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Dear readers,

The onset of summer is traditionally marked by a relaxed holiday mood. The turn of June and July this year, however, will be remembered by the EU as a hectic period full of stress, changing positions and pervasive uncertainty.

What exactly do I have in mind? Of course the next act in the endless Greek tragedy, whose screenplay even the giants of ancient drama such as Euripides or Sophocles could not have conceived. By the time you are holding this Monthly in your hands most likely everything will be different. I am writing this editorial on Thursday 2 July at noon, and in recent days Prime Minister Alexis Tsipras has executed a grand circle which even a world champion in acrobatics would not be ashamed of. First on the weekend he dismissively suspended talks with creditors, then Tuesday night he wrote a letter to them that he is willing to accept their conditions, only to urge citizens on Wednesday to vote against the agreement with creditors in the referendum. The Greek Finance Minister Janis Varufakis is an expert on game theory, but where this game of the top Greek officials is heading I simply do not comprehend.

In June the traditional summit of the European Council took place. The main issue was not Greece, but the wave of immigration that is flooding the EU. The controversial issue of mandatory quotas for sharing refugees was swept under the table. The distribution of immigrants from Africa and the Middle East among the Member States will take place on a voluntary basis. I fully agree with the European emphasis on the principles of solidarity, human rights, dignity and humanity, however the old continent simply cannot take in all the poorer inhabitants of our planet and the question of immigration will be a major political „nut“ that the EU's leaders will have to crack this decade.

In the Commission's Column section, you can read about the upcoming changes in the structure of taxation systems for businesses. These are materialized in the „Action Plan for a Fair and Efficient Corporate Tax System in the EU.“ A key element of the plan is a proposal to consolidate the corporate tax base. If it enters into force, common rules for determining the tax base will apply in Europe, however setting the tax rates will remain within the competence of Member States. The plan has its positives, but also a number of pitfalls and risks. I will not reveal more; you can read about it on page 6.

In the EUROquiz in the last issue we asked you which of the European Commission's recommendations for the Czech Republic you consider most important. Most of you marked the areas of public administration, anti-corruption measures and transparency in public procurement. This issue's Main Topic, which begins on page 9, focuses more on the issue of the so-called Country Specific Recommendations.

The EUROquiz will not be missed in this issue either. Now we ask you about Greece, this time about your recommendation regarding holidays in this beautiful country during a turbulent period.

In the Microscope section Jarolím Antal, Director of the Center for European Studies at the University of Economics (VŠE), has commented on the TTIP. This abbreviation hides a revolutionary plan to remove barriers in trade and investment between the US and the EU – the Transatlantic Trade and Investment Partnership. And this certainly will not be our last article on this subject.

Dear readers, enjoy your summer holidays!


Jan Jedlička

EU Events



EU summit: one of the main topics was migration. – The European Council summit has concluded the European Semester. - Greece failed to make a payment to the IMF in the amount of 1.5 billion euros and thus found itself insolvent. - The European Union is completing trade negotiations with Vietnam. – The vote on the TTIP? It has been postponed.

POLITICS

EU summit: one of the main topics was migration

EU presidents and prime ministers, including Bohuslav Sobotka, gathered in Brussels on **25 and 26 June** for a two-day summit of the European Council.

The main themes of the summit were migration, the conditions for British membership in the EU, security challenges and the deepening of economic and monetary union. However, few doubted that the programme would also include the current situation in Greece.



The Czech Republic, Slovakia, Poland and Hungary managed to push through in the European Council conclusions that the **reallocation of 40 thousand refugees** from Italy and Greece to other EU countries will take place on a voluntary basis. Which way this will be done is not yet clear. But it is certain that some countries will not accept any refugees - these are Greece and Italy, which are already facing a massive influx of refugees at present, as well as Hungary and Bulgaria.

The EU leaders left the topics for which they did not anticipate the sharp debates of the previous night until the end of the two-day meeting. The main theme was European defense and security. European Council President Donald Tusk announced after the summit that the EU will work on a **new security strategy**.

<http://www.consilium.europa.eu/en/meetings/european-council/2015/06/25-26/>

The EU summit has concluded the European Semester

The European Council summit, which was held in Brussels on 25 and 26 June, had a busy schedule. Throughout its duration the main pages of newspapers were filled with the main theme, the question mark over the solution to the **current refugee crisis**, while few people noticed that the prime ministers of the Member States also devoted some time to the debate about the economy and the competitiveness of the continent.

In addition to emphasizing that Europe should make better use of the potential provided by digital technology, the summit also concluded the so-called **European Semester**.

Underneath this term lies a cycle lasting several months in which Member States seek to coordinate their policies in several important areas. The result is the adoption of recommendations (Country-specific Recommendations; CSRs). The recommendations are **prepared by the Commission** and addressed to each Member State. The countries thus receive documents, in which they find an analysis of the economic situation, accompanied by the recommended steps that should be taken in the following year.

These documents are sent to the Member States each May, after the European Commission has evaluated their National Reform Programmes and Stability or Convergence Programmes. In June, the recommendations are confirmed by the European Council and a month later adopted by the Council of Ministers.

You can read which recommendations the European Commission issued for the Czech Republic in our Main Topic on page 9.

http://ec.europa.eu/europe2020/making-it-happen/country-specific-recommendations/index_en.htm

ECONOMY AND EURO

Greece finds itself insolvent

At midnight on 30 June the bailout programme for Greece expired. Moreover, the country **did not make its payment** to the IMF in the amount of **1.5 billion euros** (41 billion crowns) and therefore found itself in insolvency.

It had not changed the situation that shortly before the deadline Athens had requested that it postpone payments to the International Monetary Fund. A spokesperson from the International Monetary Fund reported that talks about this will be held, but did not specify when.





International lenders had also rejected the Greek request for a several day extension of the existing international rescue programme and also a new two-year programme for financing and debt restructuring.

According to them, the extension was not technically feasible and, regarding the new programme, they want to know what Athens is willing to offer if the international community fulfils its request and approves the new programme.

Negotiations on this will take place on 1 July. However the official reaction can most likely be expected after the results of the referendum on the content of the agreement with creditors which will be held in Greece on Sunday 5 July.

Greece has become the **first developed country** in the history of the IMF which has failed to repay its loan on time. The Greek payment is also the largest ever to be levelled, and thus the Greeks are the largest debtor to the IMF.

Bankruptcies in the EU countries since 1800

Country	Year	Total
Austria	1802, 1816, 1868, 1915, 1938, 1940, 1945	7
Greece	1826, 1843, 1860, 1894, 1932, 2010	6
Spain	1809, 1820, 1831, 1834, 1851, 1882	6
Germany	1812, 1814, 1850, 1930	4
Portugal	1827, 1837, 1852, 1890	4

Source: National Bureau of Economic Research

<http://www.primeminister.gov.gr/english/2015/07/01/prime-minister-alexis-tsipras-message/>

FOREIGN TRADE

The EU is completing trade negotiations with Vietnam

The EU is approaching the **final negotiations** on a trade agreement with Vietnam in talks which have been running since 2012. Negotiators from the two sides want to conclude the talks before the August summer break. In order to reach a political agreement, however, fine-tuning of some problematic issues still remains, as demonstrated by the recent negotiations.

These include for example the **opening of the Vietnamese market** for European investment in the areas of telecommunications, banking and financial services, and maritime and air transport. Like other developing countries, Vietnam is in fact concerned about too high a proportion of foreign firms in these sectors. On the other hand, during the last round the countries managed to move forward on the question

of public procurement to which the EU attaches a high priority, and the removal of tariffs on goods.

Thanks to the agreement the final result could be the removal of up to **98% of customs duties**, although in some areas long transitional periods would apply. This concerns for example cars and alcoholic products on the Vietnamese side and rice and fishery products on the EU side. Nevertheless this would be the first time that there has been such a significant reduction in duties in trade between the European Union and a developing country.

