and additional labor costs

Sweden's residents are subject to taxation of their worldwide income, while non-residents are taxed only for income earned in Sweden. The corporate income tax rate is 22%. Dividends paid to residents are not subject to withholding tax, but dividends paid to foreign companies are taxed at a 30% rate. The individual income tax rate is set at 20% or 25%, depending on income. A municipal tax is added to that at an average rate of 31.5%. Therefore, the maximum tax burden for individuals is 57%.

The basic VAT rate is 25% and has remained at that rate for 25 years. The reduced 12% rate applies to hotels and food, and a 6% rate applies to books, public transport and culture. Insurance, financial services, medicine and real estate are exempt from VAT. Employers pay social security premiums for their employees at a rate of 31.42% of the employees' gross wages (there is no ceiling). The employee pays only

7% of wages for retirement insurance (the ceiling is set at 459,183 Swedish crowns).

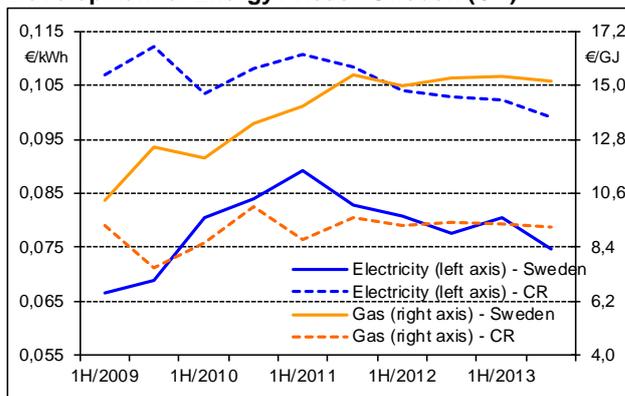
Tax/payment	Rate
Corporate Tax	22%
Individual Income Tax	up to 57%
Social insurance (employee)	7%
Social insurance (employer)	31.42%
VAT (basic /1 st lower/2 nd lower)	25% / 12% / 6%

Source: Swedish Ministry of Finance

Energy

The price of electricity in Sweden is 25% lower than in the Czech Republic and is relatively stable. From 2009 to 2011 it grew by 34%, but since then the price has been moderately declining, and at the end of 2013 large customers paid 7.5 euro cents per kilowatt hour. The price of natural gas is on average 53% higher than in the Czech Republic. From the beginning of 2009 until the end of 2011, its price rose by 50%, but afterwards the development of prices stabilised, and at the end of last year large customers paid 15.2 euros per GJ. Sweden relies on nuclear power for 40% of its energy and on renewable resources for 56%.

Development of Energy Prices - Sweden (CR)



Source: Eurostat, tariffs for wholesales excluding VAT

Investment incentives

Sweden offers investors incentives in the form of regional investment and employee grants. Investment grants are provided for activities in the areas of industry, tourism and development of buildings for leasing. Their amount for SME ranges between 20 and 50% of total investment costs for a project. Investors are also entitled to an employee grant for each person newly employed full-time. The maximum grant amount for an employee is 120,000 or 198,000 Swedish crowns, depending on the area of development.



Dating the MFF

Other EU funded programmes include the EU assistance programmes for the decommissioning of nuclear plants in Bulgaria, Lithuania and Slovakia. Funding for these programmes is part of the multiannual financial framework of the European Union for the 2014-2020 period, Heading 1a Competitiveness for growth and jobs. More about this programme can be read in the lines of our „Dating the MFF“ section.

ASSISTANCE PROGRAMMES FOR REMOVING NUCLEAR FACILITIES FROM OPERATION

Programmes for removing nuclear facilities from operation were established in connection with the accession of **Bulgaria, Lithuania and Slovakia** to the EU with the aim of increasing nuclear safety in those countries.

