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Dear readers,

Does it also seem to you that January and the whole year of 2015 started very fast and that you almost do not remember the festive Christmas tranquility? For me there is a known culprit. It is the political crisis after the failed presidential elections in Greece and the resulting concern that in the winning future government, the leftist party Syriza will not find a common voice with the creditor troika of the IMF, ECB and European Commission on the topic of compliance with the conditions of the rescue package for the Balkan economy. The current issue does not cover this topic since it will not fully manifest itself until the first week of January, and will therefore be the subject of the next issue of the Monthly.

The "Greek crisis" will severely test the new presiding country Latvia right away. A major part of the time of the Baltic state's presidential representation and politicians will be spent dealing with the debt crisis and answering provocative questions about whether the Greeks would ultimately be better off outside such a challenging environment with the difficulties posed for them by a common European currency.

At the same time the first day of this year showed that the idea of European monetary union is still attractive, but only for those countries that are ready for it. On this day in fact the number of countries where the euro is used was extended to Lithuania, which has now become the 19th state in the eurozone. Now it seems that the enlargement of the eurozone has chosen to take a break for a while and I would not even rule out that the development could be reversed, i.e. that in the next few years the number of Eurozone countries could fall slightly.

Not only will Angela Merkel and François Hollande have a strong voice in the direction of the so-called. "Economic and Monetary Union" but also Donald Tusk. The former Polish Prime Minister in fact became the new permanent President of the European Council in early December when he replaced Herman van Rompuy in the function.

Donald Tusk might sleep better if he takes in the latest attempt to activate ailing European investments designed by the European Commission and its chief, Jean-Claude Juncker. The core of the so-called. "Investment Plan for Europe" is the creation of a new European Fund for Strategic Investments, which according to its creators can magically turn 21 billion euros of invested capital into 315 billion euros of total investment in infrastructure projects and business support. To find out how they intend to do this, read the Main Topic on page 9.

Which of our readers is not interested in taxes, whether or not he or she reads the article on page 8. It was written for us by Professor Jan Široký, who become known not only to professionals as the author of the successful publication that has been updated various times "Taxation in the European Union", which is also among the basic study material in our EU Office. And the theme? What else than what awaits and doesn't await us in taxation at the European level this year.

With the arrival of the new year, we cannot forget the summary of the main priorities that the European Commission will address this year. Please turn to the "Microscope" section on page 6.

Dear readers of our Monthly, I wish you good luck, health and professional and personal success in 2015!

Jan Jedlička

Jan Jedlička

Donald Tusk has officially taken office as President of the European Council. – Latvia will be the new President of the EU Council for the next six months. - Lithuania has become the 19th Member State in the eurozone. – The government has completed its list of projects for Juncker's package, now it can cross this off its list. - According to Věra Jourová the investment package is an opportunity for projects with a higher risk on return. - The European Union has agreed on the new budget for 2015.

POLITICS

Donald Tusk has officially taken office as President of the European Council

The former Polish Prime Minister **Donald Tusk** officially took office as the new "European President" on 1 December 2014. In Brussels he took over the function from the hands of the existing European Council President Herman Van Rompuy.

According to him, the European Union must finally deal with the economic crisis and **complete economic and monetary union**. It should also strengthen its position in the international environment. "Europe must defend its borders and protect those in its neighborhood who share the same values as us," pointed out the new "President" about what is happening in the vicinity of the Union. He also emphasized the **development of relations with the United States**.

The coming months will show what role Tusk will play as the head of the Union. According to a number of commentaries, however, he may be seen in his role more than his predecessor.

http://www.european-council.europa.eu/home-page/highlights/inauguration-of-donald-tusk,-new-president-of-the-european-council?lang=cs

Latvia is at the head of the EU Council

After the six month **Presidency** of Italy, from 1 January 2015 the EU Council will be led by one of the Baltic republics - Latvia.

The Latvian Presidency's **logo** is a **millstone**, which symbolizes stability and prosperity. As the Latvian Foreign Minister Edgars Rinkévičs stated, the "Latvian Presidency – is basically a millstone that rotates and drives the wheel of the European Union, solves problems and reinforces the important role of the Union."

EU2015.LV

The priorities of the Latvian Presidency are defined as follows:

1) Competitiveness and growth in the EU

2) Utilization of Europe's potential in the digital market

3) Strengthening the role of the EU as a global player

One of the **main tasks** for Latvia will be negotiations with its eastern neighbor because of the Ukrainian crisis. However the **energetic and economic stability** of the EU will also be important issues, also because Latvia will be present at the birth of the European Fund for Strategic Investments, which should be completed in mid-2015. The EU economy should gain 315 billion euros from the fund. You can read more about this fund which is part of the investment package in our Main Topic on page 9.

The third priority is the issue of the **digital market:** reforms in the areas of telecommunications and energy.

Term	Presiding country	Term	Presiding country
1H/ 2014	Greece	**2H/ 2014**	Italy
1H/ 2015	Latvia	**2H/ 2015**	Luxembourg
1H/ 2016	The Netherlands	**2H/ 2016**	Slovakia

http://www.es2015.lv/en/

ECONOMY AND EURO

Lithuania has become the 19th Member State in the eurozone

From 1 January 2015 Lithuania became the nineteenth Member State in the eurozone. The exchange rate of the existing Lithuanian currency was set at **3.4528 litas per euro**. The so-called dual circulation period, i.e the period during which both currencies will circulate simultaneously, was set at **two weeks**.

During this time, people can pay in both currencies, but will receive change only in euros. Eurobanknotes and eurocoins will then become the legal means of payment from **16 January 2015**. Since 23 August 2014 shops have been required to display prices in both currencies. This rule will be valid until the end of June 2015. Since 2002 the change of Lithuania's currency to the euro has been firmly established.

As the November survey of the Lithuanian central bank showed, **53% of the 3 million inhabitants agree with adopting the euro**. The Prime Minister of Lithuania Algirdas Butkevičius said that the euro is a "guarantee of economic and political security."

People can change old Lithuanian currency to euros free of charge at **commercial banks** and **post offices**: at commercial banks until 30 June 2015, at post offices only until 1 March 2015, and only up to 1000 euros. Then from 2016 it will be possible to exchange old currency only at the central bank (again free of charge and for an unlimited period).

Enlargement of the eurozone

1999	Belgium, Finland, France, Ireland, Italy, Luxembourg, Germany, Netherlands, Portugal, Austria, Spain	**2009**	Slovakia
2001	Greece	**2011**	Estonia
2007	Slovenia	**2014**	Latvia
2008	Cyprus, Malta	**2015**	Lithuania

Source: Ministry of Finance of the Czech Republic

http://ec.europa.eu/economy_finance/euro/countries/lithuania_en.htm

The government has completed its list of projects for Juncker's package

For the first time the government discussed the priority projects which it wants to promote over the next three years through the Juncker investment package, which received the blessing of the European presidents and prime ministers on 18 December 2014.

In the first stage a working group of experts prepared a **list of about two thousand projects** for the whole EU that could be eligible for support from the European Investment Plan. In total, according to the view of the Commission the plan could bring in up to 315 billion euros.

For the Czech Republic **projects for the construction of energy, transport and digital infrastructures** are particularly important. According to Prime Minister Sobotka, mainly projects that have an adequate preparation phase will be prioritized so that time is not wasted in the implementation of the investment plan.

The ministry responsible for each individual priority area spoke with Czech firms when preparing the list so that from their upcoming investments they would select those which they thought fit the investment package. The Ministry of Finance then submitted the preliminary list to the Commission.

http://ec.europa.eu/priorities/jobs-growth-investment/plan/index_en.htm

Commissioner Jourová: The investment package is an opportunity

The purpose of the investment plan of European Commission President Juncker, which was introduced in November 2014, is to **revive the EU economy** with financial injections in excess of 300 billion euros. This can be achieved through using the leverage from an initial investment of public resources combined with private capital.