In the agreement, the Union promises that it will succeed in balancing the negative trade balance it has with Vietnam. In 2014, Vietnam imported goods worth **22 billion euros** to the EU, while goods worth **6 billion euros** went in the other direction. The EU exports mainly electrical machinery, aircraft, automobiles and pharmaceutical products to Asian countries. The major products Vietnam exports to the EU include electronics, footwear, textiles, food and furniture.

Trade relations between EU and Vietnam (in billion euro)



Source: Eurostat

<http://ec.europa.eu/trade/policy/countries-and-regions/countries/vietnam/>

The vote on the Transatlantic Trade and Investment Partnership? Postponed

On Wednesday 10 June the European Parliament had to vote on its final report for the ongoing negotiations on the Transatlantic Trade and Investment Partnership (TTIP).

In the report MEPs define the baseline for negotiations on the particular issues that will be included in the trade agreement between the European Union and the United States.

As the chief negotiator for the European side, the Commission should follow these guidelines. At the same time, MEPs expressed their support in the negotiations to the Commission in the report. The President of the Parliament Martin Schulz **postponed the vote at the last minute** however. In the end, the planned debate in the plenary was also cancelled.

EU Events



The EU Council has agreed on a regulation for the protection of personal data. - Brussels wants to assist countries with drawing structural funds. It has therefore decided to establish a special working group. - The Prime Minister has signed the Czech operational programmes in Brussels. - Students interested in studying abroad will be able to borrow money for this.

Although the Committee on International Trade (INTA) supported both the report and the negotiation of the TTIP, the expected agreement could not be found throughout the plenary.

The stumbling block was the issue of ISDS (a mechanism for settling disputes between investors and states). The Socialist faction had in fact requested that the TTIP with this mechanism for investor arbitration not be considered at all.



<http://www.europarl.europa.eu/news/en/news-room/content/20150610IPR64803/html/Debate-and-vote-on-TTIP-postponed>

INFORMATION SOCIETY

The EU Council has agreed on a regulation for the protection of personal data.

The fifteenth of June was a success for both the Commission and the Member States. Latvia's Presidency, which had established the conclusion of a compromise between European countries on this issue as one of its main priorities, could also celebrate. It had fulfilled its commitment for its six-month term and can now pass the baton on to Luxembourg, which will replace it in July.

Thanks to the **adoption of a general approach** the so-called trilogue between the Commission, the EU Council and the Parliament can begin, the outcome of which will be the approval of a reform for personal data protection by the end of the year. Negotiations between the three institutions started Wednesday 24 June.

The reform is in response to the enormous technological progress which has also had the side effect of dissemination of the personal data of internet users, without them always knowing where. In fact the data is often used for other purposes than those for which it was originally provided by users. Moreover, the European legislation which currently deals with these issues will celebrate its twentieth anniversary this year. For today's needs it is therefore insufficient.

Nevertheless, companies have many objections to the regulation. For example, it concerns them that the new regulation will result in additional costs.

Some European companies are also opposed to the introduction of sanctions for violations. The proposals differed in their form and European justice ministers finally agreed to fines in the amount of up to one million euros or **2% of the global annual turnover of a company**. The Council's compromise also provides for toughening the so-called „right to be forgotten“, thanks to which EU citizens' personal data on the Internet will be deleted upon their request. In addition, if hacking into personal data occurs citizens must be informed. A new aspect is that not only companies based in Europe but also companies established outside will have to follow the new rules.



<http://www.consilium.europa.eu/en/press/press-releases/2015/06/15-jha-data-protection/>

REGIONAL POLICY

Brussels wants to assist countries with drawing structural funds

In the 2014-2020 programming period the EU Member States will have the opportunity to obtain more than 351 billion euros. The Commission does not want to risk that some of this remains unused and therefore intends to better monitor its investments.

In order to **not repeat the situation from the 2007-2013** period, when it is now clear that some states could not manage to utilize their entire allocated amount, Brussels has decided to **establish a special working group**. Besides the drawing of resources in the new period, the team of experts will also focus on rescuing funds from the past seven year period.

The working group is led by former Commission Vice-President **Siim Kallas**, and his attention is fixed on several priorities. First of all these include simplifying access to finance for SMEs, the fight against excessive and unnecessary administrative barriers, for example when selecting projects, simplifying the procedures for reimbursement of expenses and greater use of online platforms.



Kallas' team is now focused on the group of countries that are below average in their rate of absorption of European funds.

The Czech Republic belongs among these eight countries next to Bulgaria, Croatia, Italy, Hungary, Romania, Slovakia and Slovenia.

In 2013 the Czech Republic did not manage to utilise 12 billion crowns and a year later 9 billion. In the 2007-2013 programming period it is possible to draw more than 700 billion crowns, and the last opportunity is this year.



http://europa.eu/rapid/press-release_MEMO-15-5128_en.htm

The Prime Minister has signed the Czech operational programmes in Brussels

On 11 June a solemn ceremony was held in Brussels in which Czech Prime Minister **Bohuslav Sobotka signed the approved Czech operational programmes**. His signature on them was joined by that of the EU Commissioner for Regional Policy Corina Crețu.

Officially it therefore became possible to start announcing calls. During the 2014-2020 period Czech applicants can utilize up to 660 billion crowns from EU funds.

The first call was already announced at the end of May by the Ministry of Industry and Trade, and it was in the OP Enterprise and Innovation for Competitiveness (OP PIK), which was approved by the Commission in April.

After the approval of the OP PIK, the European Commission gave a green light to other operational programmes: among others OP Research, Development and Education, OP Environment and OP Employment.

Meanwhile the **latest package** of programmes was approved by the Commission on 11 June. Among them are the last two structural programmes, OP Prague - Growth Pole of the Czech Republic and OP Technical Assistance, and two programmes for cross-border cooperation (with Germany and Slovakia).

<https://ec.europa.eu/avservices/video/shotlist.cfm?ref=I104541>

EDUCATION AND SPORT

Students interested in studying abroad will be able to borrow from Erasmus

The European Commission announced on 11 June that the first EU country where it will be possible to take out a loan for master's studies will be **Spain**. Up to 30 million euros will be available within the framework of a system of loan guarantees for master's studies falling under the Erasmus+ programme in which the Czech Republic is also involved. Guarantees will be provided by the European Commission.

The system of loan guarantees was launched in January this year. Its aim is to provide loans to partially cover the study costs of 200 thousand students from all over Europe. After Spain, the system will also be gradually **introduced in other countries**.

It will be possible to apply for loans directly at the participating banks or at financial entities that provide student loans; in the case of Spain this would be the bank MicroBank.

For a one-year master's programme a student can borrow up to **12 thousand euros**, and for a two-year degree about six thousand more. Loans can be obtained at preferential terms – the loan is not subject to liability on the part of students or parents and it is possible to receive a favorable interest rate and to defer repayment.

Students interested in a loan can contact the **new association for students and graduates** of the Erasmus+ programme, which launched its operations on 12 June 2015. The association will represent the more than three million students participating in the Erasmus+ programme in the period up to 2020.

The seven-year Erasmus+ programme (2014-2020) has a budget of 14.7 billion euros and will provide opportunities to study, participate in professional training, gain work experience or participate in volunteering abroad for more than four million young Europeans.



http://ec.europa.eu/education/opportunities/higher-education/masters-loans_en.htm



The European Commission Representation in the Czech Republic makes contributions to the EU News Monthly Journal in the „Commission's Column.“ In the July issue this article discusses the topic of corporate taxation. In Europe the view that the system of corporate taxation needs to be changed has in fact already been gaining momentum for several years.

