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Dear readers,

The month of May brought a series of events that have the ambition of significantly altering the future direction of the EU. What do I have in mind? In Czech we say „the blue party already knows“ – yes, this primarily concerns the results of the parliamentary elections in the UK and the presidential elections in Poland. Both have brought altogether surprising results.

Let's start in chronological order – first, voters across the English Channel enjoyed the role of decision makers. A very close contest between the ruling Conservative party of David Cameron and the opposition Labour Party led by Ed Miliband did not take place; in short Prime Minister Cameron defeated his rival and will have 331 out of 650 deputies in the lower house of parliament. In response to the outcome of the election, lively discussions began on the previously unveiled plan for a referendum on continued participation of the UK in the EU. At the same time, this has also opened speculation on the subject of what a possible departure of Great Britain from the EU - the so-called BREXIT – would mean for the British and European economies. A referendum should be held in 2017, so you are definitely not reading about this topic in the Monthly for the last time.

In the second half of May voters went to the polls in Poland. The resulting expression of the will of our northern neighbors on the topic of who they want sitting in the presidential chair, was even less expected. The current president and favorite of the elections Bronislav Komorowski can pack his bags. Andrzej Duda, the opposition Eurosceptic candidate from the Law and Justice party, will become the new occupant of the presidential palace. Among political commentators this has already stirred up debate about whether this also indicates the outcome of the autumn parliamentary elections (according to the polls Law and Justice is leading).

Another explosive topic in May was the incessant waves of refugees into Europe. A single ingenious recipe for resolving this long-standing problem does not exist, the Commission has now come up with a portfolio of measures that could – Brussels hopes - at least partially remedy it. Some proposals are painless. Others, however, give rise to legitimate passions and concerns - for example, setting quotas for all Member States for the redistribution of immigrants.

Finishing with politics, let's turn our attention to the economic contributions of the current Monthly. The Commission's Column on page 6 studies the set of recommendations for the economic policy of the Czech Republic in the context of the so-called European Semester. Beneath all the mentioned topics (for example enhancing the quality of public administration, improving tax collection, reforming higher education, increasing transparency in government procurement) there will soon be signatures.

In the InfoService section on page 7, we evaluate the EUROquiz from the last issue. We asked how the situation in Greece will turn out according to you, our readers. The answers were not clear-cut, but - personally surprisingly for me – a significant minority held the view that the Hellenic Republic will still go bankrupt this year and return to the drachma.

In the Main Topic we introduce the European Commission's Digital Single Market. (Not only) Fans of statistics on Internet usage will be pleased about it.

I wish you inspiring reading of the Monthly and for readers from the ranks of the student community a successful conclusion of the academic or school year.

 Jan Jedlička

# EU Events



Poland has elected a new president, the MEP Andrzej Duda. - Britain has re-elected David Cameron. - The British central bank must explain silent preparations for a Brexit. - The Digital Single Market could bring up to 415 billion euros per year. – The same rules will apply to complaints when shopping online throughout the EU. - The government has approved the Energy Concept.

## POLITICS

### Andrzej Duda has become the new Polish President

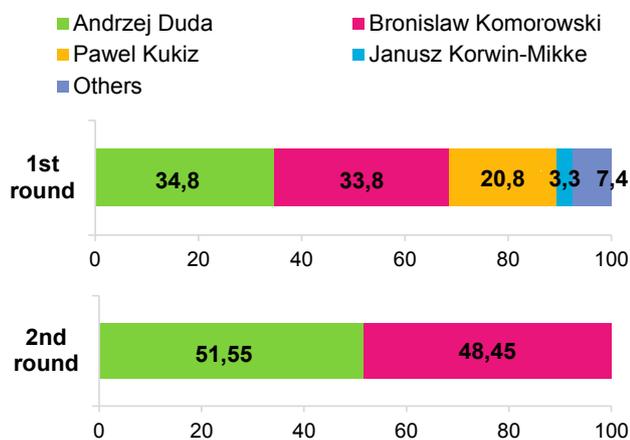
In the second round on 24 May, Poland elected a new president, the MEP Andrzej Duda from the conservative Eurosceptic party **Law and Justice (PiS)**. He defeated the current head of state Bronislaw Komorowski.

Both candidates agreed on the security threat from Russia in the pre-election debates. However they have different opinions for example on the adoption of the euro.

While Komorowski advocates the adoption of the euro in the long term, Duda claims that it would not bring anything good to the Poles. Andrzej Duda also criticizes the current right-wing government for raising the age of retirement to 67 years.

The **balance of power** was quite even until the last moment. In particular, voters had to decide on Pawel Kukize, who finished in third place in the first round. The first round took place on 10 May and in it Andrzej Duda won nearly 35% of the votes. Komorowski won 33.8% of the votes of the electorate.

#### Poland's presidential election 2015 (in %)



Source: Wybory Prezydenta Rzeczypospolitej Polskiej 2015

<http://prezydent2015.pkw.gov.pl/>

### Britain has re-elected David Cameron

The outcome of the parliamentary elections, which were held in the UK on 8 May, was nervously awaited. Nevertheless the results were even more surprising than what was anticipated.

The elections did not turn out nearly as close as the pre-election polls had indicated. On the contrary, the current Prime Minister David Cameron, who heads the Conservative Party **clearly won**.

According to the pre-election polls, the results for the Conservatives and Labour would only vary slightly.

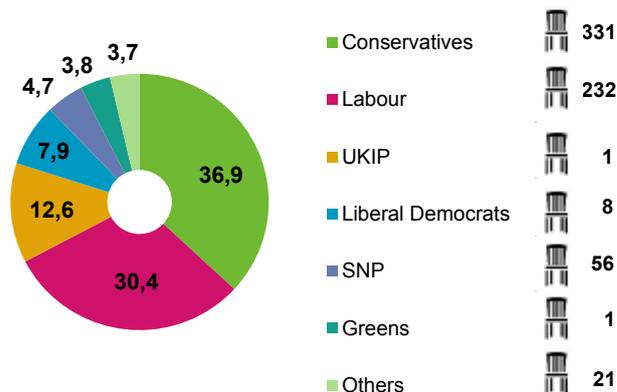
Nevertheless David Cameron's party won **36.9%** of the votes, while Labour „a mere“ **30.4%**. Concerning the number of seats in the lower chamber, the Conservatives won a total of 331 and Labour 232. The Scottish National Party became the third strongest party, winning 56 seats in the 650 member lower chamber.



The elections turned out badly for the UK Independence Party (UKIP), which despite a relatively high number of votes (12.6%), gained only one seat in parliament.

Among other things, Britain will now wait for another referendum on remaining in the EU and its conditions. David Cameron would like to hold a **referendum** on the continued membership of Britain in the EU by 2017. That is why the entire European Union followed the British elections with suspense.

#### UK General Election 2015 (in %)



Source: UK Government

<https://www.gov.uk/government/topical-events/election-2015>

### The British central bank must explain silent preparations for a Brexit

A confidential e-mail, which contained details of a Bank of England study on the impact of the possible exit of Great Britain from the EU, accidentally fell into the hands of journalists from the British daily the Guardian.

The text also included a ban on any e-mail communication within the bank about the project called „Bookend“. The Bank confirmed the authenticity of the correspondence, and also that it is quietly examining the impact of an **exit of Great Britain from the EU**.

It apparently began to assess the potential effects of so-called Brexit shortly after the unexpected victory of the Conservatives in the parliamentary elections. They promised before the election to hold a referendum on an exit in 2017 at the latest.



Some experts, however, are more concerned that there is such secrecy around this than by the fact that the central bank is examining the effects of a possible withdrawal from the European Community.

<http://www.euractiv.cz/evropa-dnes0/clanek/britska-centralni-banka-musi-vysvetlit-tiche-pripravy-na-brexite-012661>

## INTERNAL MARKET

### The Digital Single Market could bring up to 415 billion euros per year

On 6 May the European Commission presented a comprehensive strategy for a **Digital Single Market**, which will provide more opportunities in the digital sector for EU citizens and companies. Overall, the new strategy should increase the employment and competitiveness of the whole European Union. If a fully functioning digital single market is achieved, it could bring up to 415 billion euros per year to the EU economy.