The resources that will be transferred from the EU budget to the new European Fund for Strategic Investments to support the European Investment Bank will serve as a guarantee so that investors gain confidence and don‘t hold on to every euro.

According to Commissioner Jourová, in particular it will be possible to support **projects with a higher risk on return**, i.e. those that under normal circumstances would not be able to depend on the support of existing instruments, in particular the European Structural Funds.

http://www.euractiv.cz/regionalni-rozvoj/clanek/komisarka-jourova-investicni-balicek-je-sance-012363

BUDGET

The EU has agreed on a budget for 2015

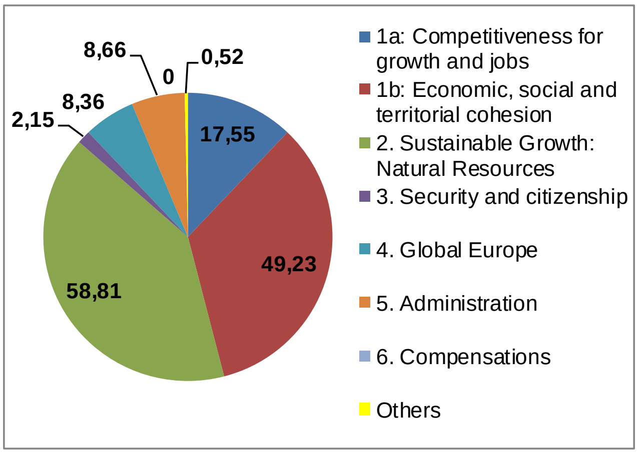
On Wednesday, 17 December 2014 the Parliament approved the draft EU budget for 2015 and the completion of the budget for 2014. The budget for 2015 provides for **commitments** (legal pledges for the release of funds) in the amount of **145.32 billion euros,** resources for payments (representing the actual amount of funds that will paid in the given year) amounting to 141.21 billion euros and additional funds to pay unpaid bills from 2014, which amount to 4.25 billion euros.

The Parliament succeeded in negotiating an **increase** for some programmes, such as the **Framework Programme for Research and Innovation Horizon 2020**, the student exchange programme **Erasmus +** and for **foreign policy**. The agency overseeing the banking sector and **Frontex** (the European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union) should also receive more money.

The European Parliament approved the new budget provided that the European Commission introduces a plan to pay down unpaid bills to a sustainable level by 2016. In 2010 the **value of outstanding commitments** was 5 billion euros, but by **the beginning of 2014 it had reached more than 23 billion euros**.

According to European Commission President Jean-Claude Juncker the Russian South Stream is not completely dead yet, but the European Union is looking for new sources. – The Czech Republic and its neighbors are planning a raid on Juncker‘s package for the sake of energy security. - The European Union could accept a higher commitment say climate defenders. – The Czech Republic has opened the door to the drawdown of EU funds. - Brussels has approved a fifth of the Operational Programmes, but so far none for the Czech Republic.

EU budget for 2015 in commitments (billion euros)



Source: European Commission

http://www.europarl.europa.eu/news/en/news-room/content/20141212IPR01102/html/Parliament-approves-EU-budgets-for-2014-and-2015

ENERGY AND TRANSPORT

The Russian South Stream is not dead yet, but the EU is looking for new sources

According to European Commission President Jean-Claude Juncker, the Russian **South Stream** gas pipeline has not yet been completely buried. After a meeting (on 4 December 2014) with Bulgarian Prime Minister Boyko Borisov, Juncker accused Moscow of holding Sofia hostage in the tense situation of Russian-EU relations.

On 1 December 2014 Russia in fact announced that the construction of the pipeline, which would carry Russian gas to Europe through Bulgaria, has been terminated due to **European competition requirements**. Moscow will now cooperate with **Turkey** on the **alternate route**.

According to Juncker the problems surrounding South Stream are not insurmountable and the EU can work to solve them. However, in his view Russia must not push the Balkan country which depends on its gas to the wall.

For a number of years the European Union has been looking for a way to avoid repetition of the crises of 2006 and 2009, when supplies to Europe were restricted due to disputes between Russia and Ukraine. The new South Stream **pipeline would bypass the territory of Ukraine** and transport Russian gas to southeast Europe.

Construction collided with EU legislation however. **It did not comply with the rules** under which gas suppliers may not have simultaneous control over gas pipelines.

The European Commission was also unhappy that in an intergovernmental agreement, Bulgaria gave Russia's Gazprom a **tax advantage** that does not conform with European regulations. Moreover since Russian aggression in Ukraine has also increased European distaste for Russian gas, the project does not have as much support as before.

http://europa.eu/rapid/press-release_STATEMENT-14-2368_en.htm

The Czech Republic and its neighbors are planning a raid on Juncker‘s package for the sake of energy security

If the countries of Central Europe pull together, they could obtain a decent sum of money for financing energy infrastructures. This would help them **increase energy security**. At least this depends on Visegrad Group leaders who want to work together for money from the Juncker investment package.

The Commission would like to prioritize, among other things, projects that will strengthen the interconnection of energy networks and energy markets and help diversify Europe's energy resources. This is particularly a priority for Central European countries which are more dependent on Russia.

Thus **terminals for the importation of liquefied natural gas** and the infrastructure needed for its processing, cross-border interconnections or gas reservoirs and also interconnection of systems needed for the transmission of electricity could appear on the list of projects.

http://www.euractiv.cz/energetika/clanek/visegradska-ctyrka-planuje-jak-z-junckerova-balicku-dostat-co-nejvic-penez-012347

ENVIRONMENT

The European Union could accept a higher commitment say climate defenders

The European Union has **failed to obtain assurance** that the future global climate change agreement will be legally binding. This was nevertheless one of the EU priorities for the recently ended climate **conference in Lima, Peru**. This question still remains completely open. **The United States is against** a binding agreement, among other things.

The two-week climate conference, which was held in Lima from 1 December 2014, was originally due to end on Friday 12 December. In the end, however, the representatives of nearly two hundred countries did not agree on the basis of a new global agreement until two days later. Nevertheless

this was the last regular Conference of the Parties to the UN Framework Convention on Climate Change before the expected meeting in Paris.

At the end of next year in the capital city of France a new climate agreement is to be signed. However **the majority of the controversial issues remain unresolved**. The main reason is the differing views of the rich industrialized countries and the poorer developing countries, which were also asked in the Lima agreement to participate in reducing their emissions.

During 2015 several working groups will still be held at a lower level which should fine-tune some issues before the Paris negotiations. **Several options have been proposed** so far on some points in the future climate treaty and work on these will continue.

In the meantime, according to conservationalists, EU countries should reopen the debate over their own goal, which was agreed at the last summit in Brussels. By 2030 they agreed to **reduce greenhouse gas emissions by 40% compared to 1990**. Some states called for a stronger commitment, however especially if this could faciliate the adoption of an ambitious global agreement.

http://ec.europa.eu/clima/events/articles/0098_en.htm

REGIONAL POLICY

The Czech Republic has opened the door to the drawdown of EU funds

For 2014 the Czech Republic was threatened with not managing to utilize up to 20 billion euros earmarked for it in the EU Cohesion and Structural Funds.

In 2015, in which it is still possible to attain some subsidies, the final count can probably still be adjusted.

Because of this the Czech delegation in partnership with Slovakia tried to reopen this issue at the **European Council meeting** in Brussels which took place on 18 December 2014. According to Prime Minister Bohuslav Sobotka this **was successful**. As he informed Czech journalists, **the countries obtained a promise from the European Commission** that it will look for possible solutions. But these will not consist of an extension of time for drawdown of funds or any additional resources.

Moreover in the summit conclusions the Czechs succeeded in obtaining a reference to **long-term support of large key projects**. According to the Premier, these are important projects that have been funded from the previous financial perspective and will continue into the current one.