THE COMMISSION WANTS TO MODERNIZE CORPORATE TAXATION

The foundations of today's corporate tax systems were set up in the 30s, when the volume of international trade was much smaller in comparison to today, with simpler business models and a majority of tangible products. Since then, the world of business and trade has changed markedly. In an environment of globalization, digitalization and highly mobile trading it is also necessary to modernize the system of corporate taxation.

The current rules give companies space so that, with the help of sophisticated though legal practices, to a large extent payment of taxes can be avoided. In particular multinational companies often make large profits in the European Union, but pay only **minimal or even no taxes there**.

This leads to a distortion of the market and a greater tax burden on local businesses and the general public who pay their fair share of taxes. Compared with multinational companies, local businesses pay about 30% more in taxes. At the same time, such practices lead to tax competition between Member States which try to set up the most advantageous conditions so that taxation of the profits of multinational companies flows right through their tax systems.

In order to rectify this situation, on 17 June the European Commission presented an **Action Plan for a Fair and Efficient Corporate Tax System in the EU**. The proposed measures should ensure the payment of taxes where companies generate their profits and prevent tax disadvantages for „honest“ businesses compared to „ingenious“ ones.

Furthermore, the Commission wants to achieve that a preferential system in one country does not cause losses in other EU Member States and that third countries cannot lure European companies to take their profits outside of the Union.

The key measure proposed in the Action Plan is the introduction of a **Common Consolidated Corporate Tax Base (CCCTB)**. The Commission already came up with this proposal in 2011, but due to the disunity of the Member States the negotiations stalled. Because of this, the Commission has proposed a two step process this time. In the first step a common tax base would be defined, i.e. a single system of rules replacing the existing 28 systems.

For companies this would represent a significant reduction in administrative burdens and at the same time it would cease to be advantageous to move headquarters to countries with low tax bases. Nevertheless this does not concern harmonisation of tax rates; these will completely remain a decision of the Member States. In the second phase, there would be a move towards consolidation, which has so far been the most controversial element in the negotiations.

Its essence is the application of a common tax base to the total profit after adding the profits and losses from all the countries where the given consortium operates.

The taxable profits would then be shared out among the countries concerned

according to a tax formula. The Commission plans to present the new legislative proposal in 2016.

Another package of proposed measures is aimed at effective taxation in the EU. To ensure that companies pay their fair share of taxes in the country in which their profits are generated, the Commission has proposed a number of measures to eliminate loopholes in legislation and the introduction of stricter rules for preferential systems. The Commission also proposes improving the system for determining transfer prices, which are the main channel for moving profits between countries.

The Action Plan also **sets out additional steps** towards greater tax transparency, both within the EU and in relation to third countries. For example, the Commission has published a list of 30 third countries and territories which the Member States have put on a blacklist (so-called tax havens). This list can be used for the purpose of screening non-cooperative tax jurisdictions and developing a common EU strategy for dealing with this problem.

The Commission has simultaneously launched a **public consultation** in order to obtain feedback on the question of whether companies should have to publicly disclose certain tax information. The Commission is thus building on its March Tax Transparency Package, which had a proposal for automatic exchange of information on tax rulings as its main element.

The measures contained in the Action Plan are designed to be in line with reforms being prepared at the global level, particularly with the negotiations on base erosion and profit shifting (BEPS) within the framework of the OECD.

Concerted European action should ensure uniform implementation of the international agreements in all 28 Member States to prevent distortions in the internal market.

More detailed information about the Action Plan for Fair and Efficient Corporate Taxation and also the launch of the consultation on tax transparency can be found on the website of the European Commission:

http://ec.europa.eu/news/2015/06/20150617_en.htm



Our Information Service 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/>; <http://www.eu2015lu.eu/>.



InfoServis

Meeting of the key EU institutions

3 July 2015	Luxembourg, Luxembourg	14 July 2015	Brussels, Belgium
- Official launch of the Luxembourg Presidency of the Council of the European Union		- Economic and Financial Affairs Council	
6 July 2015	Luxembourg, Luxembourg	20 July 2015	Brussels, Belgium
- Informal meeting of Ministers of Sport		- Foreign Affairs Council	
6 - 9 July 2015	Luxembourg, Luxembourg	20 July 2015	Luxembourg, Luxembourg
- European Parliament plenary session		- Informal meeting of Ministers for Competitiveness	
13 July 2015	Brussels, Belgium	22 July 2015	Luxembourg, Luxembourg
- Agriculture and Fisheries Council		- Informal meeting of Ministers for the Environment	
13 July 2015	Brussels, Belgium	23 July 2015	Luxembourg, Luxembourg
- Eurogroup		- Informal meeting of Ministers and State Secretaries for European Affairs	

Source: www.europa.eu, <http://www.eu2015lu.eu/>, access as of 30 June 2015



EUROquiz

QUIZ QUESTION FOR THIS MONTH

For children and certainly adults as well, the long-awaited season of holidays is here. Undoubtedly a favorite destination is Greece and its islands. Many of you are preparing to go there or have already spent holidays in Greece.

How do you assess the current situation in Greece from the viewpoint of tourism?

A holiday in Greece is:

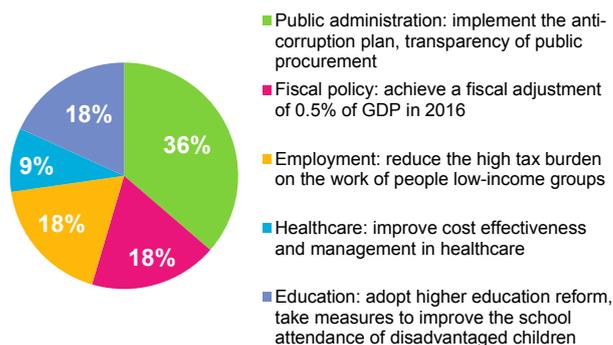
- Trouble-free, there is no reason not to visit the country;
- Connected only with mild complications, it is better to have cash with you;
- Problematic - a big reduction in comfort and services awaits tourists;
- For this year certainly not recommended – you should not go there.

You can send us your answer to this question using the form which you will find at: bit.do/euroquiz3

ANSWER TO LAST MONTH'S QUESTION

Last time we asked which of the European Commission's recommendations for the Czech Republic are the most serious. More than a third of respondents identified the areas of public administration, corruption and transparency in public procurement. Health care reform measures were selected as the least important. We completely agree with the priority of focusing on public administration. The recommendation concerning higher education and schooling would deserve greater consideration in our view.

Which area do you consider to be the most important of the EC's recommendations for the CR?



Source: EUROquiz EU Office Česká spořitelna



In the Microscope section of this summer issue of the Monthly, we will focus on the agreement that the EU has been negotiating with the United States since the summer of 2013, the Trans-Atlantic Trade and Investment Partnership (TTIP). For the Czech Republic, the TTIP would represent a new and yet unused opportunity, which would open the U.S. market both directly and indirectly.

TTIP: WHAT COULD IT BRING THE CZECH REPUBLIC?

In recent years, the world economy has been experiencing a turbulent period, which manifested not only in the form of a debt crisis, but also in the form of suspension of trade liberalisation at the level of the WTO.

Many countries are continuing with liberalisation through bilateral treaties, which make it possible to strengthen economic ties with various regions of the world as well as contribute to economic growth, which directly corresponds to international trade and investments.

The trade agreement that the EU has been negotiating with the United States since the summer of 2013 as the **Trans-Atlantic Trade and Investment Partnership (TTIP)** is no exception in this respect. Although it is possible already now to speak of very robust and integrated relations between the EU and the USA, based primarily on investments and daily trade in a volume of approximately EUR 2 billion, each additional elimination of tariff or non-tariff obstacles can help further strengthen bilateral ties.

Although already now customs obstacles amount on average to only approximately 3%, many sectors are fighting against obstacles of a non-tariff character. They are complicating trans-Atlantic trade the most.

