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New rules for E-commerce

UK: Doesn't know what it wants and won't let go until it gets it

The transformation of Czech agriculture after entry into the EU

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Dear readers,

The referendum on whether the United Kingdom will remain in the European Union, which took place on 23 June, and the resulting situation made me think of a verse from Viktor Dyk. „If you leave me, I will not perish. If you leave me, you will die!„. The mentioned verse is timely right now for several reasons, one of which is the reaction of some European politicians in the spirit of the wording of Dyk's text and the second is that Britain does not have to remain in the form we know today. Indeed the Scots, who in all their districts voted to remain in the EU, as well as Northern Ireland may attempt to leave the UK.

The time before and especially after the referendum can be characterized as a period of great uncertainty. The uncertainty is about how the future development will be so that the situation and a certain negativity don't escalate even further and to ensure that the EU is not in a position of being offended because a win-win situation that suits both parties will be very difficult to find. The uncertainty may in fact spread further - whether in the form of extreme views or efforts to announce referendums on remaining in the EU in other member states.

Not only is this important topic covered in our news, which was filled with the Brexit last week, and will continue to fill world news headlines for a long time, but we also bring a closer look at the political situation in Britain and its future development in the Microscope section, where our colleague Vítek Macháček considers the possible consequences.

Our eastern neighbor will have something to do with the Brexit, or more precisely with how to deal with it. In the second half of 2016 Slovakia in fact assumes the presidency of the Council of the EU. More about the programme and priorities of the Slovak presidency is on page 3. The validity of the investment plan should be prolonged since according to the European Commission the investment package is successful and helps attract private capital. I was surprised that the expected leverage effect of multiplying public resources from the fund surpassed the initially estimated fifteen-fold increase (page 4).

We have dedicated the Main Topic to Czech agriculture and its changes since joining the European Union. Czech agriculture is part of the free European market, which brings both competition from EU member states, as well as entitlement to generous operating and investment subsidies. Subsidies on the one hand improve the economic condition and profitability of agricultural enterprises; on the other hand this makes them much more dependent on state aid than on market conditions. If you are interested in how Czech agriculture has developed, how many people it employs, how much gross value added it creates and other statistics, scroll down to page 9.

In the Doing Business section we introduce the business environment of Trinidad and Tobago. This country which is considered exotic in many respects would not be out of place in the European Union in terms of comparison of macroeconomic indicators. After all compared to the majority of member states it differs only in its relatively high inflation of about 6% and low public debt.

This time the Representation of the European Commission presents the new rules for electronic commerce. E-commerce is well-known to consumers, but cross-border transactions have large potential which is underused. You can read about the measures the Commission has presented to remove barriers and simplify trade in the EU on page 6.

I wish you a pleasant start of the holidays, without uncertainties and with quiet moments for reading our Monthly,

Tomáš Kozelský



The UK no longer wishes to be part of the EU - 52% of Britons preferred the „Leave“ option. – The burning strategic question now is how the EU will stand up to a possible Brexit. - The Croatian government has lost the confidence of parliament. - Slovakia assumes the presidency of the EU Council. - In Spain parliamentary elections were held again.

## BREXIT

### Britain wants to leave the European Union

On Thursday 23 June a national referendum was held in the UK with a simple question: „Should the United Kingdom remain a member of the European Union or leave the European Union?“ All citizens of legal age of Britain, Ireland and the Commonwealth countries who are resident in the territory of the UK and Gibraltar could participate in the referendum.

**The result surprised almost everyone** – the United Kingdom of Great Britain and Northern Ireland no longer wishes to be part of the European Union. In total 52% of Britons preferred the Leave option with more than 70% participation. In a quick succession of events Prime Minister David Cameron, who as one of the leaders of the Remain camp failed to convince the British public of the benefits of geopolitical union, then announced his resignation, which will take place in the autumn. The leadership function is also swaying precariously in the Labour Party under the chairmanship of Jeremy Corbyn. He faces criticism that he stood only half-heartedly for membership in the Union, and his passivity thus contributed to the outcome of the referendum. In a motion of no confidence 172 Labour MPs, which is more than 80%, openly expressed distrust. So far Corbyn has refused to resign, but at least until the party congress his position will be very shaky.