A **major impulse** for their creation was the 1986 tragic accident in **Chernobyl**, which had a cross-border impact and prompted major concerns regarding operation of non-modernised nuclear reactors in Central and Eastern European countries. Therefore, the specified EU member states agreed to shut down prematurely and to remove from operation a total of 8 nuclear reactors. In Bulgaria, this involves the Kozloduj reactor (blocks 1-4), in Lithuania the Ingolima reactor (blocks 1-2) and in Slovakia the Jaslovské Bohunice V1 reactor (blocks 1-2).

The European Union is contributing to their decommissioning from its joint budget. All of these particular blocks were already stopped in previous years, and currently it is necessary to carry out extensive activities related to decontamination and disassembly of blocks and to resolve handling of spent fuel and radioactive waste, so that all of these facilities can be finally taken out of operation. Therefore, the objective of the EU's financial aid is to support countries with decommissioning of stopped nuclear reactors and to contribute to resolving (easing) environmental impacts of closing the facilities.

The process of decommissioning nuclear facilities itself is a very lengthy process, is expensive and includes various tasks that need to be done before each facility is finally shut down. These include preparing plans for decommissioning, preparation of documentation necessary for obtaining permits and infrastructure projects for waste handling.

After the reactors are stopped, it will be necessary to focus on other activities, such as elimination of spent fuel, decontamination, disassembly and demolition of nuclear facilities, safe storage of radioactive waste and environmental restoration of contaminated sites.

The entire process will be finished when the regulation check is finished and the radiological restrictions are lifted.

Main goals of individual programmes

The programmes are intended to help mainly support decommissioning of nuclear facilities from operation, environmental restoration, modernisation of conventional production capacity, further modernisation of production, the

transfer and distribution of energy, increased safety of the energy supplying process and improvement of energy efficiency.

Slovakia, as part of its own contribution to financing decommissioning of power plants, has established a special tax on electricity transfer. The other two countries have not implemented such measures. The European has allocated 1.643 billion euros from the joint budget (in regular costs) to support these programmes for the next seven years.

Bulgaria (Kozloduj) and Slovakia (Bohunice) – [Council Regulation \(Euratom\) No. 1368/2013](#)

The main priorities of the Kozloduj and Bohunice programmes, which in the years to come will be financed by the EU, include disassembly of turbine halls of blocks and in other related buildings, along with disassembly of large parts and equipment in reactor buildings and ensuring safe handling of waste during decommissioning of facilities. The financial resources intended for the main priorities of both programmes total 518.4 million euros in regular prices, of which 293 million has been allocated for the Kozloduj programme, and 225.4 million for Bohunice.

Lithuania (Ignalina) – [Council Regulation \(EU\) No. 1369/2013](#)

In the next seven years, EU financial resources will be directed mainly to elimination of fuel from active zones of the reactor in block 2 and from the fuel tanks of blocks 1-2 in equipment for dry storage of spent fuel, for maintenance of reactor blocks, for disassembly in the turbine hall and related buildings, and for ensuring safe waste handling. In total, the EU has prepared 450.8 million euros in regular prices for this programme and activities for the subsequent period.

Of the remaining financial resources intended for individual programmes, it is also possible to pay expenses related to preparation, monitoring, checking, auditing and evaluating the process of removing nuclear facilities from operation. Resources may also be used for various studies, discussions by expert groups, information and communication activities, administrative assistance, etc.

The European Commission has pledged that no later than by the end of 2017 together with the involved member states it will perform a detailed evaluation and determine whether the set objectives have been fulfilled and whether there has been progress in the process.

The Statistical Window displays the selected economic indicators of all 28 EU Member States. It includes comparable data from the labour market (the unemployment rate, the labor costs compared to the EU average in the business sphere B-N, work productivity compared to the Czech Republic) as well as price characteristics (year-to-year inflation based on the HICP index, average mortgage interest rates and electricity prices compared to the EU average for 1000-2500 kWh). For a comparison, the same indicators for the entire EU are shown in the table.