The high-level summit on European Union policy for the first time under the direction of the new "European President" Donald Tusk, focused primarily on ways of supporting the EU economy (i.e. the Juncker investment package) as well as the current situation on the eastern borders of the EU.

http://european-council.europa.eu/council-meetings?meeting=0c9bd294-34bf-41e4-8ed7-b8f7ec0a144c&lang=cs&type=EuropeanCouncil

Brussels has approved a fifth of the Operational Programmes, but so far none for the Czech Republic

Although the new 2014-2020 programming period has been running for nearly a year, applicants for EU subsidies have not yet seen even a euro. **Incomplete preparation** has prevented the start of utilization of the EU's billions. In fact Member States and the European Commission are still negotiating the form of Operational Programmes, through which resources from the European budget allocated to cohesion policy will be redistributed.

Currently in the 28 European countries only a few of such programmes have received the green light. The European Commission had estimated that by the end of 2014 **it would be possible to approve** a little over a hundred Operational Programmes out of a total of **535**, or approximately **one-fifth**.

MEPs therefore called on the European Commission and Member States to treat the approval of the Operational Programmes in the most responsible way and to adopt the greatest possible number of programmes. Countries also recognize that it is **necessary to approve the highest quality programmes** to prevent them from being reworked in the future.

http://ec.europa.eu/regional_policy/newsroom/detail.cfm?LAN=en&id=1506&lang=en

The European Commission Representation in the Czech Republic contributes to the EU News Monthly Journal in the "Commission's Column" section. In the January issue, the Commission's article discusses the priorities of the European Commission for 2015. The common denominator in all the proposals is job creation, growth and investment promotion. Key topics will include the Energy Union, the investment plan, the digital economy and society and combatting tax evasion.

THE EUROPEAN COMMISSION'S PRIORITIES FOR 2015

On Tuesday 16 December the European Commission presented its work programme for 2015. **Job creation, growth and investment promotion** are the common denominator in all of its proposals.

The **investment plan** which will pump 315 billion euros into the European economy over the next three years, is the main task for the new year. Because of this in January the European Commission will already submit the legal framework for the future **European Fund for Strategic Investments (EFSI)**.

From the results of the last European Council (18. 12. 2014), at which the top leaders of all EU countries fully supported the investment plan, it can be concluded that the approval of the legal framework for the EFSI could happen as early as summer 2015. It appears that all 28 governments and the European Parliament have the will to quickly agree on the rules of the game.

Another key theme this year will be the **Energy Union**. The strategic framework that the European Union shall present will be a plan to ensure stability in the energy market. However it should simultaneously help employment, reduce energy costs and play a global role in the post-Kyoto negotiations, which will culminate in the summit in Paris in December 2015.

The connection between the investment plan and the Energy Union is evident and it is expected that funds from the above-mentioned new fund will go primarily to **large energy infrastructure projects** such as pipelines, terminals for the import of liquefied natural gas and projects to support research and the development of new energy technologies.

In the spring the very promising **digital market** will also be in the spotlight. This is an area with enormous potential for growth and job creation. But it is also the sector in which the rules of the internal European market **are least unified**. Because of this the Commission intends to create **conditions for an active digital economy and society** through modification of the European regulations in the telecommunications sector, modernization of copyright laws, simplification of the rules for on-line and digital shopping and increasing cybersecurity.

Correct setup of the strategic framework for cooperation and unification of the rules at the European level could bring **additional growth of up to 250 billion euros**.

Because Member States will continue to pursue structural reforms and measures necessary for maintaining healthy budgets, **combatting tax evasion and fraud** will also be a major European topic.

Part of the proposed measures will also be a system in which the country in which profits are generated will also be the country of taxation. Proposals will also be submitted on automatic **exchange of information** on tax decisions and measures to **stabilize the tax base of corporate income tax**.

Among the priority areas are also **deepening the economic and monetary union, international trade** (especially progress in the negotiations on the TTIP agreement on free trade between the European Union and the United States of America), security and migration policy.

A significant novelty in the work programme of the European Commission will be a **considerable reduction in the number of submitted documents**. While in previous years on average each year about **130 proposals** were submitted, in 2015 the Juncker Commission plans new measures only in **23 key areas**.

The Commision's efforts, however, will not stop at reducing the amount of its own proposals. In fact the Commission intends to drastically reduce the number of already pending European legislative acts previously proposed by the Commission.

Of the total 452 documents in the legislative process 80 legal texts will be **completely withdrawn or revised**. Often they deal with standards that have become obsolete or have no chance of being adopted because of longstanding objections of some Member States.

In each indivudual case it will be assessed whether the proposal actually solves the identified problem and whether European legislation is the right solution or whether it would be better to leave the initiative at the level of the individual Member States.

With this procedure the Juncker Commission wants to demonstrate that it takes its declared intention to **"be big in big things and smaller in small things"** very seriously and intends to systematically put it into practice.

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/newsroom/calendar/; http://www.es2015.lv/en/

Meeting of the key EU institutions

5 January 2015	**Brussels, Belgium**	- European Parliament Committee Meetings
8 January 2015	**Brussels, Belgium**	- European Parliament Committee Meetings
12 - 15 January 2015	**Strasbourg, France**	- European Parliament Plenary Session
12 - 15 January 2015	**Strasbourg, France**	- European Parliament Committee Meetings
19 January 2015	**Brussels, Belgium**	- Foreign Affairs Council
19 - 22 January 2015	**Brussels, Belgium**	- European Parliament Committee Meetings
20 January 2015	**Brussels, Belgium**	- General Affairs Council
26 - 27 January 2015	**Brussels, Belgium**	- European Parliament Committee Meetings
27 January 2015	**Brussels, Belgium**	- Economic and Financial Affairs Council
28 January 2015	**Brussels, Belgium**	- European Parliament Plenary Session
29 January 2015	**Brussels, Belgium**	- European Parliament Committee Meetings
2 February 2015	**Brussels, Belgium**	- European Parliament Committee Meetings
5 February 2015	**Brussels, Belgium**	- European Parliament Committee Meetings

Source: www.europa.eu, http://www.es2015.lv/en/, access as of 31th December 2014

After being approved by the European Parliament, the new Commission selected for the 2014 – 2019 period officially started to work on 1 November 2014. It is difficult to say whether the custom of "a hundred days defense", i.e. a new government gets 100 days to defend itself, also matters in the EU but nevertheless when you browse this issue of the EU News Monthly Journal, it could become clear which plans this or that Commissioner considers a priority. The contribution in January‘s "Microscope" section is focused on taxation.

WHAT AWAITS US (OR DOESN'T) IN THE AREA OF TAXATION?

On the team that Jean-Claude Juncker leads **Pierre Moscovici**, the Commissioner for Economic and Monetary Affairs, Taxation and Customs is certainly an interesting character.

Therefore: Will ambitious plans to introduce a common consolidated corporate tax base be revived? Will a so-called CO_2 tax be introduced? Will there be a tax on financial transactions? And how will legislation on VAT be modified?

The Commission's working group has been developing the groundwork for the **Common Consolidated Corporate Tax Base (CCCTB)** project since 2004. The essence of the proposal is the possibility for companies operating in several Member States to determine the tax base under unified European rules. This is not some kind of unified European corporate tax, "only" calculation of the tax base, which would then be shared out among the individual Member States in which the company operates, and there would be subject to national tax. The project has been developed to the level of a proposal for a directive and there is also agreement on the most sensitive parts of the proposal, ie. the apportionment rules created by the tax base (see table).

A CO_2 tax should be part of the extensive review of the Energy Taxation Directive. The essence of this tax structure is the introduction of a distinction between energy taxation specifically linked to the CO2 emissions from consumption of the energy products and energy taxation based on the energy content of products.