The situation in the otherwise victorious Leave camp is not clear either. Even though they managed an unprecedented success, nervousness has been clearly visible during subsequent discussions. During his resignation David Cameron in fact left formal departure from the EU under Article 50 of the Treaty of Lisbon to his successor as prime minister. Boris Johnson, the main face of the Conservative Party fighting for the Brexit, ultimately rejected leading Great Britain in the current situation. His ally Michael Gove announced his candidacy however. David Cameron's unexpected move could therefore put Interior Minister Theresa May, champion of the cause of the soon to depart prime minister, at the head of the Conservative Party. She has already announced her candidacy to lead the party. In addition, the candidacies of Stephen Crabb, Andrea Leadsom and Liam Fox have also been announced – but probably these are instead an attempt to gain visibility. The first round of voting for the future leader of the Conservative Party will be held on Tuesday 5 July and will end with the winner declared no later than 9 September 2016.

**On the contrary others are very active** – the Scots have seized the opportunity and are visibly trying to undermine the authority of London. No wonder – in the referendum 62% of Scots voted to remain in the European Union. After meeting with European Parliament President Martin Schulz, Scottish National Party chairwoman Nicole Sturgeon said that „Scotland does not want to leave the European Union.“

She also mentioned the possibility that the Scottish parliament could block withdrawal from the EU and has not ruled out a second referendum on Scottish independence. There is talk of potential separatist tendencies not only in the case of Scotland but also Northern Ireland. The surprise resulting from the referendum vote can also be seen in **data from financial markets** – already during the counting of results at night, the British pound fell by 9% and reached a 30-year low. Rating agencies have also responded to the situation - Standard & Poor's downgraded its rating of the British economy by 2 notches and Fitch by about 1 while Moody's changed its outlook from stable to negative.

<https://www.gov.uk/government/speeches/eu-referendum-outcome-pm-statement-24-june-2016>

### European leaders push Britain for a decision

On 28 and 29 June, the leaders of European countries (without the UK) gathered in Brussels for the European Council summit. The meeting took place with the purpose of finding a common position that would push Britain for a decision. In a joint statement leaders thus refused any negotiations before Britain activates Article 50 of the Treaty of Lisbon. Commission President Juncker also added to the pressure from European leaders when he forbade members of his commission to conduct even informal talks on the future of mutual relations.

**The burning strategic question now is how the EU will stand up to a possible Brexit.** There is certainly not a simple answer to this question, but it is obvious that the answer will be located between two poles. The first will attempt to keep the relationship with a very important partner - the United Kingdom is the second largest economy in the EU and has well-developed business relationships throughout the world - in China and India, and also on the other side of the continent - which many member states can only envy. On the other hand, a desire to punish Great Britain and thus avoid further disintegration pressures in other parts of the EU will manifest itself – indeed if other member states were to follow Britain (speaking for example about France, but also Denmark and Sweden), the European Union would face an existential threat. For now, the leaders are leaning more on the side of punishment - Jean-Claude Juncker, after all, let it be known that „Britain cannot have access to the single market a la carte.“ According to him, not only rights and benefits are attached to the single market but also responsibilities. The EU has clearly said that the single market includes not only the free movement of goods, but also of people and they cannot be separated. A similar stance was also expressed by Angela Merkel, Francois Holland and Matteo Renzi. Juncker also said he does not expect a „friendly divorce“ with Great Britain.

<http://www.consilium.europa.eu/en/meetings/european-council/2016/06/29-27MS-informal-meeting-statement/>



## POLITICS

### The fall of the Croatian government

The Croatian government of the independent technocrat Tihomir Oreskovic has lost the confidence of parliament and it fell on Thursday 16 June 2016. The no-confidence vote was called by the major ruling party, the Croatian Democratic Union (HDZ) of Deputy Prime Minister Tomislav Karamarko. The reason was the alleged „inability of the prime minister to lead the country amid a deep economic and social crisis.“

After a day-long debate in the Croatian parliament **125 deputies** raised their hands for the fall of the government. Only a dozen MPs were in favour of the government remaining and two lawmakers abstained.

The situation within the government has been tense for some time due to internal disputes. This was also the reason why Deputy Prime Minister Karamarko resigned.

If the political parties fail to agree on a **new government** within 30 days, President Kolinda Grabar Kitarovic will have to call early elections. These could take place as early as September.