Key microeconomic indicators

in %	Inflation (YoY)				Unemployment rate				Labor costs to Ø EU			
	V-14	VI-14	VII-14	VIII-14	Q3-13	Q4-13	Q1-14	Q2-14	2010	2011	2012	2013
Belgium	0.8	0.7	0.6	0.4	8.5	8.5	8.4	8.5	148.5	148.6	149.6	150.2
Bulgaria	-1.8	-1.8	-1.1	-1.0	12.8	12.9	12.2	11.8	13.4	14.2	14.4	15.4
ČR	0.5	0.0	0.6	0.7	6.9	6.7	6.6	6.2	44.0	44.6	44.8	44.6
Denmark	0.3	0.4	0.5	0.3	7.2	6.8	6.8	6.4	152.8	152.5	151.5	151.3
Estonia	0.6	0.4	0.0	-0.2	8.3	8.6	7.9	7.4	34.6	35.3	36.8	39.1
Finland	1.0	1.1	1.0	1.2	8.1	8.3	8.4	8.6	122.8	122.6	125.1	125.6
France	0.8	0.6	0.6	0.5	10.3	10.2	10.2	10.2	133.3	134.1	134.1	132.4
Croatia	0.4	0.5	0.5	0.3	18.1	17.3	17.4	16.6	38.1	38.1	38.1	38.3
Ireland	0.4	0.5	0.5	0.6	12.8	12.2	12.0	11.7	120.4	115.9	116.1	115.0
Italy	0.4	0.2	0.0	-0.2	12.3	12.5	12.6	12.5	112.8	112.3	112.1	113.0
Cyprus	-0.1	0.0	0.9	0.8	16.5	16.6	15.7	15.1	72.5	71.8	70.4	66.7
Lithuania	0.1	0.3	0.5	0.3	11.4	11.2	11.6	11.4	23.7	23.7	24.2	25.5
Latvia	0.8	0.8	0.6	0.8	11.7	11.5	11.4	10.8	26.4	26.6	27.1	27.9
Luxembourg	1.4	1.2	1.2	0.7	6.0	6.1	6.2	6.2	147.0	147.6	147.8	150.5
Hungary	0.0	-0.1	0.5	0.3	10.1	9.2	8.0	8.1	36.3	37.3	38.6	38.7
Malta	0.4	0.7	0.6	0.8	6.4	6.5	6.0	5.7	55.3	55.5	56.2	56.8
Germany	0.6	1.0	0.8	0.8	5.3	5.2	5.2	5.0	121.5	121.9	122.8	123.6
Netherlands	0.1	0.3	0.3	0.4	7.0	7.0	7.2	7.0	134.3	133.4	133.1	135.0
Poland	0.3	0.3	0.0	-0.1	10.3	10.0	9.8	9.2	35.2	35.7	36.0	36.7
Portugal	-0.3	-0.2	-0.7	-0.1	16.0	15.4	14.9	14.4	53.7	52.8	49.1	47.5
Austria	1.5	1.7	1.7	1.5	5.0	5.0	5.0	n/a	123.7	124.8	127.5	129.4
Romania	1.3	0.9	1.5	1.3	7.3	7.3	7.2	7.2	22.6	23.5	24.4	24.9
Greece	-2.1	-1.5	-0.8	-0.2	27.8	27.6	27.2	27.1	79.1	72.6	67.0	n/a
Slovakia	0.0	-0.1	-0.2	-0.2	14.3	14.1	13.9	13.9	34.7	35.2	35.3	35.8
Slovenia	1.0	1.0	0.3	0.0	9.9	9.7	10.2	10.2	61.2	60.9	60.0	58.4
Spain	0.2	0.0	-0.4	-0.5	26.1	25.8	25.3	24.7	89.3	89.4	88.4	87.4
Sweden	0.1	0.5	0.4	0.2	7.9	8.0	8.1	8.0	152.6	152.6	155.3	155.7
UK	1.5	1.9	1.6	1.5	7.5	7.1	6.7	6.3	115.5	114.7	113.8	113.2
EU	0.6	0.7	0.5	0.5	10.8	10.7	10.5	10.3	100.0	100.0	100.0	100.0