The **Financial Transaction Tax (FTT)**, which would place a new tax burden on the financial sector (and thus partly replace VAT since financial services with some exceptions are exempt from VAT) remains a controversial issue.

In addition to the fact that the tax would be introduced only in the 11 Member States in the so-called enhanced cooperation regime, which is to some extent a breakthrough in unanimous approval in the principle of taxation, there is also the question of who actually would bear the tax burden, financial institutions or their clients.

To conclude (definitely "last but not least") would not be possible without mentioning **Value Added Tax** which the Commission probably occupies itself with most at present. This is due to the sad fact that even by conservative estimates, thanks to tax evasion primarily in the form of **so-called carousel fraud** at least one sixth of VAT revenues are not collected. The 2010 **Green Paper** on the future of VAT also notes that even the European Union itself (then the EEC) during the decision on VAT‘s introduction in 1967 promised a bit more from this tax.

The problem however is which methods can eliminate or at least limit large-scale VAT tax evasion. Carousel fraud is based on the very principle of taxation and hampered by the expansion of the reverse-charge which is according to the author of these lines basically a departure from VAT.

The second method for limiting the scope for tax evasion, i.e. more control, in turn means deeper and more comprehensive monitoring of taxpayers, more bureaucracy, more forms and obligations.

In any case, it will thus be interesting to watch the system work this term under the leadership of Commissioner Pierre Moscovici.

A postscript at the very end. **A "European tax" (i.e. personal income tax) is not going to happen!**

http://ec.europa.eu/commission/2014-2019/moscovici_en

Proposal	Legislation	Substance of the proposal
CCCTB	COM(2011)121	CCCTB share apportioned to the company from country A: [1/3 of A's share divided by total group sales + 1/3 (half of A's total payroll divided by the total group volume + half of the number of A's employees divided by the total number of group employees) + 1/3 of A's assets divided by the group's total assets]
CO_2 tax	COM(2011)169	Two components of the tax: 20 EUR per tonne of CO2; 9.6 EUR/GJ
FTT	COM(2010)549 COM(2011)594 COM(2013)71	Rates: min. 0.1% for financial transactions; min. 0.01% for derivative transactions
VAT	COM(2010)695 COM(2011)851	Measures: expanding the reverse charge; deepening the exchange of information about the payer between Member States

prof. Ing. Jan Široký, CSc., Faculy of Economics VŠB-TU Ostrava

In the last issue of our Monthly of EU News, the European Commission Representation briefly presented the European Commission's new investment plan. In view of the scope and importance of Juncker's "investment package", we have decided to focus in greater detail on this topic in the main part of the January Monthly. The investment package was also on the agenda in December. Below you can read some of the conclusions reached at the European Council summit held on 18 December.

INVESTMENT PACKAGE - AN ACTIVATION IMPULSE FOR EUROPE?

INTRODUCTION

In view of the recent economic crisis and provable reduction of investments in recent years in practically all EU member states, an effort to **jump-start and revive** the "stalled" engine of European investments is more than understandable.

However, this investment plan is also intended to **increase investors' confidence and return finances to the real economy**, where they should not only help jump-start revival, but create new jobs as well.

The investment plan for Europe will be a package of measures, which over the next three years (2015-2017) will unblock investments from the public and private sector and release them to the real economy in the amount of at least **EUR 315 billion**.

Investment plan for Europe

Mobilising finances and investment

- A major impulse for strategic investments
- Better access for small and mid-sized enterprises to financing as well as for companies in middle market capitalisation
- Strategic utilisaiton of the EU budget
- Flexibility within the Pact on Stability and Growth for member states contributing to the new European Fund for Strategic Investments.
- Better use of European structural and investment funds

Getting finances into the real economy

- Strategic utilisaiton of the EU budget
- Flexibility within the Pact on Stability and Growth for member states contributing to the new European Fund for Strategic Investments.
- Better use of European structural and investment funds

A better investment environment

- Predictability and quality of regulations
- Quality of national expenditures and tax systems
- New sources of long-term financing
- Elimination of non-financial obstacles in legislation in key sectors at the national and EU levels

European Fund for Strategic Investments (EFSI)

A very important part of the proposed investment plan is the establishment of a new European Fund for Strategic Investments, due to the option of **identifying riskier projects** and involving them in activities that are a subject of greater strategic interest, which, therefore, are more difficult to structure. The European Fund for Strategic Investment will provide **additional sources of financing** and will be focused on **projects with high social and economic value** beyond the scope of the projects currently being financed by the European Investment Bank or existing EU programmes.

The **administrator and organiser** of this specialised fund will be the **European Investment Bank (EIB)**, and it will be co-financed by the EIB and the European Commission. The fund will finance strategic projects in the entire EU in the areas of infrastructure, such as broadband access, energy and transport, education, research and innovation, energy from renewable resources and energy efficiency.

Part of the new financing will be reserved for **support for investments of small and mid-sized enterprises** (those with fewer than 250 employees) and enterprises with middle market capitalisation (those with 250 to 3,000 employees, through the European Investment Fund (EIF), a body within the EIB group specialised in this type of financing.

The new fund, which will be focused on strategic investments, should be **attractive for private investors**, since they take on more complex and risker parts of transactions. This should help investors overcome capital shortcomings by acquiring larger amounts of direct capital investments and additional guarantees for high quality securing small and mid-sized enterprises' lines of credit.

This is an effective way to jump-start the economy and create jobs, including jobs for young people, among whom there is a high unemployment level in many member states.

The topic of the investment package and the EFSI was also discussed by the **European Council** at its summit held on 18 December 2014. It emphasises in its conclusions that the European Fund for Strategic Investments would be an addition to the scope of ongoing EU programmes and to the EIB's traditional activities. In relation to this, it is necessary to support the full use of all existing and allocated EU resources. The Commission will cooperate closely with the affected member states during a search for a solution for the purpose of maximum use of obligations defined in the multi-year financial framework for 2007-2013 and acknowledge that it is desirable in the years to come to implement long-term projects using the flexibility of existing rules.

The European Fund for Strategic Investment will provide the European Investment Bank group (EIB and EIF) a **partial guarantee against risk** (protection from initial losses). This guarantee against risk will enable the European Investment Bank to offer products that will absorb more risk than traditional products.

This will make it possible to invest in projects with higher added value, but also higher risks, which at this time cannot receive financing. Part of the fund's risk capacity can also be used together with national banks providing support.

It has been stated above that thanks to the new investment package, investments should be activated amounting to at least EUR 315 billion, which could then help jump-start further growth and improve the situation on the job market as well.

The fund itself will have EUR 21 billion at its disposal, of which EUR 16 billion will be a created guarantee within the EU budget, and the European Investment Bank will provide an additional EUR 5 billion.

The EU guarantee will be 50% supported (EUR 8 billion) from already existing resources (3.3 billion from the Connecting Europe Facility, 2.7 billion from the Horizon framework programme for research and development, 2 billion from budget reserves).

EFSI	Risk capacity	Multiplier (average)	Investment into the real economy
Long-term investments	16 bn		EUR 240 billion
SME and enterprises with middle market capital	5 bn	x 15	EUR 75 billion
Total	**21 bn**		**EUR 315 billion**

Source: European Commission

So the basis of the fund will be EUR 21 billion, which, as the European Commission points out, could mobilise EUR 315 billion. The **multiplication effect** of the fund should be at least **1:15**. This multiplication effect is a cautious estimate based on prior experience from EU and EIB programmes. For a comparison, the increase in the European Investment Bank's capital in 2013 had an estimated multiplication effect of 1:18.

Just like within the existing facility for loan guarantees for small and mid-sized enterprises within the **COSME** programme, each EUR 1 billion in financing results in an average of at least EUR 20 billion in capital available for small and mid-sized enterprises, which corresponds to the multiplication effect 1:20.