<https://vlada.gov.hr/news/parliament-opens-discussion-on-prime-minister-oreskovic-impeachment/19174>

### Slovakia assumes the presidency of the Council of the EU

In the second half of 2016, Slovakia will take over the presidency of the EU Council after the Netherlands. It will thus continue the programme of the trio (the presidency's three consecutive countries), which together with Slovakia consist of the Netherlands and subsequently Malta.

The system was introduced by the Lisbon Treaty in 2009. The countries of the trio presidency determine long-term goals and prepare a joint programme which sets out the topics which will be addressed by the Council during the 18-month period. Each of the presidency countries then prepares its own more detailed programme.

The programme of the Slovak presidency of the EU Council is based on **four priorities**:

- *An economically strong Europe;*
- *A modern single market;*
- *Sustainable migration and asylum policies;*
- *A globally engaged Europe.*

During its presidency Slovakia will promote the deepening of the Economic and Monetary Union, which will help increase competitiveness.

Other important economic issues will be negotiations on the EU budget for 2017 and building the Union's capital

markets. In the area of building the digital market Slovakia's presidency will concentrate on removing barriers to the digital economy, simplifying the use of electronic services and access to the market, availability of electronic content, as well as a high level of consumer protection.



**The aim of the Slovak presidency** in the area of migration will primarily be implementation of the policy of protection of EU external borders and the integrity of the Schengen area. It plans to also focus on a positive agenda, for example the Smart Borders package of legislation which aims to contribute to the fight against irregular migration and to accelerate the process of handling passengers with the use of modern technologies.

One of the challenges for the European Union is outbreaks of tension in its neighborhood. Because the most effective tool for positive change in this area is the EU's enlargement policy, in its presidency Slovakia will focus on maintaining the momentum and credibility of this process.

<http://www.eu2016.sk/sk>

### Spanish parliamentary elections held again after half a year

In Spain parliamentary elections took place on Sunday 26 June. They had to be **repeated** after the December 2015 elections failed to form a government. Complicated negotiations on a coalition also await the winner of the new election.

The People's Party, headed by current Prime Minister Mariano Rajoy, won the elections. In the lower house of parliament it obtained **137 mandates out of 350 seats**. That is about 14 seats more than in December, but not enough for a parliamentary majority (176 seats). The Socialists finished second with 85 deputies and the radical left wing coalition Unidos Podemos placed third with 71 chairs.



<http://resultados.elpais.com/elecciones/generales.html>

# EU Events



According to the Commission the investment plan is working successfully and it wants the plan to continue. - The EC has presented guidance advising EU member states on how they stand under the existing rules in relation to the phenomenon of collaborative services. – The majority of companies in the EU take the transition to a circular economy into account in their strategies.

## ECONOMY AND EURO

According to the Commission the investment plan is working successfully – it wants the plan to continue

The European Commission wants to extend the duration of its investment plan and use a similar model in developing countries as well, Vice-President Jyrki Katainen announced on 1 June.

The package which Katainen is responsible for implementing was designed to end in 2018. According to the vice-president the plan is working successfully and the Commission wants it to continue. During the period of its functioning it has provided 3.5 billion euros in the form of guarantees to **support 141,800 startups and small companies** and 9.3 billion euros for 64 major infrastructure projects.

According to Katainen, in doing this it succeeded in attracting more money from the private sector than expected. It was calculated with a leverage effect in which invested public resources from the fund would multiply fifteen times. Experience to date seems to show that it is up to twenty-three times. The Commission has not yet decided whether it will introduce some changes into the operation of the fund. The principle should remain the same though: support for risky projects, said the vice-president.

The Commission would like the investment plan to also inspire provision of development assistance. This cooperation would apparently involve a number of international financial institutions, which could expand their operations in risky areas. It could also be possible for example to provide beneficial microloans for vulnerable groups in the developing world such as women.

Nevertheless **criticism addressed to the investment plan** can also be heard, according to which it has failed to improve the performance of the European economy or revive private investment as much as some had expected. In mid-May 2016 the Brussels think tank Bruegel addressed the question of whether the Juncker package had succeeded in mobilizing additional private funds invested only in risky projects.

Analysts Grégory Claeys and Alvaro Leandro in fact noted that among the 55 projects which until now have received support from the EFSI, there was only one which would not be similar to any of the projects supported by the EIB, and therefore risky. This was equipment for recycling titanium.