The new agreement is mainly intended to eliminate the remaining tariff obstacles, although their core is mainly elimination of obstacles that are hidden in administrative processes and double checks of very similar standards.

The elimination of tariff obstacles would lead to easier access to a number of products in Europe and vice versa. Greater competition on the market can be expected, which on one hand would represent an advantage for consumers. This also leads to the question of how European companies, including Czech companies, are handling competition.

In the opposite direction, it is possible to expect new opportunities and greater competitiveness of Czech and other European goods on the U.S. market.



The effect of liberalisation would have a more significant effect on EU states, which have significantly strong ties with the USA, such as Great Britain, Ireland, the Netherlands and other countries. The situation is different in Central Europe, which does not have such close economic ties to the USA.

Direct trade between the Czech Republic and the USA has been growing in recent years, and the USA is among the most important markets outside of the EU. Trade between the Czech Republic and the USA represents only **5% of the Czech Republic's foreign trade**. Its intensity in recent years has grown by about a third. Therefore, the United States is considered a priority country for Czech export. From the point of view of direct foreign investments, the share of U.S. investments flowing to the Czech Republic is negligible, particularly do to the orientation of the Czech economy towards markets in Western Europe.

Nonetheless, for the Czech Republic, the TTIP would represent a **new and yet unused opportunity**, which would open the U.S. market both directly and indirectly. In many cases, Czech companies trade with the USA via other Western European countries, for which their outputs are part of the final products.

Easy access to the U.S. market and reduction of prices by harmonising certain similar standards could even have a positive effect on orders for Czech companies, such as in the engineering and automotive industries. Therefore, it is possible to speak about the **potential for companies**, which are already competitive on EU markets and so far have not considered expanding their activities to the USA.

The U.S. market is very interesting from the point of view of stability, high absorption capabilities as well as stability of its environment for investments. Elimination of administrative obstacles would also enable SME to position themselves on the U.S. market. Czech trams are an example. Despite protectionist measures related to public contracts, Czech trams run in Seattle, Portland and other U.S. cities.

There are also **potential opportunities** for Czech groceries, glass, medical equipment and textiles, which could better establish a position for themselves on the U.S. market following liberalisation. The TTIP also has the potential to increase the Czech Republic's attractiveness as a location with investment opportunities.

U.S. companies invest the most into research and development in Europe, which results in creation of better paying jobs and greater added value. Investments of this type are what will likely interest the Czech Republic the most.

Jarolím Antal
Director of the Centre of European Studies VŠE

This year too, the European Commission issued economic recommendations for individual EU member states, this time for the years 2015 and 2016. The Commission called on member states to take measures to support growth and job creation. The individual recommendations have been issued based on detailed economic analyses of member states for the period of the next twelve to eighteen months.



Main Topic

EUROPEAN COMMISSION'S RECOMMENDATION: REDUCE CORRUPTION

INTRODUCTION

These recommendations for EU member states are a reflection of the Commission's economic and social programme, which rests on **three interconnected pillars**: *support for investments, implementation of structural reforms and fiscal responsibility*. The fulfilment of these recommendations should help sustain the renewed European economic growth, deepen it and keep it on solid foundations.

The recommendations also relate to the Eurozone as a whole and 26 member states. Another two states, **Greece and Cyprus, are not receiving recommendations**, since they were supposed to fulfil a macroeconomic recovery programme. The recommendations themselves reflect the priorities that have been set based on a yearly analysis of growth in November of last year. They were followed by months of analyses and dialogues with individual member states. At the end of February 2015, the Commission issued to the Commission's sections working documents, in which it highlighted the direction that the recommendations could take. Then in April, EU member states submitted their economic reform programmes.

At its meeting held on 29 April 2015, the Czech Government approved the National Programme of Reforms of the Czech Republic for 2015. It highlights the main measures related to boosting economic growth and employment in the Czech Republic. These measures have been set up in order to fulfil the principles of responsible budget management. On 13 May 2015, the European Commission published its recommendations to EU member states. At the end of June (25 and 26 June), the European Council held a meeting. The European Council concluded the European semester by generally confirming the Commission's recommendations for individual EU member states and called for their implementation.

On 14 July, these recommendations should be **formally approved** by the Council of Finance Ministers at its meeting. Moreover, in the autumn, winter and spring the European Commission will issue its economic prognoses, which will make it possible not only to compare individual member states based on many perspectives and indicators, but to assess their development as well.

EUROPEAN COMMISSION'S RECOMMENDATIONS FOR MEMBER STATES

For this year, like 2014, the recommendations were for 26 member states. The Commission has made several changes in the coordination of economic policy of the European semester. These changes were set up to support better implementation of individual recommendations and to increase responsibilities at the domestic level. The publication of economic analyses for particular countries has also changed, and they will be published three months sooner than in previous years, so that there is still room for discussion regarding key issues based on the particular analyses.

The Commission's individual proposed recommendations have highlighted these priorities:

1) EU member states should underestimate investments in order to support future economic growth. In relation to this, it is necessary to eliminate obstacles that are hindering obtaining of financing and realisation of investment projects. In relation to the recommendations for 2014, many member states have taken measures to resolve the vulnerability and problems in the financial sector. It is also necessary to quickly fulfil the investment plan for Europe, for which the Commission has allocated EUR 315 billion. For increasing investments and achieving the full potential of the investment plan, it is necessary to improve the investment environment, for example

by eliminating non-financial and administrative obstacles, increasing the effectiveness of administration and taking other steps to help get finances into the real economy.

2) Ambitious structural reforms are also expected on the market of products, services and labour, which will increase productivity, competitiveness and investments. Such reforms should support growth and job creation for the general good and advance social justice. Reforms in the financial sector will facilitate investors' access to finances, ease negative consequences and reduce red tape in the banking, private and public sectors.

3) In the fiscal area, it is necessary to adopt measures that will bring about a balance between short-term stabilisation and long-term sustainability. There are still many member states that report huge budget deficits or huge debt. Therefore, these states should attempt to adjust their balance sheets. EU member states that have certain fiscal rooms should adopt measures to support productive investments. Changes in the composition of public finances should further help growth. Most member states have managed to reduce their deficits of public finances to below 3% of GDP. However, a huge deficit for this year is predicted in Croatia (-5.6% of GDP), the UK and Spain (-4.5% of GDP).

Main Topic



The expected level of public debt and the public budgets balance in the EU (% of GDP, 2015)

	Public debt	Public budget balance		Public debt	Public budget balance
Greece	180.2	-2.1	Netherlands	69.9	-1.7
Italy	133.1	-2.6	Malta	67.2	-1.8
Portugal	124.4	-3.1	Finland	62.6	-3.3
Ireland	107.1	-2.8	Slovakia	53.4	-2.7
Cyprus	106.7	-1.1	Poland	50.9	-2.8
Belgium	106.5	-2.6	Sweden	44.2	-1.5
Spain	100.4	-4.5	Lithuania	41.7	-1.5
France	96.4	-3.8	Czech Republic	41.5	-2.0
Croatia	90.5	-5.6	Romania	40.1	-1.6
UK	89.9	-4.5	Denmark	39.5	-1.5
Austria	87.0	-2.0	Latvia	37.3	-1.4
Slovenia	81.5	-2.9	Bulgaria	29.8	-2.9
Hungary	75.0	-2.5	Luxembourg	24.9	0.0
Germany	71.5	0.6	Estonia	10.3	-0.2
EU	88.0	-2.5	Eurozone	94.0	-2.0

Source: European Commission

Although the situation with public budgets is improving, the public debt in most member states is still growing. In relation to public budgets, the European Commission has recommended that the Council of Ministers of the EU, in the cases of Malta and Poland, end its approach in relation to the excessive deficits since both states have managed to correct their excessive deficits.