The estimate of the effect 1:15 of the European Fund for Strategic Investments is the result of the initial risk capacity of the fund and is on average **calculated as follows**: for each single initial euro for fund protection, 3 euros of financing could be provided for a specific project in the form of subordinated debt. Since for the particular project this creates a security reserve, it is possible to predict that private investors will invest in priority tranches of the particular project.

It is apparent from the experience of the EIB and the European Commission that 1 euro of subordinated debt catalyses 5 euros in total investment: 1 euro in the subordinated debt plus 4 euros more in priority debt. This means that 1 euro of fund protection generates 15 euros of private investments in the real economy, which otherwise would not occur.

Member states, either directly or through their national banks providing support or similar institutions, will have the opportunity to contribute to the fund in the form of capital. It is important to point out that in the context of assessing public finances within the Stability and Growth Pact, the Commission adopts a favouring position towards such capital contributions.

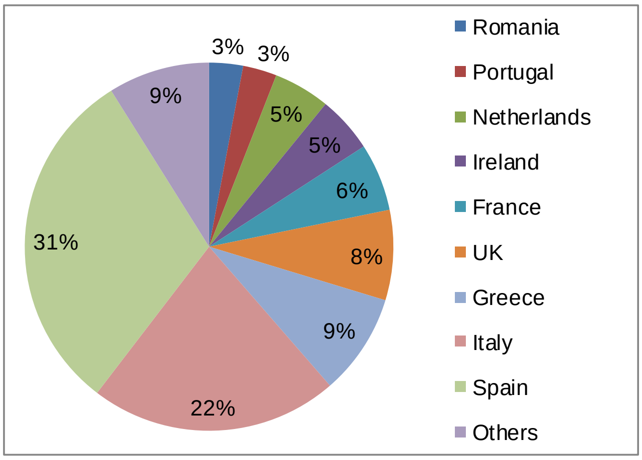
Private investors can also get involved at the level of the fund. The aim is to mobilise additional investments, which when maintaining the current situation would not occur. In connection with this, the role of the new fund and other policies is to mobilise public resources and jump-start private investments and co-financing without creating new debt, and therefore, as stated above, capital contributions to the fund will also be viewed positively.

The trend of high indebtedness of certain member states and mainly the decline in investments since the economic crisis needs to be reversed. After all, **since 2007 investments have fallen by more than EUR 400 billion**.

The largest part of the **decline in investments** in the EU from 2007 to 2013 can be attributed to **Spain** (31%), **Italy** (22%), **Greece** (95), **the UK** (8%) and **France** (6%), which makes up ¾ of the total decline as a result of the sizes of their economies and the extent of the decline in investments or a combination of both factors.

Low confidence among investor also greatly contributes to the low level of investments. This investment uncertainty stems from low expectations about demand for goods and services, splintering of financial markets and a lack of the capacity to tolerate the risks that are necessary for the catalysing of investments. Another problem is the insufficient economic recovery and the resulting uncertainty regarding further development.

Part of the decline in investments in the EU from 2007 to 2013



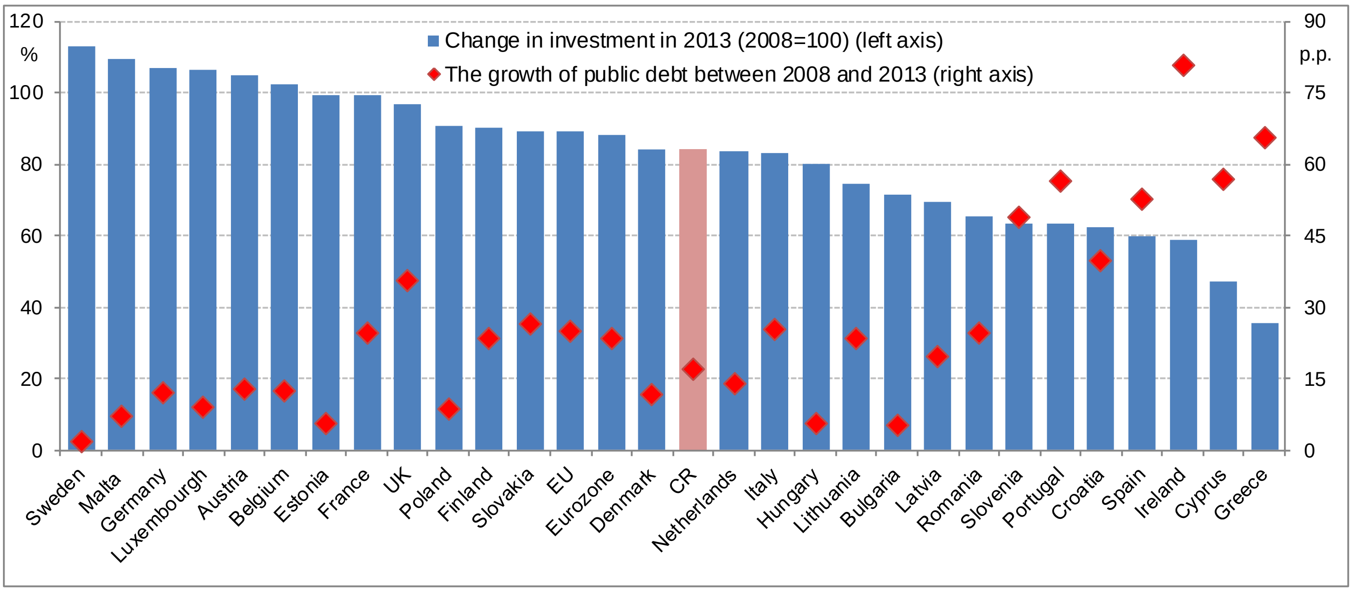
Source: European Commission

The situation is not helped either by the high and in some cases even further **rising level of indebtedness** and the related credit risk in member states that have been hit by the crisis the hardest. So the investment package should help investors gain access to financing that would otherwise be difficult to get, particularly for riskier projects with long-term financing. The ability of the system to bear risk is reduced by the limited fiscal maneuvering space and limitation of bank financing. In connection with this, the best way to use public money is to strengthen the capability of bearing risk in the interest of restarting private investments. That, in a situation when there has been a decline in investments and high debt levels in certain EU states, is more than problematic, as the following graph shows. Compared to 2008, in 2013 only 5 states had higher investment levels. The worst off is **Greece**, which compared to the situation in 2008 is achieving just under **40% of the needed level of investments.** It is worth pointing out that

states that have managed to maintain their investment levels are among the member states where public debt in proportion to GDP has risen the least since 2008. **Ireland, Greece, Cyprus, Portugal** and **Spain** can "boast" of **an increase in public debt** by more than 50%. However, **Greece** is also among **the most indebted member states** (174% of GDP in 2013).

It will not be easy to find a universal and comprehensive solution to improve the situation. The resources that are available in the EU will need to be mobilised and activated to support investments. The Commission prefers an approach based on three pillars: structural reform, so that Europe can set off on a new growth path; fiscal responsibility, so that public finances become healthier and financial stability is ensured; and investments for jump-starting and sustaining growth.

Change in investments and growth of public debt-to-GDP



Source: European Commission - AMECO

However, where should those resources be directed? **A list of sustainable projects** has been created in connection with technical assistance, which directs resources to where they are needed.

Member states already now provide a work group established by the Commission and the EIB in September 2014 with **lists of projects selected based on three main criteria:**

- Projects with added value of the EU to support the EU's objectives), economic sustainability and value – projects with high socioeconomic returns are preferred.
- Projects, which can be commenced at the latest within three years, meaning that capital expenditures can be expected during 2015-2017.
- Besides that, the projects specified in the list should have the potential to receive more sources of financing. They should also have a reasonable size and expandability (depending on the sector or sub-sector). The Commission and the EIB will also launch an extensive technical assistance programme, the aim of which is to identify projects and assist them, so that they are more attractive for private investors.