Therefore the authors instead recommend applying the logic of the Juncker plan to the whole EIB. This would mean providing smaller loans for projects, and acting more as a coordinator which looks for more investors willing to get involved. This would supposedly succeed in attracting more private money.

[http://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan\\_en](http://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan_en)

How to deal with platforms which operate on the principle of a collaborative economy? The Commission has come up with guidance.

Many large cities around the world are wondering how to confront the phenomenon of platforms embedded in the collaborative economy like Uber and Airbnb.

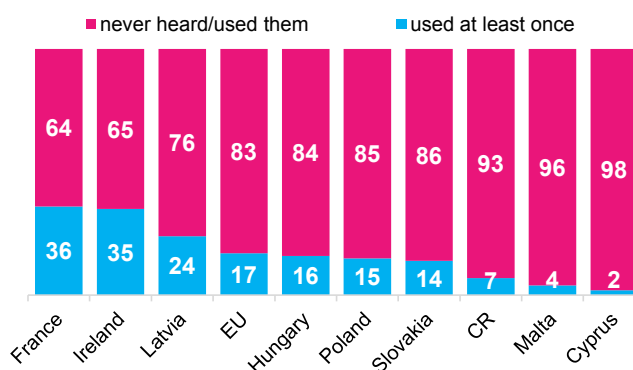
Some metropolises want to give collaborative services a free hand while others in turn have opted for the path of regulation or even a total ban.

For example in **Berlin there is a ban in force since May 2016 on renting entire properties through the Airbnb service** under a penalty of up to 100 thousand euros. It is possible to provide only a single room.

In the German capital, due to short-term leases through this shared service rent prices in fact rose significantly and affordable housing became scarce for local people.

The Airbnb service is a thorn in the side of hotel owners in particular, and a similar situation with the firm Uber concerns taxi drivers. Via a mobile application, it is possible to call a driver, most of whom make a living from a different profession but use their cars for transporting people in their spare time, which helps enrich the household budget. The anger of cab drivers can be seen almost everywhere in Europe and Prague is no exception.

Collaborative platforms in selected countries (in %)



Source: European Commission; Eurobarometer

European cities are fumbling and don't know what to do, whether to embrace the collaborative economy as a phenomenon of the new age or to try to regulate such services and if so, how.

The Commission has therefore presented a sort of „cookbook“ that **suggests to EU member states how to confront the phenomenon of collaborative services** within the framework of the existing regulations.



The Communication „A European agenda for the collaborative economy“ provides guidance and clarifies the key issues which market operators and public authorities face. **These include the following:**

- What type of market access can be imposed?
- Who is liable if a problem arises?
- How does EU consumer law protect users?
- When does an employment relationship exist?
- Which tax rules apply?

The Communication invites EU member states to review and where appropriate revise existing legislation in accordance with these guidelines.

According to the guidelines member states should distinguish between citizens providing services occasionally and professional providers who earn substantial money from renting out apartments or transporting people.

In the Commission’s view where strictly necessary service providers should have business authorizations or licenses, but this does not apply to intermediaries who provide services to consumers. For them no permit is required. Absolute bans of an activity should only be a measure of last resort according to the Commission’s guidance.

[http://europa.eu/rapid/press-release\\_IP-16-2001\\_cs.htm](http://europa.eu/rapid/press-release_IP-16-2001_cs.htm)

## ENVIRONMENT

### The majority of companies in the EU take the transition to a circular economy into account in their strategies

A new survey done by the international research agency TNS, which 10,618 small and medium-sized businesses participated in at the end of April 2016, shows that **70% of businesses** in the EU already have strategies for the transition to the circular economy. According to the results 72% of small businesses and 89% of larger companies (50-250 employees) are trying to end waste. Malta, Ireland and Luxembourg are at the top.

Among other findings the research shows that the greater turnover a company has, the more likely it will go the route of the circulatory economy. A majority of companies (59%) are willing to invest part of their turnover in „circular“ measures.

**Over the past three years half of companies have tried to reduce**, reuse or sell their waste. In their strategies some companies (38%) include reducing energy consumption or procedures for more efficient use of resources, including the use of recycled materials (34%).

An even smaller proportion of businesses focus on reducing water consumption (19%) and utilizing energy from renewable sources (16%).