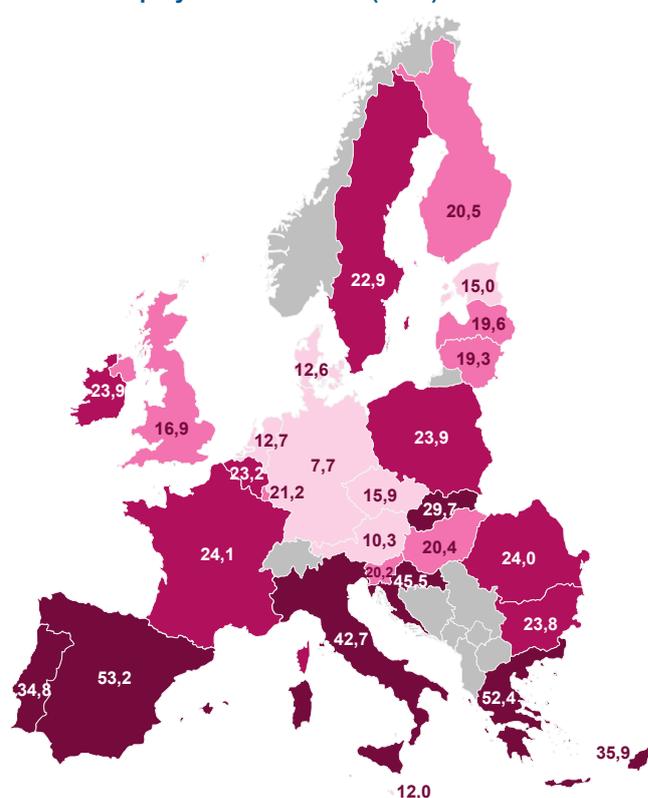
4) A certain evergreen for improvement for member states is the **area of employment and social security policy**. It is necessary to resolve the unfavourable situation on the labour market and the high unemployment.



Therefore it is necessary to support job creation and thereby reduce the negative effects of unemployment. One of the ways to do this could be by simplifying the rules for hiring and dismissing workers, in order to reduce lengthy labour disputes, which can prevent signing of employment contracts for indefinite periods. In order to support job creation, it is necessary for the development of real wages to be in line with the development of productivity.

Long-term unemployment and the unfavourable living situation could be eased by social assistance and security, so that people are ensured support and protection for their entire lives and so that stronger social cohesion is achieved, which is crucial for sustainable economic growth.

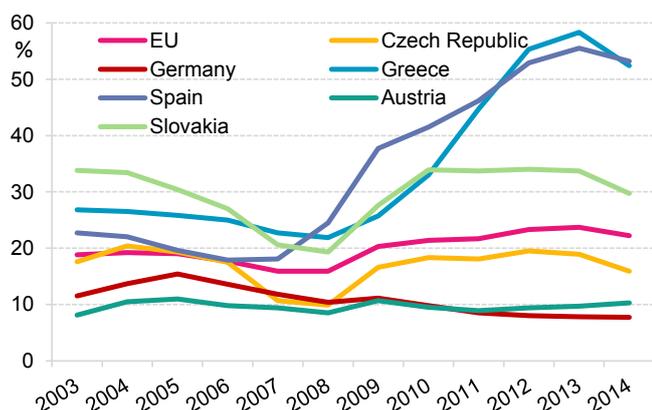
Youth unemployment rate in EU (2014)



Source: Eurostat; the share of unemployed people under 25 years of economically active population aged under 25 years



Development of youth unemployment rate in selected EU Member States



Source: Eurostat, the share of unemployed people under 25 years of economically active population aged under 25 years

The **most common recommendations** to EU member states include adjustments or improvements in the areas of public finances, taxation and labour markets.

The number of recommendations and details differ among individual states. States with an **excessive imbalance** (Bulgaria, Croatia, France, Italy and Portugal) or states with an **imbalance** that require decisive political measures and (special) monitoring (Hungary, Germany, Ireland, Spain and Slovenia) have the largest number or more detailed recommendations.

The same applies for Romania, where a **preventive programme** of financial assistance is being applied with support from the EU and the IMF.

The Czech Republic, together with Denmark, Estonia, Lithuania, Latvia, Luxembourg, Malta, Poland, Austria and Slovakia, is among the countries without imbalances.

For the last named state and our Eastern neighbour, **Slovakia**, the Commission for the 2015-2016 period recommends:

- Increasing cost-effectiveness in healthcare, including by improving the management of hospital care and strengthening primary health care. Adopting measures that improve tax collection.
- Further resolving long-term unemployment, by implementing activation measures, second-chance training programmes and high quality professional preparation adapted to the specific needs of individuals. Improving the offering of child-care facilities
- Improving professional preparation of teachers and increasing the attractiveness of the teaching profession, so that worsening of education results is reduced. Ensuring greater involvement of Roma children in regular education and high-quality pre-school education.
- Supporting investments into infrastructure and improving and rationalising administrative procedures for obtaining planning and building permits. Ensuring greater economic competition in public tenders and improving mechanisms for supervision over assigning of public contracts.

RECOMMENDATIONS FOR CZECH REPUBLIC FOR 2015-2016

This year the **number of recommendations was reduced** compared to the previous year. For the period from 2014-2015, the Commission proposed **seven** of them: 1. *Budget strategy*; 2. *Tax policy*; 3. *Long-term sustainability of public finances*; 4. *Employment and child-care services*; 5. *Quality and inclusive education, evaluation and financing of research institutions*; 6. *Reform of regulated professions and reduction of energy demands*; 7. *Quality state administration, the fight against corruption, administration of EU funds, assigning of public contracts*.

By the end of April 2015, the Czech Republic presented its national programme of reforms for 2015 and its convergence programme for 2015.

Both programmes have been assessed together. On 13 May the Commission made public its actual recommendations for member states, including the CR.

Recommendations for the Czech Republic for 2015-2016:

1. **Achieve fiscal correction in the amount of 0.5% of GDP in 2016. Further improve cost effectiveness and administration in healthcare.**

Long-term sustainability remains a problem for the Czech Republic's public finances, even though a certain improvement of the outlook is expected. Due to the unfavourable demographic developments and the ageing of the population, spending on healthcare can be expected to rise in the future. Another important step is the improvement of transparency in contracts on provision of services between insurers and healthcare providers.

2. **Fight against tax evasion, simplify the tax system and implement the anti-corruption plan. Take measures to increase transparency and effectiveness during assigning of public contracts, particularly by implementing a central register of public contracts, and strengthening management and supervision.**

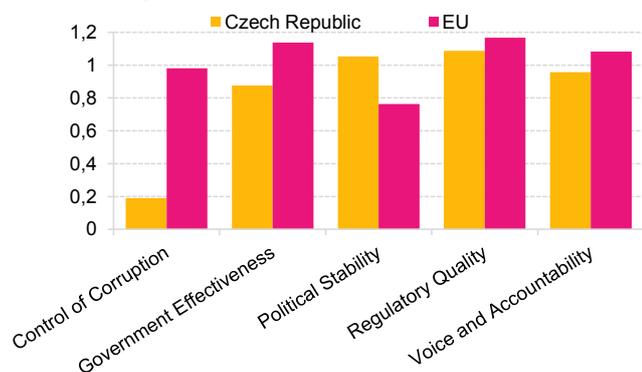
According to the Commission's Report about the Czech Republic for 2015, there is extensive tax evasion in the CR, particularly including evasion of VAT and consumer taxes.

A persistent problem, even despite the recently enacted reform steps, is the quality and transparency of public institutions, which are becoming a certain obstacle to further growth.