The **comprehensive strategy** integrates policies from several seemingly separate areas of information and communication technology (ICT) across the internal market, research and development, consumer protection and cybersecurity. Due to its broad reach, several commissioners have already been involved in the preparation of the document; among them the Czech EU Commissioner Vera Jourová, who dealt mainly with protection of the personal data of consumers.

Creating a Digital Single Market is the **second priority** after employment for the current Commission President Jean-Claude Juncker. Juncker's strategy builds on the Digital Agenda for Europe, which was created in 2010. However this failed to remove all barriers and the digital market remained subdivided according to Member State borders.

The strategy sets out 16 different measures which, in the words of Jean-Claude Juncker, will help make the Single Market fit for a digital age.



In general, the Commission has identified three main goals, which it wants to achieve in the future: improve the access of consumers and businesses to digital goods and services, enhance the development of digital networks and maximize the growth potential of the digital economy.

[http://ec.europa.eu/priorities/digital-single-market/index\\_en.htm](http://ec.europa.eu/priorities/digital-single-market/index_en.htm)

### The same rules will apply to complaints when shopping online throughout the EU

Later this year, the Czech EU Commissioner Vera Jourová will propose legislation to simplify business done on the Internet. Preparations are being done, for example, to unify the form of contracts between customers and merchants across the EU. The consumer should thus encounter the **same rules** in all EU countries.

A new aspect is attempting to deal with even the beginning of the contractual relationship. Therefore there is a plan to prepare a **model contract** translated into all EU official languages, which customers would find on the webpages of online stores.

According to the Commissioner, the main need is to harmonize the rules on complaints and termination of contracts, which vary in individual Member States.

For more information see our Main Topic on page 9.

[http://ec.europa.eu/priorities/digital-single-market/docs/dsm-communication\\_en.pdf](http://ec.europa.eu/priorities/digital-single-market/docs/dsm-communication_en.pdf)

## ENERGY AND TRANSPORT

### The government has approved the Energy Concept.

After a long wait, on 18 May the government has approved a **new State Energy Concept (SEC)**, which will determine the form of Czech energy for the next twenty-five years.

The cabinet plans on further development of nuclear energy, even though it has not yet decided how it wants to finance the construction of new nuclear power plants.

Without them the government says it cannot ensure independence in the area of the supply of electricity, however. Details will be provided in the future **National Action Plan for the Development of Nuclear Energy in the Czech Republic**.

The government could discuss how Czech ideas about energy fit together with European ones with the Commission Vice-President, who visited the Czech Republic on 26 May. The creator of the Energy Union project is progressively travelling to all EU Member States precisely in order to discuss the future of European energy with politicians, companies and NGOs.

# EU Events

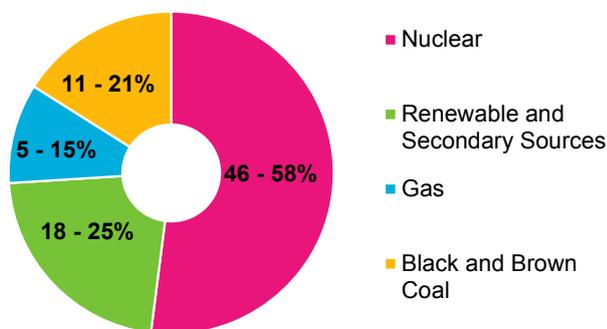


Enterprises are sounding the alarm about energy savings. - The European Union wants to establish quotas for the allocation of refugees. The plan provides for the resettlement of up to 20 thousand refugees. - The number of immigrants in the EU is growing. - EU countries are finishing the preparation of rules for data protection in the Internet world.

Each government brings Šefčovič a document prepared specifically for that country. The Commission then analyzes the **challenges** and benefits the Energy Union can bring for individual Member States. Once Šefčovič has received **feedback** from the Member States, he will present a report in the autumn on the EU's stance regarding the creation of the Energy Union. From next year then countries should prepare National Action Plans for energy and climate policy that will be given to the Commission.

The Commission is thus starting to build a **management system** for the Energy Union, something which raises mixed expectations. The National Action Plans should help countries simplify existing reporting obligations, which the governments welcome. At the same time, however, the Czech Republic and several other countries are concerned that through the management system the Commission will seek to influence their energy policy as much as possible. Neighboring countries could also have a strong say on the plans of each country. Each government is at the nevertheless jealously guarding **control over its energy mix**.

## Structure of Electricity Production in CR in 2014



Source: State Energy Concept update

[http://ec.europa.eu/commission/2014-2019/sefcovic/announcements/vice-president-maros-sefcovic-takes-energy-union-tour-prague\\_en](http://ec.europa.eu/commission/2014-2019/sefcovic/announcements/vice-president-maros-sefcovic-takes-energy-union-tour-prague_en)

## Enterprises are sounding the alarm about energy savings

Czech companies are complaining about the **ineffective policy**, which they say could lead to the introduction of mandatory annual energy savings and increased energy prices. The Czech Republic in fact cannot manage to fulfill what it committed itself to in the context of EU-wide rules for improving energy efficiency.

The government promised to **save 48 petajoule by 2020** in final energy consumption. This amount can be calculated as approximately equivalent to the annual production of Temelin. This is bound to the Energy Efficiency Directive

which the Member States and MEPs approved in 2012. The Directive expects that distributors of heat, gas and electricity will provide their customers with regular, **annual savings of 1.5%** of their consumption. This concerns both households and businesses.



The Czech government did not like this setup, and so chose an alternative way to achieve these savings. The Directive offers this possibility. Under the „alternative route“ there are a number of existing programmes to promote energy efficiency in buildings and industry. To finance energy saving, money is available in several Operational Programmes and for example in the subsidy programme **New Green Savings**, which uses money from the sale of emission allowances. If, however, it is shown that the alternative solution is not adequate, from 2017 the compulsory measures would apply, according to the original plans set out in the Directive.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:315:0001:0056:EN:PDF>

## JUSTICE AND HOME AFFAIRS

### The EU wants to establish quotas for the allocation of refugees

Europe can no longer idly stand by given the increasing number of deaths of refugees in the Mediterranean. The new **Agenda on Migration**, which the European Commission introduced on 13 May, is in that spirit. Every day hundreds of refugees arrive in Europe, primarily from the Middle East and Africa, and in particular from Syria, Eritrea, Iraq and Afghanistan, in order to apply for asylum here, and thus escape from the dangers they face in their countries of origin.

The **new migration strategy** follows on from the conclusions of the special meeting of the European Council in the second half of April where, among other things, European leaders agreed to triple funds for the rescue operations of Frontex in the Mediterranean.



The naval operations Triton and Poseidon which monitor the movement of refugees would thus be given up to **89 million euros**. Ideas to combat smugglers and traffickers also prevailed, and an operation against them will be launched under the Common Security and Defence Policy (CSDP).



The European Commission's plan, however, newly counts on the **resettlement of up to 20 thousand refugees** from third countries in the EU. Brussels will present the proposal for this pan-European programme by the end of May and 50 million euros will be allocated for its implementation in the 2015 and 2016 period.

Nevertheless the **stumbling block** for the Agenda on Migration is the quotas for redistribution of refugees. Not only the Czech Republic but also the United Kingdom, Poland and Hungary object to this, requiring that the system works on the principle of voluntariness. The Agenda, however, calls for responsibility and solidarity between Member States.

[http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/index\\_en.htm](http://ec.europa.eu/dgs/home-affairs/what-we-do/policies/european-agenda-migration/index_en.htm)

### The number of immigrants in the EU is growing and last year 185,000 people obtained asylum

Refugees from war-torn **Syria** accounted for nearly **40% of all** successful asylum seekers last year, says a report from the European statistical office Eurostat. In total more than 68,400 of them have found refuge in EU countries.

In comparison with 2013, the number of Syrian refugees is almost **double** and it is four times more than in 2012. More than 60% of all Syrians were granted asylum in Germany or Sweden.

Refugees from Eritrea and Afghanistan (each country 8%) made up another large group of asylum seekers in the past year. Thus last year Syrians, Eritreans and Afghans accounted for nearly half of all successful asylum seekers in the EU.



The other main countries of origin of successful asylum seekers were Iraq (5%), Iran (4%), Somalia and Pakistan (both 3%) and Russia (2%).

The Czech Republic granted asylum or a similar level of protection to a total of 765 people last year, most often citizens of Ukraine (40%), Syria (19%) and Cuba (almost 8%). In Slovakia 175 people were granted asylum.