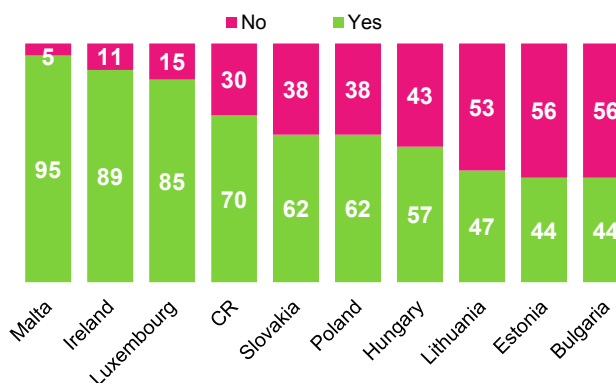
The results also show that many companies meet with various difficulties in implementing their strategies. They name for example administrative barriers (34%), the costs of achieving the required standards (32%) and finance (27%).

Only 35% of companies said they have information on the means of support for individual member states’ transition to the circular economy and only 3% of companies have utilized these mechanisms. Only one fifth of the companies believe that awareness of similar programmes is sufficient.

**The circular economy is currently one of the major themes of European policy.** In December 2015 the Commission presented a proposal on how the Union can reach a state where it will make the best use of all resources and create the least waste.

The package which includes four directives aimed at different areas is now being discussed by member states and MEPs.

### Has the company introduced activities within the circulatory economy?



Source: European Commission; Eurobarometer

<http://ec.europa.eu/COMMFrontOffice/PublicOpinion/index.cfm/Survey/getSurveyDetail/yearFrom/2015/yearTo/2016/surveyKy/2110>

### There will be changes in the rules for energy performance of buildings

Buildings in the EU should not only be energy efficient, but should also be able to **produce and store energy**, European Commission Vice-President Maroš Šefčovič said at the opening of the international conference of the Central and Eastern European Energy Efficiency Forum.

The Commission wants to focus on this in the **new version of the Energy Performance of Buildings Directive (EPBD)** which the Directorate-General for Energy (DG Energy) is currently preparing and will present in the autumn.

[https://ec.europa.eu/commission/2014-2019/sefcovic/announcements/speech-central-and-eastern-european-energy-efficiency-forum-through-live-video-confernece\\_en](https://ec.europa.eu/commission/2014-2019/sefcovic/announcements/speech-central-and-eastern-european-energy-efficiency-forum-through-live-video-confernece_en)



The European Commission Representation in the Czech Republic contributes to the EU News Monthly Journal in the „Commission's Column“ section. E-commerce is known to consumers, but cross-border transactions have large potential which is underused. You can read about the measures the EC has put forward to remove barriers and simplify trade within the EU.

## NEW RULES FOR E-COMMERCE

Although e-commerce is growing rapidly, the majority of European businesses and consumers still make very little use of the opportunities for e-commerce within the single European market. While 44% of European consumers shop online nowadays, only 15% also do so across borders. In the case of Czech consumers, reluctance to do cross-border online shopping is even more striking: although 38% of consumers use e-shops only 7% make cross-border purchases. Companies are similarly hesitant towards cross-border Internet trading, nevertheless it should be noted that according to statistics Czech firms belong among the most courageous in Europe.

What discourages consumers and businesses from cross-border e-commerce? In the first place it is uncertainty about the ways in which consumers and sellers are protected when selling to or buying from another EU country. High and often even exorbitant prices for delivery of goods across borders, restricting sales only to citizens from specific countries and also language barriers rank among other obstacles.

In late May, the European Commission presented a set of measures to mitigate these barriers and thus open the way for simpler and more reliable online trading throughout the EU.

The first measure is a legislative proposal to prevent unjustified geoblocking and other forms of discrimination on grounds of nationality, residence or establishment. In a retail store a trader does not adjust the price and purchase conditions for a foreign customer or require proof of identity to approve the purchase. In the Internet world, however consumers are very often denied access to the offerings of products or services in other countries, for example by redirecting consumers back to the website for a certain country or requesting payment by debit or credit card from a particular country. Alternatively, consumers from different countries are charged different prices. Such discrimination has no place in the single market. The Commission's proposal clarifies which procedures are permitted and which are not. At the same time the Commission does not want to unnecessarily burden businesses so for example the regulation does not impose an obligation to offer delivery throughout the EU and small businesses are exempt from certain requirements.