The Commission and the European Investment Bank (EIB) have set up **a work group**, so that together with member states they can address potential obstacles to investment and evaluate projects for which it will be possible to release finances. The EIB group will ensure that the list of the European Fund for Strategic Investments is **transparent and regularly updated**. Member states, including local bodies and national banks providing support, EU bodies and private investors will be able to contribute to the list by submitting or financing projects.

This means that each project in the list will or should be financed as part of the plan, but thanks to the list it will be visible which investments financing can be released for, and the criteria used to select projects will be transparent.

Providing support for preparing and implementing projects is an important part of the plan. As part of the new approach, the **opinions** of experts from the Commission, the European Investment Bank, national banks providing support and the management bodies of European structural and investment funds **will be made public** in a comprehensive manner.

The support particularly includes:

- technical support during project structuring;
- use of innovative financial instruments;
- use of output from partnerships between the public and private sector.

The **Centre for Investment Advice** will concentrate all investment-related advisory services together, and all questions related to technical support will be directed to a single user-friendly portal with **three target groups**: project submitters, investors and management bodies from the public sector. The intention is to boost and speed up investment through comprehensive and quickly provided advice with the following objectives:

- to prepare and process quality projects and investments;
- to increase the effectiveness of use and the potential of European structural and investment funds (ESIF), the Connecting Europe Facility (CEF), Horizon 2020 and other EU funds, particularly through more intensive and more transparent use of financial instruments corresponding to the needs of the market;
- to improve access to other public and private sources of financing.

This dynamic list currently contains approximately **2,000 projects** at the EU level, a third of which are related to **transport**, and just under a third of the projects are focused on issues related to **strengthening the Energy Union**, a fifth of the projects are related to **knowledge, innovation and the digital economy**, 15% are related to building **social infrastructure**, and one tenth are related to **resources and the environment.** For the **Czech Republic**, just under **50 projects** have been submitted worth more than **CZK 300 billion**, for purposes such as road construction, reconstruction of residential property, natural gas pipeline construction, natural gas storage, water reservoirs, etc.

Another important step besides creating the European Fund for Strategic Investment and a list of projects is **improvement of the investment environment**. The regulation framework at the EU and national levels must be clear, predictable and stable.

The European Commission will have to focus on amendment and/or elimination of specific legislation, regulatory obstacles and other hindrances that are putting the brakes in investment.

CONCLUSION

The investment package should be a major step in the positive shift in the trend of investments towards growth, which should also have an effect on **increasing the EU's GDP** and **creating more than a million jobs.** Putting investment activities in motion will be very important especially in the member states most impacted by the crisis. But what will this bring for the **Czech Republic**? The impact of the investment package on our country will be rather indirect. Since we have a problem drawing money from cohesion funds and there is plenty of liquidity in our economy, the main benefit of Juncker's package will be economic revival in the other states.

The Czech Republic is a small open economy dependent on export and **an increase in investments in other states could increase the number of orders for Czech companies.** The investment package is practically at the beginning of its journey.

There will still be a lot of discussions held about the European Fund for Strategic Investments. In January of 2015, the European Commission will present the legal framework for the European Fund for Strategic Investments, and if those responsible for enacting EU regulations reach an agreement by June, then **the new investments could be activated as soon as mid 2015.**

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 Norway.

NORWAY

Official name	Kingdom of Norway
Population	5 051 300 (2013)
Area	385 364 km^2
Currency	(NOK) Norwegian krone
Official language	Norwegian

Source: Eurostat

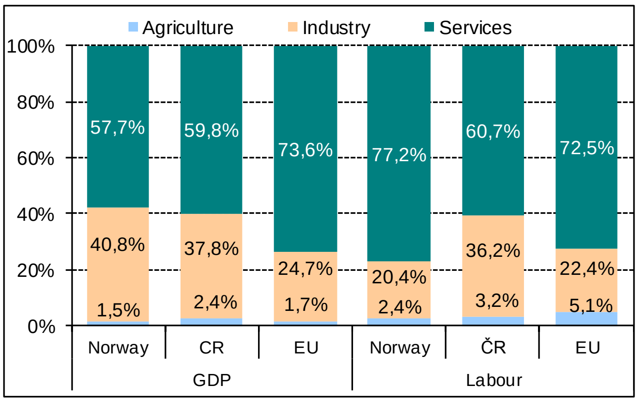
Norway is a country located in Northeastern Europe. Norway borders Sweden, Finland and Russia. Norway is divided into 19 counties and 3 associated territories. The country is constitutional monarchy with a unicameral parliament whose members are elected for 4-year terms. Erna Solbert has served as the country's prime minister since October 2013. King Harald V has reigned as head of state since 1991.

Structure of economy and foreign trade

Norway's main export partners are the UK (25.6 %), Germany (12.6%) and the Netherlands (12%). Norway's main import partners are Sweden (17.7%), Germany (12.4 %) and China (9.3%).

The country's main export commodities are raw non-animal-based oils, which together account for three fifths of exports. The third most important commodities are already processed non-animal-based oils, which make up 5% of the country's exports. Cars are at the top (6%), followed by processed non-animal-based oils (4%) and telephone units (2%).

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



Source: Eurostat, data as of 013

Macroeconomic outlook

Norway's economy consists of industry connected with off-shore natural gas and oil drilling and the rest of the economy (the mainland). In 2013, GDP on the mainland grew by 2%, but a production decline in the off-shore drilling sector in combination with overall weak demand led to growth of only 0.6% for the Norwegian economy.

The Commission predicts that during the rest of the 2014-2015 period, the off-shore drilling sector will be the main growth engine and that during each of those two years the overall growth level will be around 2.4%.

In terms of the structure of the economy, we can expect to see a significant cooling off period on the real estate market, which will slow the pace of growth of domestic demand and construction activities.

EU member states have reason to envy Norway for the situation with its public finances. The Norwegian budget has long been in a huge surplus, which amounts to more than 10% of GDP.

Basic indicators (in %)	2013	2014^e	2015^e	2016^e
GDP Growth	0.6	2.0	2.2	2.3
Unemployment rate	3.4	2.9	3.1	3.2
Inflation	2.0	2.1	1.9	1.9
Current account saldo	11.1	11.2	11.4	11.4
Public debt	29.7	27.8	26.6	26.2

Source: European Commission; ^{e} - estimate

Labor market

The unemployment level in 2007-2008 was at a record low 2.5%, and since then the yearly average unemployment has ranged between 3 and 3.5%, which is not expected to change in the future.

Work productivity for an hour worked in pay per sale in Norway is the highest in Europe. The average labour costs in individual sectors are more than 5 times higher than in the Czech Republic.

Basic indicators of labor market		
Unemployment rate (October 2014)	3.8 %	
Labor productivity to ø EU (2013)	182.7 %	
Ø monthly labor costs in sectors	**Norway**	**CR**
Manufacturing (2013)	9 012 €	1 432 €
Wholesale and retail (2013)	6 079 €	1 388 €
Construction (2013)	6 560 €	1 388 €

Source: Eurostat

Labor law basics

An employment contract must be in writing. An employment contract can be for a definite or indefinite period. The work period has officially been set at 40 hours per week, but in collective agreements it is often set as 37.5 hours per week. At least 40% extra must be added to wages for overtime work. Each employee is entitled to 5 weeks of vacation during a calendar year, and employees over the age of 60 are entitled to one extra week of vacation.

Commercial law basics

According to the World Bank, Norway is the second best country in Europe to do business in and the ninth best in the world. Setting up a limited liability company in Norway takes 7 days and costs NOK 9,666. A company can even be established by just one person.

The minimum equity needed to set up a limited liability company in Norway is equivalent to approximately CZK 100,000, and for a joint-stock company it is 33 times that amount.