Main Topic



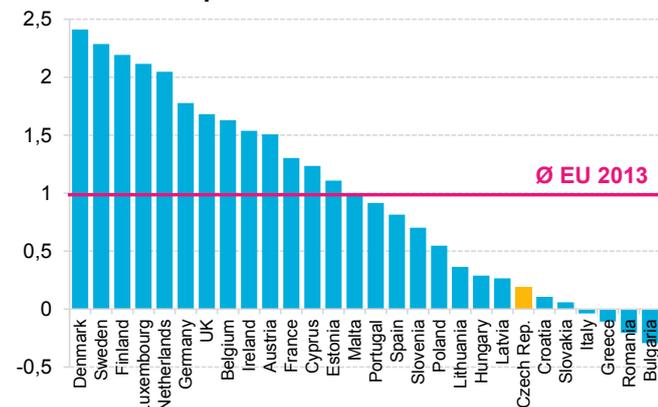
Worldwide governance indicators 2013



Source: World bank; European Commission: Czech Republic report 2015; Each indicator ranges between -2.5 (weak) to 2.5 (strong). EU figures are calculated as simple averages of Member State results. (2) Political stability and absence of violence/terrorism

Corruption and general indicators of quality of public institutions are below the EU average in the Czech Republic, which can have a direct impact on further development, because such ineffectiveness influences the distribution of public funds and worsens the business environment. The Czech Republic is deeply below the EU average in indicators and holds the seventh worst position on the ladder.

Control of corruption indicator in the EU for 2013



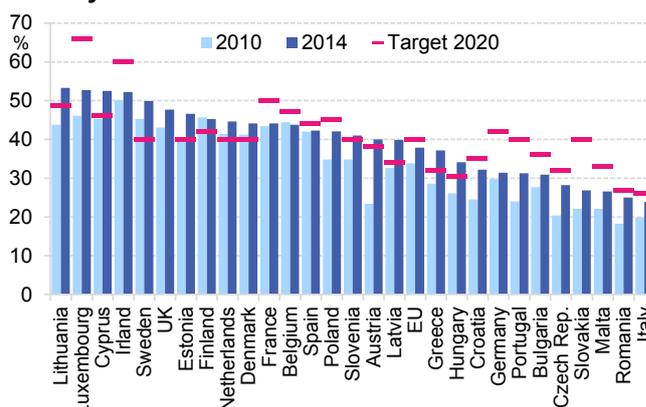
Source: World bank; note: Each indicator ranges between -2,5 (weak) to 2,5 (strong). EU figures are calculated as simple averages of Member State results.

3. Reduce the high tax burden of work performed by persons with low income by shifting the tax burden to other areas. Further increase the availability of affordable child-care services.

The Czech Republic has returned to **positive economic growth**, which has also helped on the labour market, where the unemployment level is falling and employment is growing. However, there remain certain problems, such as the low participation of certain groups on the labour market and the high tax burden of labour.

4. Adopt university reforms. Ensure necessary professional preparation of instructors, support schools reporting weak results and take measures to increase school attendance among disadvantaged children, including Roma.

Tertiary education attainment in the EU



Source: Eurostat

Even despite **lower public spending** on education in the Czech Republic than the EU average, there have been improvements in education results in recent years. The Czech Republic is making rapid progress in increasing the share of people with university education, although this share is below the average in the EU. Slovakia, Malta, Romania and Italy lag behind the Czech Republic. However, besides the positive changes in the form of an increase in the share of people with university education, there are also negative findings regarding the quality of university education and opportunities for university graduates to apply their skills on the labour market. According to research conducted by the OECD, there has been a decrease in the skills of young university graduates compared to older generations with the same type of education.

A large number of inhabitants in the Czech Republic complete elementary and secondary school education. However, in certain groups with worse socio-economic circumstances or medical disabilities, school drop-out levels are relatively high.



It can be stated in conclusion that the **Czech Republic is among the least problematic member states**. The Czech economy has enjoyed growth, which, however, may be influenced and limited in the future by certain factors, such as the low effectiveness of realisation of investment projects, problems with tax collection, inflexibility of the labour market and insufficient support for growth based on knowledge. Time will tell what progress the Czech Republic will achieve in the areas regarding which the European Commission has issued recommendations in the years to come and how this will help stabilise the country's economy to enable long-term sustainable growth and improve the country's competitiveness.

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 July issue, we will focus on the business environment in the Iceland.



Doing Business

ICELAND

Official name	Icelandic Republic
Population	325 671 (2014)
Area	103 000 sq km
Currency	Icelandic Krona (ISK)
Official language	Icelandic

Source: *The World Factbook*

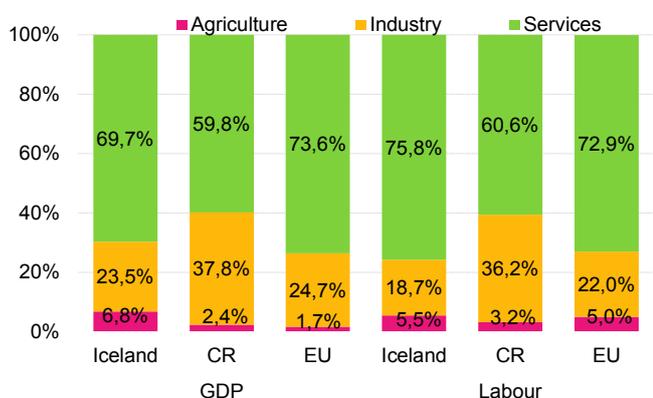
The island state of Iceland is located in the northern part of the Atlantic Ocean about 800 km from the west bank of Scotland. Iceland's capital city is Reykjavik. The capital is home to nearly two thirds of Iceland's citizens. In 2015, Iceland withdrew its application for EU membership, but wishes to maintain close relations and cooperation with EU states.

Iceland is a parliamentary republic with a unicameral parliament with 63 elected members. Since 2013, Sigmundur Davíð Gunnlaugsson, who heads the traditional right-wing Progress Party, has served as the country's prime minister since 2013.

Structure of economy and foreign trade

Iceland's largest export partners are the Netherlands (30%), Germany (12.1%) and the UK (9.5%). The country mostly imports from Norway (15.6%), the USA (10%) and Germany (8.4%). Iceland's main export commodities are fish and fish products (40%), and aluminium is also a significant export commodity. The country mainly imports petroleum products, machines and accessories.

Sectors of the National Economy - Iceland



Source: *World Bank, 2014*

Macroeconomic outlook

Domestic demand was the main driver of growth in 2014, mainly due to the tourism boom in 2013, the positive effect of which on the economy spilled over into the subsequent year. That was

aided to a great extent by the rise in inhabitants' disposable income. These factors will support stronger economic growth in the future as well. The Commission expects 2.8% GDP growth in 2015 and 2.5% growth in 2016, thanks to tourism and private consumption. Inflation in 2014 decreased significantly in 2014 compared to the previous year, by just under two percentage points to 2%.



In 2015, the inflation level should emerge from the bottom and finish the year at 1.5%, following by growth to around 2.7% next year. Iceland was one of the countries most affected by the financial crisis, which led to enormous growth of its debt. The yearly deficits of public finances are now at close to zero, and in recent years a regular decrease in the country's public debt could be witnessed.

Basic indicators (in %)	2013	2014	2015 ^e	2016 ^e
GDP Growth	3.6	1.9	2.8	2.5
Unemployment rate	5.4	5.0	4.5	4.3
Inflation	3.9	2.0	1.5	2.7
Current account balance (% GDP)	5.8	3.6	2.0	0.4
Public debt (% GDP)	85.9	81.2	77.4	73.8

Source: *European Commission*; ^e - estimate

Labor market

The situation on the labour market is also improving. Employment has grown year-to-year by 1.6% in 2014. However, most new jobs have been in low-paying sectors, due to the expansion of tourism. The unemployment level has been declining regularly, and in the past 9 months it improved from 4.9% to 4.2%.

There is no set monthly minimum wage, but it is defined by collective agreements. There are average monthly wages, which after conversion to euros are approximately three times greater than wages in the Czech Republic.