Another part of the package is a legislative proposal on cross-border delivery services. Many consumers and businesses are discouraged from cross-border trading by high fees for cross-border shipments. The prices that operators of postal services charge for delivering a small package to another member state are often up to five times higher than prices on the domestic market, without clear proof of the relationship to the actual costs. The objective of the Commission regulation is to ensure greater price transparency and in this way foster competition among delivery firms. Specifically, the Commission will publish

the prices of different providers of delivery services and provide national postal regulators with additional data so that they will have a better overview of cross-border markets and can better control availability of services and adequacy of prices. At the same time this is not introduction of price ceilings or price harmonization. Price regulation would constitute an extreme measure in the event that competition does not yield satisfactory results.



In order to increase consumer confidence in e-commerce, the Commission has proposed an amendment to the Consumer Protection Cooperation Regulation. National authorities – usually business inspection – should obtain more powers to better enforce consumer rights. They will be able to check if websites apply geo-blocking or offer after-sales conditions which do not respect EU rules, order the immediate take-down of websites hosting scams and request information from domain registrars and banks to detect the identity of the responsible trader. In case of EU-wide breaches of consumer rights, the Commission will be able to coordinate common actions with national enforcement authorities to stop these practices.

The Commission has also updated guidance on unfair commercial practices to clarify what constitutes an unfair commercial practice in the digital world. The Unfair Commercial Practices Directive for instance will therefore also apply to online platforms that actively promote or sell goods, services or digital content. Search engines will be required to clearly distinguish paid search results from unpaid ones.

The May package on e-commerce complements two legislative proposals from December which govern contractual conditions for selling goods online that provide digital content such as purchase of music, movies, e-books and the like. The whole package of measures for e-commerce will be completed in the autumn with a proposal to simplify VAT. The Commission's proposals for the promotion of e-commerce from [December 2015](#) and [May 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/>; <http://www.eu2016.sk/sk>



## InfoServis

### Meeting of the key EU institutions

<b>4 – 7 July 2016</b>	<b>Strasbourg, France</b>	<b>12 July 2016</b>	<b>Brussels, Belgium</b>
- European Parliament Plenary Session		- Economic and Financial Affairs Council	
<b>7 July 2016</b>	<b>Bratislava, Slovakia</b>	<b>14 July 2016</b>	<b>Bratislava, Slovakia</b>
- Informal Meeting of Home Affairs Ministers		- Informal Meeting of Ministers for Employment and Social Policy	
<b>8 July 2016</b>	<b>Bratislava, Slovakia</b>	<b>18 July 2016</b>	<b>Brussels, Belgium</b>
- Informal Meeting of Justice Ministers		- Foreign Affairs Council	
<b>11 July 2016</b>	<b>Bratislava, Slovakia</b>	<b>18 – 19 July 2016</b>	<b>Brussels, Belgium</b>
- Informal Meeting of Environment and Climate Ministers		- Agriculture and Fisheries Council	
<b>11 July 2016</b>	<b>Brussels, Belgium</b>	<b>19 July 2016</b>	<b>Bratislava, Slovakia</b>
- Eurogroup		- Informal Meeting of Ministers Responsible for Competitiveness	
<b>12 July 2016</b>	<b>Bratislava, Slovakia</b>	<b>22 July 2016</b>	<b>Brussels, Belgium</b>
- Informal Meeting of Energy Ministers		- Economic and Financial Affairs Council	

Source: [www.europa.eu](http://www.europa.eu), [www.eu2016.sk/sk/podujatia/politicke-a-expertne-podujatia](http://www.eu2016.sk/sk/podujatia/politicke-a-expertne-podujatia), access as of 30 June 2016



### Overview of selected calls

For regular information on grant opportunities visit **GRANT klub** - [www.edotace.cz/grant-klub](http://www.edotace.cz/grant-klub)

Call	Call number	Receipt of applications	
		From	To
<b>Operational Programme Environment</b>			
Promotion of flood prevention measures (1.4)	37	1/7/2016	31/8/2016
<b>Integrated Regional Operational Programme</b>			
Deinstitutionalization of social services (including SVL)	49	08/16	05/17
<b>Operational Programme Transport</b>			
Combined transshipment stations	9	07/16	09/16
Telematics on motorways and Class I roads	29	07/16	12/17
<b>Operational Programme Research, Development and Education</b>			
Support for pupils with disabilities I (implementation of APIV)	02_16_037	07/16	12/16

Source: [www.edotace.cz/kalendar](http://www.edotace.cz/kalendar)



Britain made decisions in the referendum on its ability to trade with its present partners, the ability to promote its own interests internationally and maybe even also on the possibility of bearing the name United Kingdom. How the relationship between Britain and the EU will look, however, depends at this moment primarily on how they will deal with it. Not even Britain itself has any idea how it will turn out.