Form of Company	Minimum Capital
European Company - SE	120 000 EUR
Limited Liability Company - Aksjeloven - A.S	30 000 NOK
Joint Stock Company - Allmennaksjeselskap - A.S.A	1 000 000 NOK

Source: Norwegian Ministry of Trade, Industry and Fisheries

Main taxes and additional labor costs

Norway's residents are subject to taxation of their worldwide income, while non-residents are taxed only for income earned in Norway. Individual income taxation in Norway is relatively complex. First all income is taxed at a flat rate of 27% (less in certain counties). An additional 9% tax applies for income between NOK 527,400 and 857,300, and an additional 12% tax applies to income above NOK 857,300. However, it needs to be pointed out that there are many additional rates and surcharges as well as deductions. Therefore, an individual can pay a total tax of up to 51% on income. The basic VAT rate in Norway is 25 %. A reduced 15% rate applies to food and beverages. An 8% tax can be applied to services such as public transport, accommodation and cinema.

Basic payments into the social security and health insurance system in Norway are 8.2% for employees, 14.1% for employers and 11.4% for entrepreneurs. Lower rates can be found in scarcely populated areas or if a certain set limit is reached.

Tax/payment	Rate
Corporate Tax	27 %
Individual Income Tax	27 % / +9 % / +12 %
Social insurance (employee)	8.2 %
Social insurance (employer)	max. 14.1 %
VAT (basic /1st lower/2nd lower)	8 % / 15 % / 25 %

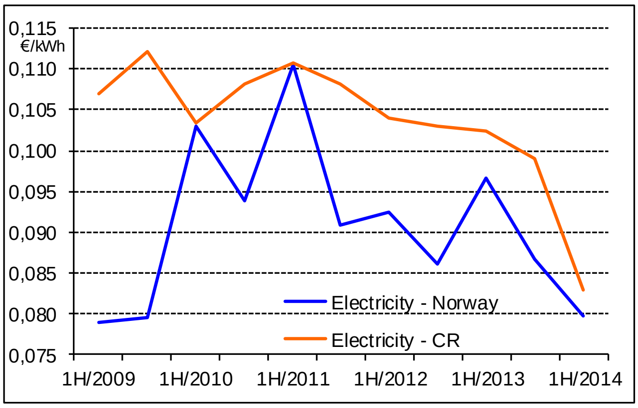
Source: Norwegian Ministry of Finance

Energy

Electricity prices in Norway are more volatile than in the Czech Republic. At the beginning of the monitored period, the price of a single kilowatt hour was 79 euro cents, but it increased gradually to 111 euro cents. Since then it has been declining with slight fluctuations, and in the first half of 2014 electricity cost large Norwegian customers just under 80 euro cents per kWh.

Norway relies mostly on renewable resources for power generation (96%), 90% of which comes from hydro-electric plants. Just under 5% of the country's electricity comes from natural gas.

Development of Energy Prices – Norway (CR)



Source: Eurostat, tariffs for wholesales excluding VAT

Investment incentives

Incentives are primarily intended for scarcely populated and economically lagging areas. The same investment incentives basically exist for foreign investors in Norway as for Norwegian investors.

State investment incentives are managed by the state company Innovation Norway and individual regions. Their purpose is to support and promote potentially profitable businesses. Innovation Norway offers loans and provides guarantees and capital.

The most important investment incentives include contributions for projects in special districts.

The Asylum, Migration and Integration Fund (AMIF) was founded with the aim of contributing to the development of a single asylum and immigration policy in the EU and to strengthen freedom of movement, security and the rule of law while applying the principles of solidarity. Financial resources for the AMIF are part of the multi-year financial framework for 2014-2020, specifically phase 3. Security and citizenship. You can read more about this fund in our January Familiarisation Section.

THE ASYLUM, MIGRATION AND INTEGRATION FUND

During 2007-2013, nearly **EUR 4 billion** was allocated for implementation of a single asylum and immigration policy through **the Framework Programme on Solidarity and Management of Migration Flows (SOLID).**

This programme has **4 parts**:

- the External Border Fund;
- the European Return Fund (RF);
- the European Refugee Fund;
- The European Integration Fund (EIF) for integrating citizens of non-EU countries.

However, in the current budget period of **2014-2020**, the Framework Programme on Solidarity and Management of Migration Flows will not function under the same name and will not even be implemented in the same structure.

The European Parliament and the Council of the EU have approved the establishment of **two new funds**, which replace the specified mechanisms.

They are:

- the Asylum, Migration and Integration Fund, which replaces the RF, the ERF and the EIF;
- the Internal Security Fund, the purpose of which is to support police cooperation, prevent crime, fight against crime and resolve crises.

Directive of the European Parliament and Council (EU) No. 516/2014, establishing the AMIF, specifies **four** main (specific) **objectives**:

- **Asylum policy** - strengthening and development of all aspects of the single European asylum system, including its external dimensions;
- **Integration** - support for legal migration to member states and effective integration of citizens of non-EU countries;
- **Returns** - support for just and effective strategies for repatriation of individuals by member states;
- **Solidarity** - boosting solidarity and sharing responsibilities among member states, especially with member states that are affected the most by influxes of migrants and asylum seekers.

The total financial allocation for the Asylum, Migration and Integration Fund for 2014-2020 is EUR 3.14 billion. A total of **EUR 26.19 million** has been allocated for the **Czech Republic**.

Willingness of EU member states to grant asylum

In 2013, a total of **135,800 persons**, 31.2% of the 436,100 applicants, were granted asylum in an EU member state. **The number of approved applications has grown** year to year by **16.8%** (from 116,300 to 135,800 applications).

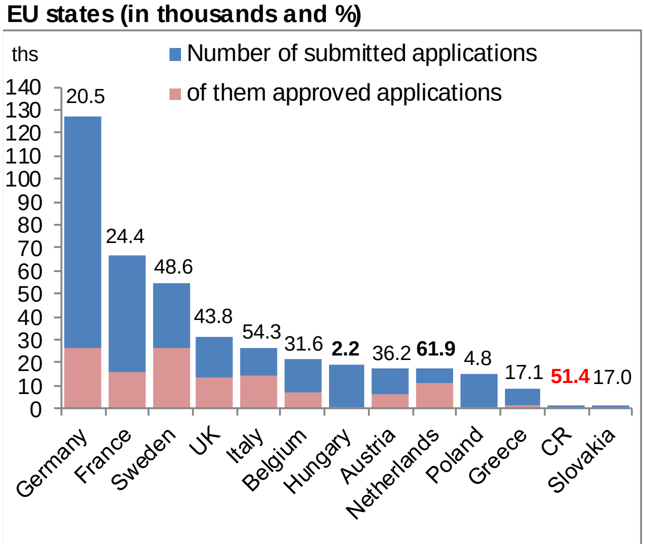
The largest number of asylum seekers were accepted in 2013 by **Sweden** (26,400) and **Germany** (26,100), followed by France (16,000), Italy (14,500), the UK (13,500) and the Netherlands (10,600).

Of the selected countries, which in 2013 registered the highest increase in the number of asylum seekers (see graph), the most generous was the Netherlands, where just under 62% of applications were approved. In Germany and France, 20.5% and 24.4% of applicants respectively received asylum.

The country least willing to grant asylum was Hungary, where only approximately 420 people's applications (2.2%) were successful, out of the total 18,900 applications.

A total of 710 people applied for asylum in the Czech Republic, and 365 applications (51.4%) were approved.