Basic indicators of labor market		
Unemployment rate (May 2015)	4.6%	
Minimum monthly wage (2015)	-	
Ø monthly labor costs in sectors (2013)	Iceland	CR
Manufacturing	2 971 €	934 €
Construction	2 869 €	831 €
Financial & insurance activities	4 696 €	1 756 €
Transportation and storage	3 046 €	876 €

Source: *Statistics Iceland*



Like in the Czech Republic, the highest wages in Iceland are in the financial and insurance sectors.

Labor law basics

If an employee is hired for at least 8 hours of work per week for a period of one month, then an employment contract must be written with the employee within two weeks after he begins employment.

The average weekly work period must not exceed 48 hours including overtime for a period of 4 months.

The minimum period of paid leave is 24 work days per year. The termination notice period for an employer's termination of an employee is based on the number of years the employee has worked and ranges from one to three months.

Commercial law basics

At least two partners are necessary to establish a joint-stock company, and at least one of them must be a resident of Iceland or a resident and citizen of a member of the EEA or the OECD. One person is enough to establish a limited liability company and is subject to the same rules as for a joint-stock company.

According to the World Bank, Iceland is the 12th easiest country in the world in which to do business. Establishing a business takes 4 days, includes 5 procedures and costs approximately ISK 130,500.

Form of Company	Minimum Capital
Private Limited Company	500 000 ISK
Public Limited Company	4 000 000 ISK

Source: Minister of Finance and Economic Affairs

Main taxes and additional labor costs

The Icelandic tax system is relatively complex, like in other Scandinavian countries. Communal tax (14.44%) and income tax are applied together following deduction of pension fund contributions.

The basic VAT rate is 24%, and a reduced rate of 12% applies to hotels, newspapers, music and basic food products.

The basic corporate tax rate for joint-stock and limited liability companies is 20% and is 36% for other types of legal entities. There is a 20% withholding tax on dividends for Icelandic residents and 18% for non-residents.

An employee's contribution to the social security system is 7.49%, and there is a 0.65% surcharge for sailors. Foreigners pay 0.425%.

The minimum contribution to the pension system is 12% (4% from the employee and 8% from the employer). Collective agreements may set higher amounts.

Tax/payment	Rate
Corporate Tax	20% / 36%
Individual Income Tax	37.3% / 39.74% / 46.24%
Social insurance (employee)	4%
Social insurance (employer)	8%
VAT	24% / 12%

Source: Minister of Finance and Economic Affairs

Energy

Iceland, mainly due to its position, neither imports nor exports any electric power. It generates electricity mainly from hydroelectric power plants (71%) and geothermal sources (28.9%). One kilowatt hour of electricity for households costs approximately EUR 0.11, compared to EUR 0.05 per kWh in the Czech Republic.

However, it needs to be pointed out that the final price is up to 50% lower, because 4 out of 7 types of heating are significantly subsidised by the state.

Investment incentives

Iceland offers general as well as regional incentives. The general incentives include employee training, reimbursement of up to 20% of investments for SME, incentives for research and development and environmental investment projects.

Regional incentives make up a large share of offered incentives and practically apply to all regions, except for the area of the capital city of Reykjavik.

There, an investor can request a fixed income tax rate for 10 years, relief from certain taxes and fees, reduction of duty stamp requirements to 0.15% of original value, reduction of real estate taxes by 30% for 10 years, reduction of the contribution to the social security and health insurance system by 20% for 10 years, direct cash grants or the option of sale or leasing of land for an investment project below its market value.



The cap for grants for SME is 35% of investment expenses (projects for up to EUR 50 million). One of the conditions for issuance of investment grants is that a company be set up in Iceland, where at least 20% of the costs must be paid by the investor and 65% of costs must not be covered from public finances.

The third approved operational programme is the OP Employment, which the Commission approved on 6 May 2015. The aim is improvement of the human capital of the Czech Republic's inhabitants and public administration in the Czech Republic, which are key for competitiveness. More information about the programme, can be found in the further text of the EU Series section.



EU Series

OP EMPLOYMENT

Like the previous two programmes that we focused on, the **OP Employment** follows up from a programme from 2007-2013, specifically the OP Human Resources and Employment.

Its main aim is improvement of the human capital of the Czech Republic's inhabitants and public administration in the Czech Republic, which are crucial for competitiveness.

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

Finances in the total amount of **2,146 bln eur** will be drawn for the Employment OP from the European Social Fund and through the Youth Employment Initiative (YEI).

Of the **11 thematic objectives** of the cohesion policy for the 2014-2020 period, the OP Employment covers three of them:

- 8. *Increasing employment and a quality labour force;*
- 9. *A functioning social system and the fight against poverty;*
- 11. *Quality, effective and transparent public administration and institutions.*

As far as priority axes are concerned, the OP is divided into a total of **5 PA**, which encompass **14 specific objectives**:

PA 1 - Supporting employment and workforce adaptability

PA 2 - Social inclusion and combating poverty

PA 3 - Social innovation and international cooperation

PA 4 - Efficient public administration

PA 5 - Technical assistance

The most financial resources will be allocated for supporting employment, meaning within PA 1 (59.3%). Although the total employment level (among persons aged 20-64) is higher in the Czech Republic (73.5% in 2014) than the EU-28 average (69.2% in 2014), it has not reached the target specified in the National Programme of Reforms of the Czech Republic for 2020 (75% employment).

Nearly a third of the resources are allocated for PA 2 (29.8%) - activities devoted to social inclusion and the fight against poverty and discrimination mainly in financing of social services.

The seven „closed“ calls (for the predefined beneficiaries such as the Labour Office of the Czech Republic, regions, etc.) were announced in June. The first „open“ call (for „grant“ projects)

was then announced on 30 June. An overview of individual calls can be found in the table below. **Contact information** for staff of the Management Body for the OP Employment have also been published.

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).

More information about the OP Employment and **individual calls** for submission of applications can be found on the websites of the European Social Fund in the Czech Republic, the Czech Ministry of Labour and Social Affairs and the Czech Ministry for Regional Development.

www.esfcr.cz | www.mpsv.cz | www.mmr.cz

Calls in the OP Employment (status by 1 July 2015)

Call		
Type	Valid from - to	Allocation (millions of CZK)
Implementation of projects focused on solving specific problems at the regional level through a combination of APZ resources		
closed	1/7/2015 - 31/5/2018	1,592.0
System projects for support of gender equality		
closed	1/7/2015 - 31/12/2016	298.1
Development of capacities for social partners		
open	30/6/2015 - 31/12/2015	350.0
Ongoing call for the Capital City of Prague - support for selected social services depending on mid-term plans for development of social services		
closed	26/6/2015 - 31/12/2016	525.2
Support for processes in services (ongoing call for regions)		
closed	26/6/2015 - 13/12/2019	919.2
Support for processes in services (ongoing call for Prague)		
closed	26/6/2015 - 13/12/2019	80.8
Ongoing call for regions - support for selected social services depending on mid-term plans for development of social services		
closed	26/6/2015 - 13/12/2019	5,974.8
Guarantees for young people		
closed	8/6/2015 - 30/5/2018	1,000.0

Source: OP Employment

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 ø EU. The source of the data is Eurostat and European Commission.