## BRITAIN: DOESN'T KNOW WHAT IT WANTS AND WON'T LET GO UNTIL IT GETS IT

On Friday 24 June, Britain woke up to the world that 52% of its citizens wished for, although the majority of them probably weren't able to imagine what it will look like. The inveigling of the pre-election promises, of which some didn't survive of the first two hours following the declaration of the results (and the rest fell by the wayside over the weekend), plunged Great Britain into an internal political crisis which in terms of strategic importance can be boldly compared with the Suez crisis in the 1950s when the loss of Great Britain's great power status was revealed to have been definitively lost.

What at first looks like a classic political rainwater sale can easily turn into a nightmare where the original winners seek to be anywhere but where they can be seen. At that moment those with the nicer political statements and speeches can't win, and nor can those with the best political vision. The winners are those who first understand the situation. That was what David Cameron succeeded to do last Friday. His decision to place the decision making and negotiating of the exit from the European Union in the hands of his successor created a time bomb that no one wants to hold on to, especially not those who created it with their political actions. And it's this very time bomb that will determine the political situation in Britain at least over next five years, but probably much longer.

From the moment the British made a decision in the referendum that they might actually not want at all, it has been increasingly clear that they only decided on „mere membership“ in the European Union. They decided on the ability to trade with current partners and the ability to promote their political interests on the international stage, and it increasingly appears that perhaps they also decided about the possibility of bearing the name of the United Kingdom. This is all at stake if the United Kingdom decides to set out on the path on which the voters have directed it.

Other paths are virtually closed off for the current government. They will only be viable if the Conservative Party chooses not to use the strong mandate which it won in the elections last May, and leads Britain to early elections. When the favourite to lead the Conservatives, Theresa May, stated that „Article 50 will not be triggered before the end of the year,“ there is no reason to disbelieve her. She is trying to find the maximum amount of time for negotiations because she believes that she will be able to increase her value in negotiations.

### **The way there and back again**

The Conservative Party thus will lead Britain out of the structures of contemporary Europe, trying to negotiate the impossible.

From the very beginning the European Union ostentatiously showed who holds the upper hand in the talks - Jean-Claude Juncker has been dictating who may (and may not) talk with Britain and representatives of European countries have been authoritatively determining the agenda about what and what not they will take about. Fortunately, it seems that restrictions on the freedom of movement are not on the agenda. The European Union is offering the British two options - either give up their influence on the future shaping of the European Union, but (almost) fully adopt its rules (in other words – the Brussels diktat really will become a diktat and in addition the models of Switzerland and Norway will not apply) or not and the British economy will voluntarily give up its strategic role as intermediary between the EU and the rest of the world. Barack Obama after all has already declared that TTIP negotiations with Britain will be moved to the end of the queue. The British government, which will be led by realistically-minded politicians, will adopt this agreement and the Conservative Party will begin to look forward to freeing up a place for the Labour Party, which will start to look begin for a way back into the Union. This time, of course, with no special treatment.

Activation of Article 50 is an inevitable step for the Conservative Party to save face, but it can lead to the situation where it will find out after five years that they're still in the Union and that they are actually quite like it there. Mind you, that's in a situation where elections in 2020 are won by pro-European-minded parties. The problem is that the Lisbon Treaty describes exit from the European Union as an irreversible process that once started, ends in separation. If it fails to negotiate an agreement contract or prolong discussions indefinitely, Britain would fall within the standard WTO regime - which would mean a sharp increase in tariffs and other trade barriers, particularly for financial services - such a scenario could only be called catastrophic. The Scots, however, are openly talking about the possibility of blocking withdrawal from the European Union, and a gradual „forgetting“ of the obligation to withdraw may gradually just happen, whatever the legal norms. Meanwhile, however, there will be another fight in Britain – the Scots and Northern Irish will actively seek to exploit the situation and extract autonomy from their sympathy for the European Union. Whether they are able to do so is anyone's guess. Great Britain, however, has made a mistake for which it will pay – it will pay in the form of a loss of influence on its own future in the name of “sovereignty”, and the uncertainty of its own citizens, partners and even rivals. History, however, belongs to the victors.