in %	Productivity to Ø CR				Average interest rate on mortgages				Price electricity to Ø EU			
	2010	2011	2012	2013	2011	2012	2013	1H-14	2010	2011	2012	2013
Belgium	259.6	257.1	266.6	282.3	n/a	n/a	n/a	n/a	121.0	122.1	116.1	111.5
Bulgaria	33.3	35.2	38.2	40.0	8.8	8.3	7.8	7.6	45.2	43.5	43.9	42.5
ČR	100.0	100.0	100.0	100.0	4.6	4.2	3.6	3.4	118.9	119.0	113.2	109.4
Denmark	286.5	283.0	295.4	313.5	4.0	3.5	3.7	3.3	164.5	167.6	160.6	153.3
Estonia	83.5	85.4	91.1	98.8	3.7	3.1	3.0	3.0	55.2	53.0	55.2	65.4
Finland	239.6	241.7	251.3	266.6	2.6	2.2	2.2	2.2	94.1	100.7	95.7	94.2
France	237.2	235.3	244.0	258.5	4.4	4.5	3.9	3.8	82.7	81.7	78.4	80.8
Croatia	97.1	95.7	100.5	104.8	n/a	n/a	n/a	n/a	62.2	60.8	68.8	69.6
Ireland	279.5	283.2	293.2	n/a	3.5	3.3	3.5	3.3	118.2	125.3	131.8	135.9
Italy	211.2	207.5	210.5	222.6	3.6	4.3	3.9	3.7	89.2	86.8	94.3	93.2
Cyprus	147.2	145.7	153.9	157.6	5.3	5.5	5.4	5.1	106.1	114.9	138.5	122.5
Lithuania	73.9	79.5	84.9	91.6	4.3	3.3	2.7	3.0	66.5	65.2	62.9	66.0
Latvia	70.4	75.4	83.3	89.2	4.7	3.9	4.1	n/a	57.6	61.1	61.6	59.3
Luxembourg	599.0	599.5	614.3	n/a	2.5	2.4	2.2	2.3	105.5	95.7	92.2	87.2
Hungary	84.7	83.6	82.2	85.2	10.6	12.0	9.6	7.8	94.3	87.4	80.8	69.1
Malta	130.8	128.2	131.3	138.4	3.6	3.6	3.4	3.3	110.0	103.2	97.5	94.0
Germany	204.8	204.5	211.0	224.3	4.1	3.2	2.9	2.8	146.2	143.2	140.7	149.2
Netherlands	229.6	225.4	230.6	n/a	4.6	4.3	3.9	3.5	52.9	55.0	56.1	55.3
Poland	76.3	76.8	80.4	85.5	7.1	7.4	5.9	5.6	80.3	78.2	75.1	71.5
Portugal	115.6	112.9	116.0	124.6	4.8	4.8	4.3	4.1	100.7	102.6	110.2	109.3
Austria	n/a	n/a	n/a	n/a	3.4	3.3	2.8	2.8	117.8	113.8	109.1	110.2
Romania	43.6	45.2	45.6	51.8	9.5	8.1	7.6	5.6	57.6	56.8	53.4	62.3
Greece	156.9	151.0	156.0	159.4	4.7	3.6	3.1	3.2	57.2	56.5	61.2	67.7
Slovakia	94.6	95.9	100.4	106.0	5.2	5.3	4.4	4.0	97.7	98.1	95.1	89.9
Slovenia	122.4	122.4	122.7	n/a	4.1	3.6	3.5	3.7	92.7	87.1	85.8	90.8
Spain	184.1	181.7	190.4	n/a	3.5	3.4	3.2	3.3	111.7	116.4	120.5	114.4
Sweden	259.0	270.3	289.8	307.7	4.0	3.6	2.8	2.4	113.0	116.2	109.2	106.9
UK	198.6	195.6	215.2	n/a	n/a	n/a	n/a	n/a	83.9	84.1	92.4	90.5
EU	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	100.0	100.0	100.0	100.0

Source: Eurostat

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