Key macroeconomic indicators

in %	GDP growth				GDP per capita (PPS, % of ø EU)				Price level to ø EU			
	2011	2012	2013	2014	2010	2011	2012	2013	2011	2012	2013	2014
Belgium	1.6	0.1	0.3	1.1	120.0	120.0	120.0	119.0	110.2	109.8	110.8	109.2
Germany	3.6	0.4	0.1	1.6	119.0	122.0	123.0	122.0	102.2	100.5	102.2	101.5
Estonia	8.3	4.7	1.6	2.1	63.0	68.0	71.0	73.0	76.0	76.4	78.1	79.4
Ireland	2.8	-0.3	0.2	4.8	129.0	130.0	130.0	130.0	119.2	118.8	120.0	120.7
Greece	-8.9	-6.6	-3.9	0.8	87.0	77.0	74.0	73.0	95.1	92.5	89.2	86.2
Spain	-0.6	-2.1	-1.2	1.4	98.0	95.0	94.0	94.0	97.0	94.9	93.5	92.7
France	2.1	0.2	0.7	0.2	108.0	108.0	107.0	107.0	109.9	109.0	109.8	107.8
Italy	0.6	-2.8	-1.7	-0.4	60.0	61.0	62.0	62.0	103.1	103.4	103.2	101.9
Cyprus	0.3	-2.4	-5.4	-2.3	n/a	75.0	73.0	69.0	93.4	92.5	91.4	89.4
Latvia	5.0	4.8	4.2	2.4	102.0	96.0	94.0	89.0	72.6	72.9	71.2	72.0
Lithuania	6.1	3.8	3.3	2.9	53.0	57.0	60.0	64.0	64.8	64.5	63.5	64.0
Luxembourg	2.6	-0.2	2.0	n/a	60.0	65.0	69.0	73.0	120.6	118.8	121.4	120.1
Malta	2.1	2.5	2.3	3.5	42.0	44.0	44.0	45.0	79.5	80.3	82.5	82.5
Netherlands	1.7	-1.1	-0.5	1.0	86.0	84.0	85.0	86.0	108.4	108.4	111.1	110.7
Austria	3.1	0.9	0.2	0.3	110.0	111.0	107.0	107.0	105.8	105.6	107.2	106.8
Portugal	-1.8	-4.0	-1.6	0.9	59.0	61.0	64.0	65.0	85.0	83.3	81.3	81.1
Slovenia	0.6	-2.6	-1.0	2.6	56.0	57.0	58.0	59.0	85.4	83.4	83.1	82.6
Slovakia	2.7	1.6	1.4	2.4	100.0	98.0	97.0	97.0	70.8	70.4	69.4	68.6
Finland	2.6	-1.4	-1.3	-0.1	50.0	49.0	51.0	52.0	122.1	121.3	123.1	123.2
Bulgaria	2.0	0.5	1.1	1.7	43.0	44.0	45.0	45.0	50.2	49.6	49.0	48.4
CR	2.0	-0.8	-0.7	2.0	81.0	83.0	82.0	82.0	73.7	71.2	68.7	64.2
Denmark	1.2	-0.7	-0.5	1.1	126.0	126.0	125.0	124.0	141.3	139.0	139.4	138.0
Croatia	-0.3	-2.2	-0.9	-0.4	28.0	28.0	28.0	27.0	72.6	68.5	67.5	66.6
Hungary	1.8	-1.5	1.5	3.6	254.0	265.0	264.0	258.0	61.8	61.2	59.7	57.1
Poland	4.8	1.8	1.7	3.4	131.0	133.0	133.0	134.0	58.5	56.4	55.8	55.8
Romania	1.1	0.6	3.4	2.8	79.0	77.0	72.0	74.0	55.2	52.5	54.0	54.3
Sweden	2.7	-0.3	1.3	2.3	136.0	135.0	143.0	140.0	125.8	128.7	131.6	124.7
UK	1.6	0.7	1.7	3.0	124.0	124.0	122.0	121.0	109.1	116.4	114.6	121.6
EU	1.7	-0.5	0.1	1.3	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

in %	Public budget deficit to GDP				Public debt to GDP ratio				Current account balance to GDP			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Belgium	-4.1	-4.1	-2.9	-3.2	102.0	103.8	104.4	106.5	-1.1	-1.9	-1.9	0.4
Germany	-0.9	0.1	0.1	0.7	77.9	79.3	77.1	74.7	6.8	7.4	7.5	7.6
Estonia	1.2	-0.2	-0.2	0.6	6.0	9.7	10.1	10.6	1.8	-1.8	-1.1	0.1
Ireland	-12.7	-8.1	-5.8	-4.1	111.2	121.7	123.2	109.7	1.2	4.4	6.3	6.2
Greece	-10.2	-8.7	-12.3	-3.5	171.3	156.9	175.0	177.1	-9.9	-2.4	0.7	-2.2
Spain	-9.4	-10.3	-6.8	-5.8	69.2	84.4	92.1	97.7	-3.7	-1.2	0.8	0.6
France	-5.1	-4.8	-4.1	-4.0	85.2	89.6	92.3	95.0	-1.8	-2.2	-1.3	-1.7
Italy	-3.5	-3.0	-2.9	-3.0	116.4	123.1	128.5	132.1	-3.0	-0.3	1.0	2.0
Cyprus	-5.8	-5.8	-4.9	-8.8	66.0	79.5	102.2	107.5	-3.4	-6.9	-1.9	-4.0
Latvia	-3.3	-0.8	-0.7	-1.4	42.7	40.9	38.2	40.0	-2.2	-2.5	-0.8	-2.9
Lithuania	-8.9	-3.1	-2.6	-0.7	37.2	39.8	38.8	40.9	-3.7	-0.2	1.5	0.6
Luxembourg	0.4	0.1	0.9	0.6	19.1	21.9	24.0	23.6	6.6	5.8	5.2	5.3
Malta	-2.6	-3.6	-2.6	-2.1	69.7	67.4	69.2	68.0	-0.8	2.1	1.6	2.9
Netherlands	-4.3	-4.0	-2.3	-2.3	61.3	66.5	68.6	68.8	9.1	9.5	10.9	9.9
Austria	-2.6	-2.2	-1.3	-2.4	82.1	81.5	80.9	84.5	1.6	2.4	2.7	2.3
Portugal	-7.4	-5.6	-4.8	-4.5	111.1	125.8	129.7	130.2	-7.0	-2.0	0.5	0.5
Slovenia	-6.6	-4.0	-14.9	-4.9	46.5	53.7	70.3	80.9	0.4	2.9	6.0	5.3
Slovakia	-4.1	-4.2	-2.6	-2.9	43.4	52.1	54.6	53.6	-3.8	2.2	2.1	1.9
Finland	-1.0	-2.1	-2.5	-3.2	48.5	52.9	55.8	59.3	-1.5	-1.4	-1.1	-1.8
Bulgaria	-2.0	-0.7	-0.9	-2.8	15.7	18.0	18.3	27.6	0.1	-0.8	1.9	0.9
CR	-2.7	-3.9	-1.2	-2.0	39.9	44.6	45.0	42.6	-2.7	-1.3	-1.4	-0.9
Denmark	-2.1	-3.7	-1.1	1.2	46.4	45.6	45.0	45.2	5.9	6.0	7.3	6.2
Croatia	-7.5	-5.3	-5.4	-5.7	63.7	69.2	80.6	85.0	-0.8	0.0	1.2	0.6
Hungary	-5.5	-2.3	-2.5	-2.6	81.0	78.5	77.3	76.9	0.4	0.8	3.1	4.4
Poland	-4.9	-3.7	-4.0	-3.2	54.8	54.4	55.7	50.1	-5.0	-3.7	-1.4	-1.4
Romania	-5.3	-2.9	-2.2	-1.5	34.2	37.3	38.0	39.8	-4.5	-4.4	-1.1	-0.5
Sweden	-0.1	-0.9	-1.4	-1.9	36.2	36.6	38.7	43.9	6.1	6.0	6.2	5.8
UK	-7.6	-8.3	-5.7	-5.7	81.8	85.8	87.3	89.4	-1.3	-3.8	-4.5	-5.5
EU	-4.5	-4.2	-3.2	-2.9	80.9	83.7	85.5	86.8	0.2	1.0	1.5	1.6

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