[http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Asylum_statistics)

## INFORMATION SOCIETY

### EU countries are finishing the preparation of rules for data protection in the Internet world

The reform of personal data protection is on the negotiating table of EU Member States. More accurately stated, it has **already been there three years** and within a fortnight the negotiators should agree on a common position. However, a compromise is difficult to find for many reasons.



Even after all this time disputes persist on some sub-points. For example the final adjustment of the so-called „right to be forgotten“ **is not yet clear**; the idea that through applying a person can ensure that information about him or her will not be found when a query is entered in the search engines.

The countries have also so far failed to agree on the division of responsibility for any damage between the various controllers and processors involved in processing data. Latvia, which holds the Presidency of the EU Council of Ministers this semester, wants a compromise among the Member States concluded in mid-June, even if this means going down the road of a long night of negotiations.

**The Czech Republic** is among the countries that are willing to support the compromise because its fundamental objections have already been resolved.

Currently data protection is regulated by the Data Protection Directive of 1995, thus from a time when people spent a much smaller portion of their lives on the Internet. With the digitization of the environment, however, requirements have changed. According to experts, now it is not so much about data protection in the classical conception, as increased security.

<http://ec.europa.eu/justice/data-protection/>

# Commission's Column



The European Commission Representation in the Czech Republic provides contributions to the EU News Monthly Journal in the „Commission's Column.“ In the June issue, this article discusses the recommendations for economic reforms in the Czech Republic that the Commission published in May in the framework of the so-called European Semester.

## RECOMMENDATIONS FOR ECONOMIC REFORMS IN THE CZECH REPUBLIC

In mid-May the European Commission published its **recommendations** for the economic policies of the Member States this year. These are documents drawn up in the framework of the so-called **European Semester**.

The aim of this annual European procedure is to propose reforms so that sustainable economic growth contributes to the improvement of the standard of living, while avoiding budgetary and other **imbalances in the economy** - not only in the individual Member States, but through coordination at the European level and in the EU as a whole.



In February, the Commission already published a working document **Country Report Czech Republic 2015**, which served as the analytical basis for the draft recommendations. Although the Czech Republic has a relatively healthy economy without obvious macroeconomic imbalances, the report points out that the domestic economy could grow faster.

The analysis emphasized that **faster growth** in living standards in the Czech Republic can only be achieved by increasing the economic potential. Better educational outcomes and more investment in research and development in recent years suggest that the Czech Republic has started to better utilize this potential. However, in both areas investment is still below average from an EU perspective and the main performance indicators in the area of research and innovation remain relatively weak.

With the adoption and implementation of the **Civil Service Act**, the Czech Republic has started to address the issue of the efficiency and stability of the public administration. Its low effectiveness, along with deficiencies in the area of tax collection harm the overall cost effectiveness of the economy.

The same applies to supply-side constraints, e.g. barriers to employment for disadvantaged groups in the population.



What then did the Commission recommend to the Czech Republic in May? Here we present the **specific points**:

1. Achieve a fiscal adjustment of 0.5% of GDP in 2016. Further improve the cost effectiveness and administration in the healthcare sector.
2. Fight tax evasion, simplify the tax system and implement the anti-corruption plan. Take measures to increase transparency and efficiency in public procurement procedures, in particular by introducing a central register for public procurement and strengthening management and supervision.
3. Reduce the high tax burden on the work of low income people, shifting the tax burden to other areas. Further increase the availability of affordable childcare services.
4. Adopt higher education reform. Ensure adequate professional training of teachers, support schools showing poor results and take measures to increase school attendance of disadvantaged children, including Roma.

The full text of the draft recommendations, not only for the Czech Republic, but also for the other Member States of the European Union, along with other related documents can be found on the following pages:

- **for the CR:** for the Czech Republic: [http://ec.europa.eu/europe2020/pdf/csr2015/csr2015\\_czech\\_cs.pdf](http://ec.europa.eu/europe2020/pdf/csr2015/csr2015_czech_cs.pdf),

- **for the EU-28:** for the EU-28: [http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index\\_en.htm](http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm)

On 16 May European Commissioner Vera Jourová unveiled this year's draft recommendations of the European Commission for the economic policy of the Czech Republic to Czech government representatives, businesses, unions and other interested groups.

**A public debate** on the recommendations of the Commission was held on 21 May in the European House in Prague. The report on this event is available [here](#).

In June, the Member States will act on the recommendations presented by the Commission. In the end of June the **recommendations will be approved** by the highest representatives of the EU member states in the European Council, while in July the final wording of the legislative act will be confirmed by the finance ministers in the European Council. The recommendations will thus become guidelines for the reform priorities of the Czech Republic in the area of economic policy in 2015-2016.

Our InfoService section outlines upcoming sessions of EU decision-making bodies accompanied by other significant events. Often agendas for negotiations by these important bodies are not ready until a few days before the actual meetings can be found at: <http://europa.eu/newsroom/calendar/>; [www.es2015.lv/en/](http://www.es2015.lv/en/).



## Meeting of the key EU institutions

<b>7 – 8 June 2015</b>	<b>Schloss Elmau, Germany</b>	<b>18 – 19 June 2015</b>	<b>Brussels, Belgium</b>
- The EU at the G7 summit in Germany		- Employment, Social Policy, Health and Consumer Affairs Council	
<b>8 – 11 June 2015</b>	<b>Strasbourg, France</b>	<b>18 June 2015</b>	<b>Brussels, Belgium</b>
- European Parliament plenary session		- Eurogroup	
<b>8 June 2015</b>	<b>Brussels, Belgium</b>	<b>19 June 2015</b>	<b>Brussels, Belgium</b>
- Transport, Telecommunications & Energy Council		- Economic and Financial Affairs Council	
<b>15 – 16 June 2015</b>	<b>Brussels, Belgium</b>	<b>22 June 2015</b>	<b>Brussels, Belgium</b>
- Justice and Home Affairs Council		- Foreign Affairs Council	
<b>15 June 2015</b>	<b>Brussels, Belgium</b>	<b>23 June 2015</b>	<b>Brussels, Belgium</b>
- Environment Council		- General Affairs Council	
<b>16 June 2015</b>	<b>Brussels, Belgium</b>	<b>24 June 2015</b>	<b>Brussels, Belgium</b>
- Agriculture and Fisheries Council		- European Parliament plenary session	

Source: [www.europa.eu](http://www.europa.eu), [www.es2015.lv/en](http://www.es2015.lv/en), access as of 29 May 2015



## EUROquiz

### QUIZ QUESTION FOR THIS MONTH

Which area do you consider to be the most important of the Commission's recommendations for the Czech Republic?

**Fiscal policy:** achieve a fiscal adjustment of 0.5% of GDP in 2016

**Employment:** reduce the high tax burden on the work of people low-income groups

**Education:** adopt higher education reform, take measures to improve the school attendance of disadvantaged children

**Taxes:** combat tax evasion and simplify the tax system

**Healthcare:** improve cost effectiveness and management in healthcare

**Public administration:** implement the anti-corruption plan, transparency of public procurement

You can send us your answer to this question using the form which you will find at: [bit.do/euroquiz2](http://bit.do/euroquiz2)

### ANSWER TO LAST MONTH'S QUESTION

In the last issue of the Monthly, we asked what will happen with the events in Greece. Only about **1/6** of the respondents indicated the possibility that the most indebted European country will go bankrupt this year and leave the eurozone. In light of the recent failed negotiations we consider this an optimistic view. Nevertheless, the **most common variant** in the EUROquiz, which **35%** of the participants marked speaks of the deadly combination of the collapse and loss of the euro „only“ in the coming years. We will find out how it will actually be in the coming months.