Numbers of asylum applications in 2013 in selected EU states (in thousands and %)



Note: the details by individual columns express the share of approved applications out of the total number of applications in %

Source: Eurostat

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 microeconomic 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	2.5	1.6	0.1	0.3	120.1	119.6	119.6	119.0	110.2	109.6	108.6	109.3
Germany	4.1	3.6	0.4	0.1	119.1	122.3	122.8	124.0	103.5	102.0	101.1	101.5
Estonia	2.5	8.3	4.7	1.6	63.8	69.0	71.2	72.0	74.8	75.9	76.9	79.9
Ireland	-0.3	2.8	-0.3	0.2	127.9	128.1	128.3	126.0	118.1	118.7	117.0	118.1
Greece	-5.4	-8.9	-6.6	-3.3	88.5	80.9	76.3	75.0	94.5	94.5	92.1	89.5
Spain	0.0	-0.6	-2.1	-1.2	99.0	96.0	95.0	95.0	96.6	96.9	95.0	94.8
France	2.0	2.1	0.3	0.3	108.8	108.8	108.4	108.0	110.1	109.7	108.1	109.1
Italy	1.7	0.6	-2.3	-1.9	102.5	101.3	100.2	98.0	101.2	102.9	102.5	103.2
Cyprus	1.4	0.3	-2.4	-5.4	96.6	93.4	91.3	86.0	88.7	88.7	87.4	86.2
Latvia	-2.9	5.0	4.8	4.2	55.1	59.7	64.1	67.0	70.0	71.2	71.6	71.2
Lithuania	1.6	6.1	3.8	3.3	61.7	67.2	71.3	74.0	63.6	64.5	63.9	64.6
Luxembourgh	5.1	2.6	-0.2	2.0	261.7	265.2	262.6	264.0	122.3	123.3	122.1	123.2
Malta	3.5	2.2	2.0	2.5	86.8	85.9	85.7	87.0	77.4	78.4	77.8	79.5
Netherlands	1.1	1.7	-1.6	-0.7	129.6	129.0	127.3	127.0	107.8	108.3	107.6	110.1
Austria	1.9	3.1	0.9	0.2	126.3	128.5	129.6	129.0	105.1	105.7	105.5	106.9
Portugal	1.9	-1.8	-3.3	-1.4	80.1	76.8	75.8	75.0	87.4	87.8	85.9	86.0
Slovenia	1.2	0.6	-2.6	-1.0	84.2	84.2	83.6	83.0	86.1	84.9	83.0	83.3
Slovakia	4.8	2.7	1.6	1.4	74.1	75.2	75.9	76.0	70.3	70.7	70.4	70.6
Finland	3.0	2.6	-1.5	-1.2	114.0	115.5	115.0	112.0	121.7	122.2	121.7	123.5
Bulgaria	0.7	2.0	0.5	1.1	44.1	46.4	47.4	47.0	50.0	48.8	48.3	48.4
CR	2.3	2.0	-0.8	-0.7	80.5	80.9	80.8	80.0	74.6	75.5	72.2	70.6
Denmark	1.6	30.0	-0.8	-0.1	127.6	125.1	125.6	125.0	140.4	142.6	140.6	139.6
Croatia	-1.7	-0.3	-2.2	-0.9	60.0	60.4	61.2	61.0	75.2	73.0	70.0	68.5
Hungary	0.8	1.8	-1.5	1.5	65.9	67.0	66.5	67.0	63.0	61.5	60.3	59.7
Poland	3.7	4.8	1.7	1.7	62.8	64.9	66.8	68.0	60.4	58.6	56.7	56.5
Romania	-0.8	1.1	0.6	3.5	50.5	51.1	52.8	54.0	57.4	58.8	55.4	57.5
Sweden	6.0	2.7	-0.3	1.5	123.3	124.9	125.9	127.0	119.7	125.7	128.7	129.8
UK	1.9	1.6	0.7	1.7	107.6	104.9	104.7	106.0	107.8	108.6	116.5	113.5
EU	2.1	1.7	-0.4	0.0	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	-4.0	-3.9	-4.1	-2.9	96.6	102.1	104.0	104.5	2.4	0.3	0.6	-1.5
Germany	-4.1	-0.9	0.1	0.1	80.3	77.6	79.0	76.9	5.9	6.2	7.2	6.9
Estonia	0.2	1.0	-0.3	-0.5	6.5	6.0	9.7	10.1	2.0	-0.8	-3.3	-0.9
Ireland	-32.4	-12.6	-8.0	-5.7	87.4	111.1	121.7	123.3	-0.1	0.1	0.9	3.8
Greece	-11.1	-10.1	-8.6	-12.2	146.0	171.3	156.9	174.9	-12.0	-10.5	-4.3	-2.7
Spain	-9.4	-9.4	-10.3	-6.8	60.1	69.2	84.4	92.1	-3.9	-3.3	-0.4	1.5
France	-6.8	-5.1	-4.9	-4.1	81.5	85.0	89.2	92.2	-1.7	-2.2	-2.5	-2.0
Italy	-4.2	-3.5	-3.0	-2.8	115.3	116.4	122.2	127.9	-3.5	-3.1	-0.5	1.0
Cyprus	-4.8	-5.8	-5.8	-4.9	56.5	66.0	79.5	102.2	-9.1	-3.0	-5.5	-1.3
Latvia	-8.2	-3.4	-0.8	-0.9	46.8	42.7	40.9	38.2	2.1	-3.1	-3.5	-2.2
Lithuania	-6.9	-9.0	-3.2	-2.6	36.3	37.3	39.9	39.0	-0.2	-3.7	-0.9	1.6
Luxembourgh	-0.6	0.3	0.1	0.6	19.6	18.5	21.4	23.6	7.7	6.5	5.7	5.2
Malta	-3.3	-2.6	-3.7	-2.7	67.6	69.8	67.9	69.8	-6.4	-1.8	3.0	3.1
Netherlands	-5.0	-4.3	-4.0	-2.3	59.0	61.3	66.5	68.6	7.5	7.1	8.8	8.5
Austria	-4.5	-2.6	-2.3	-1.5	82.4	82.1	81.7	81.2	3.1	2.1	2.6	2.3
Portugal	-11.2	-7.4	-5.5	-4.9	96.2	111.1	124.8	128.0	-10.4	-5.6	2.6	-0.3
Slovenia	-5.7	-6.2	-3.7	-14.6	37.9	46.2	53.4	70.4	0.2	0.9	3.0	4.8
Slovakia	-7.5	-4.1	-4.2	-2.6	41.1	43.5	52.1	54.6	-4.7	-3.8	0.3	0.8
Finland	-2.6	-1.0	-2.1	-2.4	47.1	48.5	53.0	56.0	1.4	-1.5	-1.9	-2.0
Bulgaria	-3.2	-2.0	-0.5	-1.2	15.9	15.7	18.0	18.3	-1.3	1.5	-0.7	2.2
CR	-4.4	-2.9	-4.0	-1.3	38.2	41.0	45.5	45.7	-5.2	-4.6	-2.2	-2.2
Denmark	-2.7	-2.1	-3.9	-0.7	42.9	46.4	45.6	45.0	5.7	5.7	5.8	6.9
Croatia	-6.0	-7.7	-5.6	-5.2	52.8	59.9	64.4	75.7	-0.8	-0.6	0.1	0.4
Hungary	-4.5	-5.5	-2.3	-2.4	80.9	81.0	78.5	77.3	0.3	0.8	1.7	4.2
Poland	-7.6	-4.9	-3.7	-4.0	53.6	54.8	54.4	55.7	-4.9	-5.0	-3.8	-1.4
Romania	-6.6	-5.5	-3.0	-2.2	29.9	34.2	37.3	37.9	-4.8	-4.7	-4.7	-1.4
Sweden	0.0	-0.1	-0.9	-1.3	36.7	36.1	36.4	38.6	6.5	5.9	6.3	6.5
UK	-9.6	-7.6	-8.3	-5.8	76.4	81.9	85.8	87.2	-2.6	-1.7	-3.7	-4.2
EU	-6.4	-4.5	-4.2	-3.2	78.4	81.3	85.0	78.1	0.0	0.2	1.0	1.4

Source: Eurostat