### How what is happening in Greece will turn out? (in %)



Source: EUROquiz EU Office Česká spořitelna

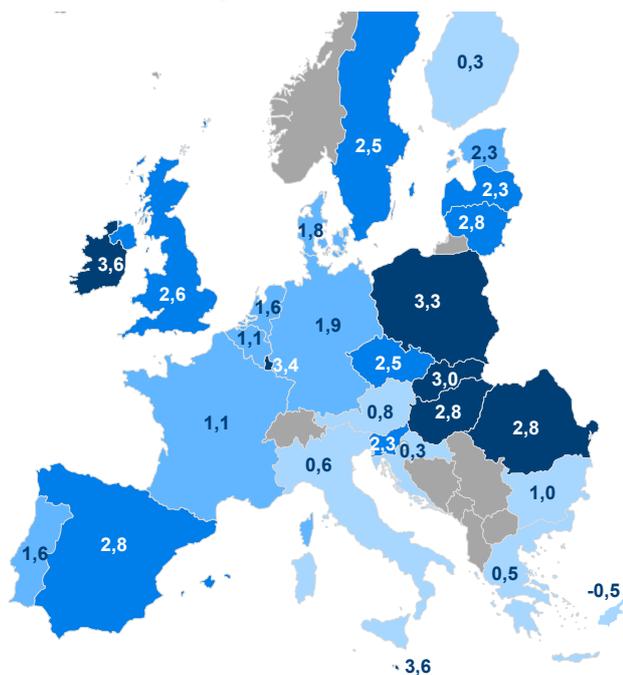


It has already become a certain rule that many statistics are updated in the spring of the calendar year. The same is true of the European Commission, which regularly publishes its economic forecasts three times a year. This newest spring economic forecast was published on 5 May this year. Compared to the winter economic forecast there was a slight downward correction in economic growth.

## EUROPEAN COMMISSION FORECAST - THE BIGGEST CORRECTION IN GREECE

Compared to the winter economic forecast there was a slight downward correction in economic growth. The highest estimates were for decreased economic performance in Greece from 2.5% of GDP to 0.5% for 2015 and also Cyprus from 0.4% of GDP to -0.5% of GDP, which thus remained the only Member State in recession. However moderate growth of 1.4% of GDP in Cyprus in 2016, mainly due to an expected increase in private consumption, which experienced a big drop in 2013, should relieve this decline.

### Expected economic growth in the EU for 2015



Source: European Commission

It is expected that the fastest growing countries will be Ireland (3.6% of GDP), Malta (3.6% of GDP) and Luxembourg (3.4% of GDP). According to the Commission, the EU as a whole should grow in 2015 by 1.8% of GDP; the situation in the eurozone is slightly worse (1.5% of GDP). A further increase in economic growth (in the eurozone by 0.4 and in the EU by 0.3 percentage points) is forecast for the coming year. Continuing low oil prices and economic measures should facilitate this.

In other monitored and undoubtedly very important macroeconomic indicators, there is also a correction in the unemployment rate and again (this time positively) downwards. The improving situation in the labor market is therefore also reflected in the lower value of the unemployment rate indicators which should reach 11% in the eurozone and 9.6% in the EU

this year. However, it still remains very high in some regions and countries. In 2015 the Commission analysts estimate levels higher than 15% for the unemployment rate in the countries of Greece (25.6%), Spain (22.4%), Croatia (17%) and Cyprus (16.2%). Improvements in the economic situation and also the improving situation in some sectors are reflected in a further reduction in the unemployment rate in 2016.

Low energy prices are helping to still keep inflation close to zero. The already mentioned increasing domestic consumption should also increase the rate of inflation. Therefore, according to the Commission's data, in 2016 it will reach 1.5% both in the euro area and the EU as a whole. Another improvement can be seen in the area of public budget balances, as well as in the amount of gross public debt to GDP. This year the public budget balance should reach 2.5% of GDP in the EU and 2.0% of GDP in the euro area, with a further expected decrease for the year 2016. The gross public debt to GDP ratio still remains at the virtually non-repayable amount of 180% in Greece.

Macroeconomic performance and some economic recovery is also reflected in the Czech Republic, which in 2014 emerged from recession. Domestic demand should still remain the main driving force. The Czech unemployment rate (5.6% in 2015 and 5.5% in 2016) is among the lowest in the Member States.

A large improvement in the development trend has happened in the case of the amount of gross public debt to GDP. Until recently it was predicted to reach the 50% limit but that has proven false for the time being; in 2015 Czech public debt should reach 41.5% of GDP.

We will learn how this data will continue to be updated in the next autumn economic forecast in early November, when the Commission will present its new outlook for 2017 next to its adjusted data for the monitored years.

### Key macroeconomic indicators in 2015 (in %)

	CR	EU	The best ranking	The worst ranking
<b>GDP growth</b>	2.5	1.8	IE 3.6	CY -0.5
<b>Unemployment rate</b>	5.6	9.6	DE 4.6	EL 25.6
<b>Inflation</b>	0.2	0.1	MT 1.3	EL -1.5
<b>Public budget balance to GDP</b>	-2.0	-2.5	DE 0.6	HR -5.6
<b>Public debt to GDP</b>	41.5	88.0	IE 10.3	EL 180.2

Source: EC - Spring 2015 Economic Forecast; IE – Ireland, DE - Germany, MT - Malta, CY - Cyprus, EL - Greece, HR - Croatia

Tomáš Kozelský, EU Office Česká spořitelna

In the June issue of the Monthly, we will focus somewhat on the topic of the previous issue: Digital Europe and the dominance of the North. The European Commission has defined the creation of a single digital market as one of its main priorities. In the next paragraphs, you will read about the key measures of the three main pillars and what the creation of a single digital market will mean.



## Main Topic

# ELIMINATION OF THE BOUNDARIES OF THE EU'S DIGITAL WORLD

## INTRODUCTION

Digitalisation of the environment around us is occurring constantly, and nearly every one of us is encountering the option of using the newest digital technology and online services. The number of internet users is also increasing (more about this can be found in issue 140 of the monthly), along with online shopping, use of the internet as a form of entertainment, whether this involves watching films or listening to music, as well as for communication with state administrative bodies or physicians. However, this area is meeting obstacles and boundaries also. In fact, it often is literally, since many online services are limited by the territory of a particular state, since the access by citizens or companies in another EU state often is subject to obstacles and blocking based on geography.

The single digital market is one of the European Commission's main priorities, and one of the reasons for it is the desire for improvement of access by consumers and businesses to digital services. The single digital market should ensure free movement of goods, persons, services and capital for citizens and businesses, so that there are no obstacles to free access to legal online activities and to their implementation under the conditions of fair economic competition. There will also be a focus on extensive protection of consumers and personal data, regardless of nationality or place of residence. However, there is also the economic perspective. The creation of a single digital market should help ensure that European companies can continue to develop and improve their competitiveness among other worldwide economies.

In order to remain at the topic in the field of digital economy, Europe will have to overcome obstacles that hinder it both in development and in utilisation of the entire potential of the digital environment. The elimination of the mentioned obstacles on Europe's territory according „A Digital Single Market Strategy for Europe – Analysis and Evidence“ could bring European GDP and additional EUR 415 billion. Something else positive will be not only improvement of services and opportunities, but also support for business activity, which will enable not only sufficient profits, but also improvement of the situation on the labour market through new job creation.

One of the Commission's main priorities, the „single digital market“, is overseen by a 14-member team of European Commissioners around Commission Deputy Chairmen Andrus Ansip and Günther H. Oettinger. The Czech Republic has an imaginary iron in the fire in the team, since it includes European Commissioner for Justice, Consumers and Gender Equality Věra Jourová

The strategy itself for the digital single market is based on **three pillars**, which consist of individual **key measures**:

1. *Improvement of consumers' and businesses' access to digital goods and services in all of Europe*
2. *Formation of an ideal environment for development of digital networks and services*
3. *Maximisation of the growth potential of our European digital economy*

## 1. IMPROVEMENT OF ACCESS TO DIGITAL GOODS AND SERVICES IN ALL OF EUROPE

A benefit of the single digital market will be new opportunities for businesses and entrepreneurs for expansion across Europe, as soon as the obstacles for cross-border online activities are eliminated, which include differences in contract and copyright legislation in member states and burdens related to VAT.

One of the important requirements for creating an ideal environment for cross-border online sales will also be the currently lacking affordable and high quality cross-border package delivery services. Another step will be definition of a suitable framework for e-commerce and prevention of unfair discrimination against consumers and businesses when they try to gain access to content or purchase goods and services online within the EU, whether these are restrictions due to nationality, residence or geographic location.

Although the share of persons between the ages of 16 and 74 purchasing and ordering services and goods online has

been increasing in recent years, there are still huge differences among EU member states. Online purchase are mostly made by Western and Scandinavian states, led by the UK, Denmark and Sweden, where in 2014 approximately three quarters of individuals between the ages of 16 and 74 ordered products online. The countries with the worst statistics are Romania, Bulgaria and also Italy and Greece.

Another interesting indicator is the one regarding ordering of goods and services via the internet from other EU member states.

While the Czech Republic is among average states in terms of overall online ordering among individuals, in the case of goods and services from other member states we are among the worst with 7%.

Luxembourg dominates in this case with 65%, followed far behind by Malta and Austria with nearly 40% each.



## Share of individuals ordering goods or services online

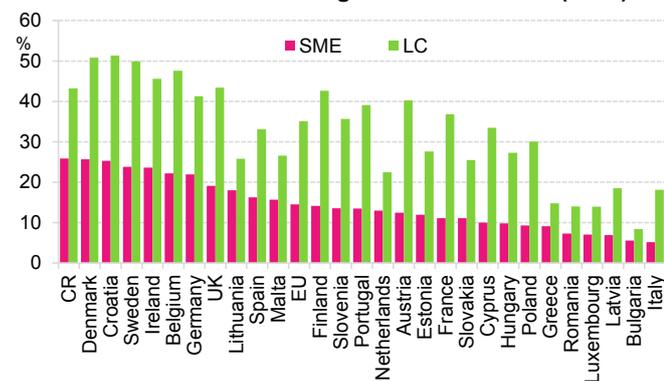
	Total 2014 (in %)	from other EU countries 2014 (in %)		Total 2014 (in %)	from other EU countries 2014 (in %)
<b>United Kingdom</b>	78.7	18.2	<b>Czech Republic</b>	42.5	7.4
<b>Denmark</b>	77.7	35.7	<b>Spain</b>	37.4	14.6
<b>Sweden</b>	74.8	22.3	<b>Slovenia</b>	37.0	17.5
<b>Luxembourg</b>	74.0	65.4	<b>Poland</b>	34.2	3.9
<b>Netherlands</b>	70.8	21.0	<b>Latvia</b>	33.5	16.4
<b>Germany</b>	70.4	12.0	<b>Hungary</b>	32.4	7.8
<b>Finland</b>	68.4	36.1	<b>Croatia</b>	27.7	8.4
<b>France</b>	62.2	20.9	<b>Cyprus</b>	26.9	23.7
<b>Belgium</b>	54.2	33.9	<b>Portugal</b>	26.3	12.3
<b>Austria</b>	53.3	39.6	<b>Lithuania</b>	26.0	10.9
<b>Ireland</b>	50.5	27.5	<b>Greece</b>	25.7	10.3
<b>Estonia</b>	48.6	21.9	<b>Italy</b>	22.3	8.6
<b>Slovakia</b>	48.1	19.6	<b>Bulgaria</b>	16.6	7.4
<b>Malta</b>	47.0	39.0	<b>Romania</b>	10.1	1.2
<b>EU</b>	50.2	14.6			

Source: European Commission

The Czech Republic holds first place with 26% in the share of small and mid-sized enterprises (with 10 to 249 employees) selling via the internet. Italy and Bulgaria ended up at the bottom of the comparison with just under 6% each.

However, cross-border trade is focused on in the European Union only by around 7% of small and mid-sized enterprises. According to data from the European Commission, online businesses that want to carry out their activities in another member state face additional costs of approximately EUR 9,000 due to the need to adapt to the legislation of the particular country.

### Share of SMEs and LCs using Internet for sales (2014)



Source: European Commission; SME (10-49 persons employed); LC (250 persons employed or more)

The best member states in the share of large companies selling online are Croatia and Denmark (50%).

The Czech Republic lags behind in this comparison with 43% among above-average EU member states for the particular indicator.

### Rules for simplifying cross-border e-commerce

Another of the key measures for the 1st pillar is the effort to set up rules and simplify cross-border electronic trade.

The complex and often even unclear rules (differing from state to state) are often the reason why individual consumers and businesses are so little involved in cross-border e-commerce.

Simplified and modern rules for cross-border digital purchases and online shopping (whether they involve physical goods such as furniture or shoes or digital content such as e-books and applications) will motivate more businesses to engage in cross-border sales online. Fulfilment of this rule will also boost consumer confidence in shopping and sales without borders.

### Effort for quality and affordable cross-border package delivery services

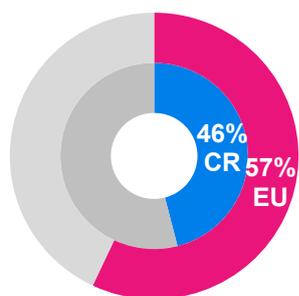
An important aspect of online services and trade is comparable, quality and affordable cross-border package delivery services.

Individual parties also complain about a lack of transparency, high costs for small parcels and often unsatisfactory conditions for the end consumers.

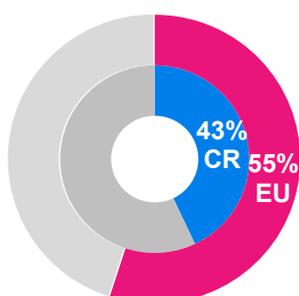


# Main Topic

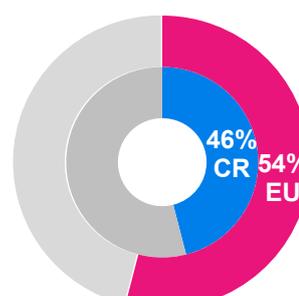
## Problems for selling online



Delivery costs are too high



Guarantees and returns too expensive



Don't know the rules to be followed

Source: European Commission

### Prevention of geoblocking

Geoblocking is understood as often discriminatory approaches used for commercial purchases by online sellers, which prevent consumers from accessing internet sites in other member states or redirect them to local e-commerce websites with different prices or different products and services.

Geoblocking is one of many tools that companies use to segment the markets based on state borders.

### Better access to digital content – a modern more European framework for copyrights

By the end of this year, the European Commission wants to submit legislative proposals, which should serve for reduction of differences between intra-state copyright systems. Copyright law is one of the bases of creativity and the cultural sector.

Creativity is one of the EU's strengths in worldwide competition. The European Commission will also focus on promoting regulations related to breaches of intellectual property rights on a commercial scale.

### Reduction of burdens related to VAT and elimination of obstacles during cross-border sales

In its additional proposals, the Commission also wants to reduce administrative burden for companies engaged in e-commerce activities, which stems from different VAT systems and requirements. The need to comply with many different national system represents a significant obstacle for these businesses.

Among other things, a joint limit value of VAT will be proposed, which will help smaller starting businesses selling online.

## 2. IDEAL ENVIRONMENT FOR DEVELOPMENT OF DIGITAL NETWORKS AND SERVICES

The second pillar of the single digital market will be focused on development of digital networks and services, which must be based on reliable, trustworthy and affordable high-speed networks and services, which will ensure consumer's basic privacy protection rights and personal data protection as well as support innovation. The following measures should help with this.

### Adaptation of telecommunications regulations to the particular purpose

The network of information and communication technology will form a basis for digital products and services, which represent certain potential to become a driving force for economic recovery in Europe.

Therefore, the European Commission will present proposals for reworking of EU regulations related to telecommunications. These proposals will focus on:

- a consistent approach to policy and administration of the radio spectrum established on the single market;

- ensuring conditions for a truly single market, with elimination of the fragmentation of regulations, which will enable network operators and service providers to achieve savings and ensure effective protection for consumers;
- ensuring of equal conditions for market participants and harmonised application of rules;
- stimulation of investments into high-speed broadband networks (including examination of the universal service directive)
- a more effective regulatory institutional framework.

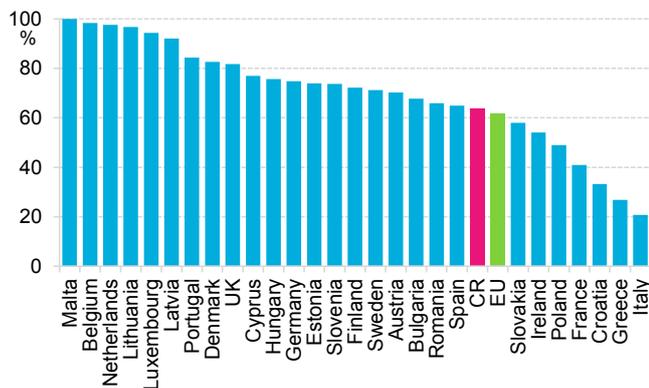
The options for broadband coverage remain very different among EU member states. If we compare, Malta, where just under 100% of households have high-speed broadband access, and Italy, then the difference is an unbelievable 70 percentage points.

Italy is followed by another „stalwart“ with a problematic outlook in competitiveness, which is Greece. The Czech Republic holds just under 64%.

# Main Topic



## NGA broadband coverage (% of households, 2013)



Source: European Commission; NGA (Next Generation Access)

### Media framework for the 21st century

Another area, which is very much influenced by technological changes, is the audiovisual environment. The European Commission plans to examine the audiovisual media framework, so that it corresponds to the level required in the 21st century, which a focus on the roles of different market players during promotion of European works (television station, providers of on-demand audiovisual services, etc.).

### Regulatory environment for platforms and mediators adopted to the particular purpose

The role of online platforms (for e-commerce, search engines, comparative websites, social media, etc.) is increasing constantly. The amounts of information that can be searched for are constantly growing as well, along with demands for platforms. Therefore, the Commission is carefully analysing this platform in terms of transparency of search results, price policies, how platforms use information that they receive, relationships between platforms and suppliers, promotion of their own services to the detriment of competitors, etc.

### Boosting of trust in and security of digital services and personal data processing

Another of the key measures of the 2nd pillar relates to cyber security. The European Commission has set a goal to boost security and trust in digital services, particularly as far as personal data processing is concerned. (According to the European Commission's data, 43% of EU citizens, including Czechs, are concerned about misuse of personal data). Based on the EU's new rules for data protection, which should be adopted by the end of 2015, the Commission will carry out an examination of the directive on privacy and electronic communications.

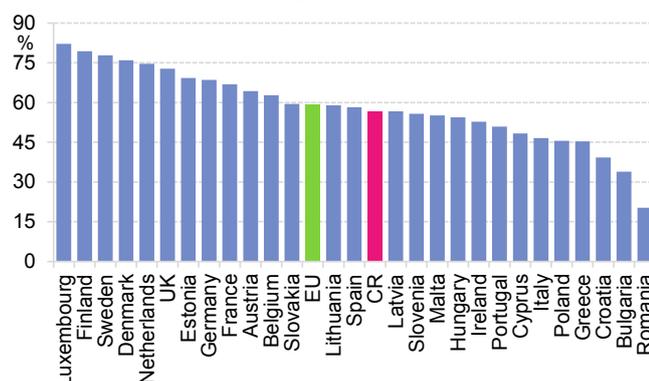
## 3. MAXIMISATION OF THE GROWTH POTENTIAL OF OUR EUROPEAN DIGITAL ECONOMY

In the years to come, it will be necessary to increase the integration of digital technologies and digitalisation of individual sectors, so that their competitiveness can be preserved and grow and hand in hand digital skills will also grow.

### Building of a data economy

Large volume data, cloud computing services and the internet are of major importance for the EU's competitiveness.

### Individuals with basic digital skills (2014)



Source: European Commission; Share of individuals aged 16-74

Therefore, the commission is proposing steps that will support free movement of data in the EU.

Other measures include support for competitiveness through interoperability and normalisation and inclusive information society, in which the Commission will support digital and professional knowledge.

Another area on which the Commission will focus is e-government.

### Implementation of the single digital market

The creation of the single digital market is one of the European Commission's main priorities and is a key part of the EU's strategy, with the help of which the EU is preparing for the future and will continue to ensure a high standard of living for its population.



However, the creation itself requires several partial steps, both in the form of political will and steps involving mobilisation of necessary finances and establishment of a structure of administration among key actors, so that true implementation can be ensured via European bodies, member states and the parties involved.

The Doing Business is part of the Foreign Business Guide offered by the Česká spořitelna EU Office. Within the program, we provide our clients from among small and mid-sized enterprises with information about how to expand abroad successfully and what business environment awaits them there. In the June issue, we will focus on the business environment in the Republic of Israel.



# Doing Business

## ISRAEL

<b>Official name</b>	Israel
<b>Population</b>	8.281.900 (2014)
<b>Area</b>	20.770 sq km
<b>Currency</b>	Israeli Shekel (ILS)
<b>Official language</b>	Hebrew, Arabic

Source: *The World Factbook*

Israel is located in the Middle East and surrounded by Egypt, Jordan, Lebanon and Syria. To a certain extent, Israel administers the Gaza Strip and the West Bank, which have various recognition statuses around the world and a certain form of self-government.

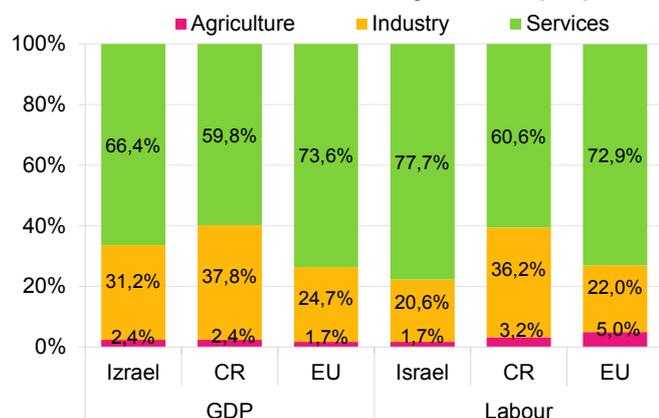
The State of Israel is a parliamentary democracy with a unicameral parliament with 120 MPs elected for four-year terms. Benjamin Netanyahu has served as Prime Minister since 2013 and heads a centre-right government. In the parliamentary elections in 2015, Netanyahu defended his position and was entrusted to form a new government.

### Structure of economy and foreign trade

Israel's main export partners are the USA (30%), the UK (6.6%) and Belgium (5.3%). The country mostly imports from the USA (14.1%), China (9.8%) and Germany (8.1%). Israel's main export commodities are diamonds (28.5%), electric circuits (6.1%) and binders (6%). The country mainly exports raw oils (12.6%), diamonds (12.5%) and processed mineral oils (5.1%).

Despite the unfavourable security situation, Israel's economy has long enjoyed growth, which could be envied by most European countries. In 2014, however, its economy weakened due to weak external demand, a rise in value of the shekel and lower capital investments.

### Sectors of the National Economy – Israel (CR)



Source: *World Bank, data as of 2013*

### Macroeconomic outlook

The conflict in the Gaza Strip also had a negative effect on the economy, affecting mainly tourism and domestic consumption. During 2015, the country's economy is expected to grow by 2.5% of GDP, followed by acceleration to 3.1% of GDP. The main driver of the growth will likely be the generation of gross fixed capital (investments) together with net exports. In 2014, inflation in Israel was only 0.4%, and this year the prices are not expected to change at all. As of the start of the year, there is even expected to be a decline in the prices of electricity and water. In 2016, slight growth of inflation is expected (0.7%) together with an increase in the pace of the economy. The cause, like in other developed countries, is the price of Brent, which from IX to XII/2014 fell by 40%.

The deficit of public finances is not entirely optimal in Israel, and each year it hovers at around 4% of GDP. Higher military spending in 2014 was made up for by cuts in the civilian sector, but in 2015 the deficit is expected to deepen further. The country's total debt, even despite high deficits of public financing for the entire outlook period should remain below 70% in proportion to GDP.

Basic indicators (in %)	2013	2014	2015 <sup>e</sup>	2016 <sup>e</sup>
<b>GDP Growth</b>	3.4	2.5	3.1	3.5
<b>Unemployment rate</b>	6.3	6.1	6.3	6.2
<b>Inflation</b>	1.6	0.4	0.0	0.7
<b>Current account balance</b>	-4.1	-3.8	-4.0	-3.3
<b>Public debt (% GDP)</b>	69.8	71.0	71.0	69.8

Source: *OECD; e - estimate*

### Labor market

The unemployment level among persons older than the age of 15 has long been at around 6%. It has been on a downward trend since August 2014, which has continued so far in 2015.

Basic indicators of labor market		
Unemployment rate (February 2015)	5.2 %	
Minimum monthly wage (2015)	909 EUR	
Ø monthly labor costs in sectors (2013)	Israel	CR
Manufacturing	2 645 €	957 €
Real estate activities	2 274 €	847 €
Financial and insurance activities	3 350 €	1 807 €
Hotels and restaurants	879 €	536 €

Source: *The Israel Central Bureau of Statistics*



The minimum monthly wage has been set since 2012 as 4,300 shekels, which when expressed in euros is nearly three times higher than in the Czech Republic. The average monthly wages in Israel are double what they are in the Czech Republic.

## Labor law basics

An employment contract can be in written or verbal form, but the employer must notify the employee in writing of the terms of employment. The work period must not exceed 45 hours per week, including overtime. The first two hours of overtime are rewarded with 25% extra pay, and additional overtime hours are rewarded with 50%.

The length of leave ranges from 14 days to 28 days, depending on the number of years worked at a single employer. Termination of employment must be informed about in advance based on the work period, but at least one month in advance. Severance pay is usually equal to one month's salary.

## Commercial law basics

A total of 1 to 50 partners is necessary to establish a limited liability company in Israel. Minimum capital has not been set. Establishment takes 13 days and requires 5 procedures and a total of 4,400 shekels (CZK 26,000). A joint-stock company must have at least 7 shareholders and does not have a set mandatory amount of registered capital.

Form of Company	Minimum Capital
Limited Liability Company	not specify
Joint Stock Company	not specify

Source: Ministry of Economy

## Main taxes and additional labor costs

The basic corporate tax rate in Israel is 26.5%. If a company is classified as a „preferred enterprise“ it can be taxed at 9% or 16%. If it is classified as a „beneficial enterprise“, then it can be taxed in a range from 0% to 25%. Individual income taxes have 7 progressive rates on a scale based on income. The basic VAT rate in Israel is 18%, and a reduced 8.5% rate applies only to state administrative bodies. Exports of products and certain services in tourism are relieved of VAT.

Tax/payment	Rate
Corporate Tax	26.5%
Individual Income Tax	10% / 14% / 21% / 31% / 34% / 48% / 50%
Social insurance (employee)	0.87% <sup>1)</sup> / 12% <sup>2)</sup>
Social insurance (employer)	2.34% <sup>1)</sup> / 7.25% <sup>2)</sup>
VAT	18%

Source: Ministry of Finance

The social security system differentiates whether the payer is a resident or non-resident and differentiates based on income.

The Employee and Employer jointly pay 6.95% for a resident with an income of up to 5,556 shekels and pay 19.25% for an income up to 43,240 shekels.

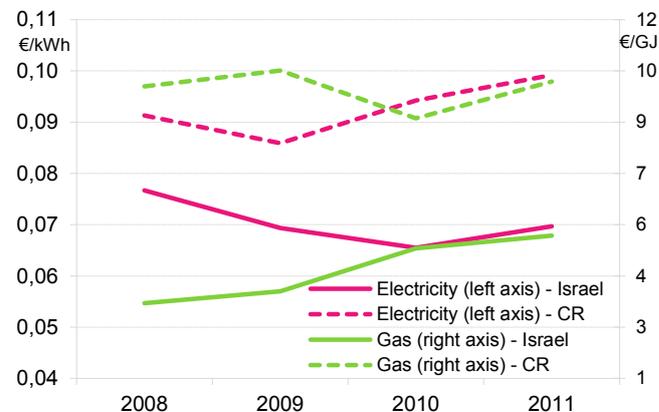
## Energy

Israel has no nuclear power plants and generates 60% of its energy from fossil fuels. It generates 37.5% from natural gas and the rest from petroleum.

Renewable resources make up only a couple of tenths of a percent. Energy prices for wholesalers have long been lower in Israel than in the Czech Republic and similarly stable.

Although available data indicate a growing trend in both countries, in view of the newly opened natural gas fields in the Mediterranean Sea the prices of natural gas are expected to decline. They were already two times cheaper than in the Czech Republic at the end of the monitored period

### Development of Energy Prices – Israel (CR)



Source: Eurostat, IEA/OECD, tariffs for wholesales/in industry

## Investment incentives

Israel is divided into two investment zones. They are the Priority Zone and the Central Zone. Business operators can receive corporate income tax discounts (for investment incentives based on legislation supporting capital investments 16% in the central zone and 9% in the priority zone).

For larger companies, these rates can be even more advantageous (an 8% rate applies in the central zone and a 5% rate applies in the priority zone). If a company is involved in the priority zone, it also is entitled to a special investment grant of 20% of the approved value of the investment.

The main areas of investment priorities of the Israeli government are bio technology and nanotechnology, for which the amounts of grants range from 50 to 60%. Research and Development centres are also entitled to additional tax discounts.

In the June EU Series section of our Monthly, we will familiarise you with the second consecutive approved operational programme of the Czech Republic, the Operational Programme Environment. Its main purpose is to protect the environment and ensure the quality of the environment for the lives of the Czech Republic's inhabitants.



## EU Series

# OPERATIONAL PROGRAMME ENVIRONMENT

Another of the four operational programmes approved by the European Commission so far is the [OP Environment](#).

The programme follows up from the OP Environment from the previous programme period of 2007-2013, and its main purpose is „to ensure and protect the 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 role of **management body** of the OP Environment is carried out by the Ministry of Environment and the mediating entities are the State Environmental Fund of the Czech Republic (SFŽP ČR) for all priority axes except for priority axis 4, for which the acceptance and evaluation of applications is the responsibility of the Nature Conservation Agency of the Czech Republic (AOPK ČR).

Funds in the total amount of **2,637 million eur** will be drawn for the OP Environment from the European Regional Development Fund and the Cohesion Fund.

The support can reach up to 85% of the total eligible expenditures for the project (for some measures for environmental protection up to 100%). The support will be provided via a combination of grants and other financial instruments. A condition is co-financing from the sources of the grant beneficiary.

The OP Environment is divided into **6 priority axes**, which encompass a total of **18 specific objectives**:

**PA 1 - Improvement of water quality and reduction of flood risks**

**PA 2 - Improving the quality of air in towns and cities**

**PA 3 - Wastes and material flows, environmental burdens and risks**

**PA 4 - Protection and care of nature and landscape**

**PA 5 - Energy savings**

**PA 6 - Technical assistance**

The largest portion of financial resources will be allocated within priority axis 1 (29.16%), followed by priority axis 5 (20.09% and priority axis 3 (17.4%).

The Ministry of Environment together with the State Environmental Fund of the Czech Republic made public on 24 April a notice of initial calls for submissions in the OP Environment for 2014-2020.

Applicants therefore have available all of the materials and key documents that they need, including the evaluation criteria that they need to start preparation of projects.

The official calls for submissions will be announced during the second half of June.

Applications will be accepted via the portal IS KP14+ Application MS2014+, which replaces three different systems managed by three ministries during 2007-2013 (Benefit7, BENE-FILL, eAccount).

The **maximum total grant** from EU resources for approved projects within these announced calls for submissions will be CZK 7,889 billion. The total costs for the project must not exceed 50 million eur (including VAT).

Applications for support must be in accordance with the programme document of the OP Environment for applicants and beneficiaries of the OP Environment, and the call for and receipt of submitted applications will begin on 14 August 2015.

**Support** for their environmental projects may be requested by municipalities, towns, state administrative and local government bodies, research and scientific institutions, individual entrepreneurs and non-profit organisations.

**More information** about the OP Environment and individual calls for submissions can be found on the websites of the OP Environment, the Czech Ministry of Environment, the State Environmental Fund of the Czech Republic, the Nature Conservation Agency of the Czech Republic and the Ministry for Regional Development.

[www.opzp.cz](http://www.opzp.cz) | [www.mzp.cz](http://www.mzp.cz) | [www.sfzp.cz](http://www.sfzp.cz) | [www.mmr.cz](http://www.mmr.cz)

### Notice for calls from the Ministry of Environment

Priority axes/Specific objective	Allocation (CZK)
<b>1. Improvement of water quality and reduction of flood risks</b>	1,3 bln
Specific objective 1.1 and 1.2	0,8 bln
Specific objective 1.3	0,3 bln
Specific objective 1.4	0,2 bln
<b>2. Improving the quality of air in towns and cities</b>	2,5 bln
Specific objective 2.2	2,5 bln
<b>3. Wastes and material flows, environmental burdens and risks</b>	1,2 bln
Specific objective 3.2	0,9 bln
Specific objective 3.4	0,3 bln
<b>4. Protection and care of nature and landscape</b>	2,9 bln
Specific objective 4.1	0,8 bln
Specific objective 4.2	0,04 bln
Specific objective 4.3	1,9 bln
Specific objective 4.4	0,2 bln

Source: *Operational Programme Environment*

# Statistical Window



The “Statistical Window” in a tabular form shows important macroeconomic indicators from all member states and the European Union as a whole. It includes economic performance indicators, external economic stability indicators, fiscal stability indicators and price level to  $\emptyset$  EU. The source of the data is Eurostat and European Central Bank.

## Key economic indicators

in %	Inflation (YoY)				Unemployment rate				Labor costs to $\emptyset$ EU			
	I-15	II-15	III-15	IV-15	Q2-14	Q3-14	Q4-14	Q1-15	2011	2012	2013	2014
Belgium	-0.6	-0.4	-0.1	0.4	8.4	8.6	8.6	8.5	148.6	149.5	150.4	149.6
Germany	-0.5	0.0	0.2	0.3	5.0	5.0	4.9	4.7	121.8	122.9	123.1	123.3
Estonia	-0.5	-0.2	0.0	0.4	7.3	7.7	6.5	n/a	35.3	36.8	39.2	41.0
Ireland	-0.4	-0.4	-0.3	-0.4	11.7	11.1	10.4	9.9	115.8	115.8	115.0	113.9
Greece	-2.8	-1.9	-1.9	-1.8	26.9	26.2	26.0	n/a	72.6	66.9	61.5	60.2
Spain	-1.5	-1.2	-0.8	-0.7	24.7	24.1	23.7	23.2	89.4	88.3	87.5	86.3
France	-0.4	-0.3	0.0	0.1	10.1	10.3	10.5	10.6	134.1	134.0	132.7	132.0
Italy	-0.5	0.1	0.0	-0.1	12.4	12.8	13.0	n/a	112.3	112.0	113.0	112.1
Cyprus	-0.7	-0.8	-1.4	-1.7	16.1	16.3	16.4	16.1	71.7	70.3	67.4	64.4
Latvia	-0.3	0.0	0.5	0.6	10.7	10.8	10.4	n/a	26.6	27.1	28.0	29.2
Lithuania	-1.4	-1.5	-1.1	-0.6	11.0	10.5	10.1	9.8	23.7	24.1	25.6	26.4
Luxembourg	-1.1	-0.3	0.1	0.0	6.0	5.9	5.9	5.8	147.3	147.7	150.5	152.3
Malta	0.8	0.6	0.5	1.4	5.9	5.8	6.0	5.9	58.9	60.6	61.7	61.2
Netherlands	-0.7	-0.5	-0.3	0.0	7.6	7.2	7.2	7.1	133.6	133.5	136.0	135.9
Austria	0.5	0.5	0.9	0.9	5.6	5.7	5.6	n/a	124.8	127.5	129.3	131.4
Portugal	-0.4	-0.1	0.4	0.5	14.3	13.5	13.5	13.6	53.0	48.8	47.9	46.7
Slovenia	-0.7	-0.5	-0.4	-0.7	9.7	9.7	9.5	9.4	60.9	59.9	58.5	59.1
Slovakia	-0.5	-0.6	-0.4	-0.1	13.3	13.1	12.6	12.3	35.2	35.2	35.8	37.1
Finland	-0.1	-0.1	0.0	-0.1	8.6	8.8	9.0	9.1	122.6	125.0	125.6	125.6
Bulgaria	-2.4	-1.7	-1.1	-0.9	11.5	11.4	10.6	10.3	14.2	14.4	15.4	15.6
CR	-0.1	-0.1	0.1	0.5	6.2	5.9	5.8	5.8	44.6	44.7	44.9	45.2
Denmark	-0.3	0.0	0.3	0.4	6.4	6.5	6.3	6.3	152.5	151.5	151.6	151.8
Croatia	-0.6	-0.4	0.0	-0.1	17.0	16.9	18.0	18.4	38.2	38.4	38.5	n/a
Hungary	-1.4	-1.0	-0.5	0.0	8.1	7.5	7.3	n/a	37.3	38.6	38.9	39.7
Poland	-1.0	-1.3	-1.2	-0.9	9.2	8.7	8.3	7.8	35.7	36.0	36.7	37.7
Romania	0.5	0.4	0.8	0.6	6.8	6.7	6.6	6.5	23.5	24.4	25.0	26.4
Sweden	0.4	0.7	0.7	0.5	8.0	7.8	7.8	7.8	152.6	155.1	155.9	158.4
UK	0.3	0.0	0.0	n/a	6.3	5.9	5.6	n/a	114.8	113.7	113.3	113.7
EU	-0.5	-0.3	-0.1	0.0	10.3	10.1	10.0	9.8	100.0	100.0	100.0	100.0

in %	Productivity to $\emptyset$ CR				Average interest rate on mortgages				Price electricity to $\emptyset$ EU			
	2010	2011	2012	2013	2011	2012	2013	2014	2011	2012	2013	2014
Belgium	259.6	257.1	266.6	282.3	n/a	n/a	n/a	n/a	122.0	116.1	110.6	99.4
Germany	204.8	204.5	211.0	224.3	4.1	3.2	2.9	2.6	143.0	140.7	147.9	145.9
Estonia	83.5	85.4	91.1	98.8	3.7	3.1	3.0	2.9	53.0	55.2	64.9	61.0
Ireland	279.5	283.2	293.2	n/a	3.5	3.3	3.5	3.4	125.1	131.8	134.8	140.2
Greece	156.9	151.0	156.0	159.4	4.7	3.6	3.1	3.4	56.4	61.2	71.6	77.9
Spain	184.1	181.7	190.4	n/a	3.5	3.4	3.2	3.2	116.3	120.5	116.4	120.8
France	237.2	235.3	244.0	258.5	4.4	4.5	3.9	3.6	81.6	78.4	81.4	84.1
Italy	211.2	207.5	210.5	222.6	3.6	4.3	3.9	3.5	86.7	94.3	92.4	95.1
Cyprus	147.2	145.7	153.9	157.6	5.3	5.5	5.4	5.0	114.7	138.5	121.5	104.7
Latvia	70.4	75.4	83.3	89.2	4.7	3.9	4.1	n/a	61.0	61.6	58.8	55.3
Lithuania	73.9	79.5	84.9	91.6	4.3	3.3	2.7	2.7	65.1	62.9	65.4	60.8
Luxembourg	599.0	599.5	614.3	n/a	2.5	2.4	2.2	2.2	95.6	92.2	85.1	85.5
Malta	130.8	128.2	131.3	138.4	3.6	3.6	3.4	3.6	99.0	94.4	89.8	69.9
Netherlands	229.6	225.4	230.6	n/a	4.6	4.3	3.9	3.4	54.9	56.1	53.1	36.5
Austria	n/a	n/a	n/a	n/a	3.4	3.3	2.8	2.7	113.7	109.1	109.3	105.1
Portugal	115.6	112.9	116.0	124.6	4.8	4.8	4.3	4.0	102.4	110.2	108.4	108.3
Slovenia	122.4	122.4	122.7	n/a	4.1	3.6	3.5	3.5	87.0	85.8	90.0	87.7
Slovakia	94.6	95.9	100.4	106.0	5.2	5.3	4.4	3.7	98.0	95.1	89.2	77.2
Finland	239.6	241.7	251.3	266.6	2.6	2.2	2.2	2.0	100.6	95.7	93.4	90.8
Bulgaria	33.3	35.2	38.2	40.0	8.8	8.3	7.8	7.4	43.5	43.9	42.1	39.3
CR	100.0	100.0	100.0	100.0	4.6	4.2	3.6	3.3	118.8	113.2	108.5	89.5
Denmark	286.5	283.0	295.4	313.5	4.0	3.5	3.7	3.2	167.4	160.6	152.0	150.0
Croatia	97.1	95.7	100.5	104.8	n/a	n/a	n/a	n/a	60.7	68.8	69.0	64.6
Hungary	84.7	83.6	82.2	85.2	10.6	12.0	9.6	7.3	87.3	80.8	66.5	55.1
Poland	76.3	76.8	80.4	85.5	7.1	7.4	5.9	5.5	78.1	75.1	70.9	67.0
Romania	43.6	45.2	45.6	51.8	9.5	8.1	7.6	5.5	56.7	53.4	61.8	59.1
Sweden	259.0	270.3	289.8	307.7	4.0	3.6	2.8	2.3	116.1	109.2	106.0	98.2
UK	198.6	195.6	215.2	n/a	n/a	n/a	n/a	n/a	84.0	92.4	89.8	98.4
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

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