*Vít Macháček, EU Office / Knowledge Centre; Think-tank IDEA*

Czech agriculture has experienced a major shake-up since entry into the European Union – on the one hand it has been exposed to the free European market, and on the other it has acquired access to generous grants. You can find what the actual state of Czech agriculture is, the direction it's heading in and how it stands in comparison with other member states of the Union in the next section.



## Main Topic

# THE TRANSFORMATION OF CZECH AGRICULTURE AFTER ENTRY INTO THE EU

## INTRODUCTION

Since the entry of the Czech Republic into the EU, Czech agriculture has gone through a transformation period. On the one hand it has been exposed to the free European market and competition from all EU member countries, and on the other hand it has become eligible for generous operational and investment subsidies. In the period 2012-2014 those amounted on average to around CZK 38 billion per year, i.e. nominally three times more in comparison to the period prior to entry into the EU. A grant on the one improves the economic condition and profitability of agricultural enterprises, and on the other hand it makes them much more dependent on state support than on market conditions.

The criteria for obtaining support has in recent years been adapted to the behaviour of agricultural enterprises, which has

resulted in a change in the structure of agricultural production – a reduction has occurred: the amount of livestock production, the acreage of crop commodities more demanding in terms of the amount and quality of work, and management and marketing intensive commodities (vegetables and fruit) and in regard to reducing the acreage of feed crops.

A further consequence of grants is the fall in pressure on increasing the effectiveness and productivity of production, including affiliating enterprises for improving their position on the market.

On the other hand, investment support (even though it's far from achieving the level of operational support) contributes significantly to the technical and technological modernisation of Czech agriculture.

## THE CURRENT STATE

The structure of Czech agriculture varies considerably from the absolute majority of EU countries. The economically crucial part of Czech agriculture is of a large-scale character with preponderance of hired labour and land, and with a relatively low degree of diversification activities. These characteristics create the potential for the utilization of economies of scale. On the other hand, they constitute greater sector sensitivity to changing market conditions. In some cases, they also worsen relations to the environmentally sound use of land. A disadvantage of Czech agriculture is also the relatively high proportion of disadvantaged farming areas (i.e. LFA - Less Favoured Areas).

of the total economy (and in view of the growing economy as a whole) it had been moving along over the long term at around 2.5% (until a slump in 2009 and 2010) of gross value added.



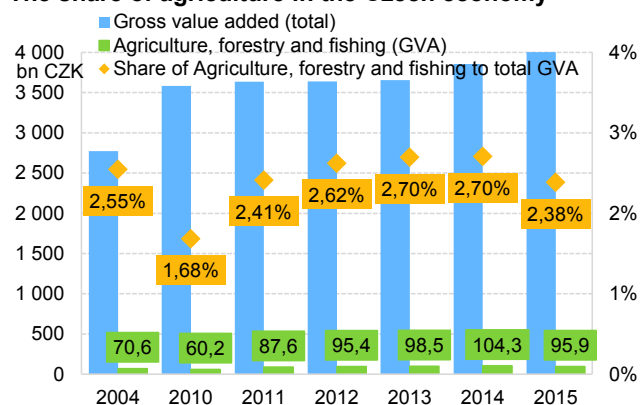
In 2015, agricultural GVA was over CZK 95 billion and contributed 2.4% to the total gross value added of the Czech economy. In comparison with European Union countries, Czech agricultural performance is slightly above the EU average.

Since 2004, i.e. since the Czech Republic joined the EU, the share of agriculture in gross value added in the European Union gradually decreased slightly from 2.0% to 1.6%. The GVA margin in Member States in 2014 was between 0.3% (Luxembourg) and 5.3% (Romania).

One can simply say that in Western countries agriculture generates (mainly due to the structure of their economies) a lower share of gross value added than in the eastern and southern states.

What has been typical for the development of agriculture in recent years is an increase in productivity. This is clearly perceptible not only in increasing gross added value, but also the diminishing number of workers in agriculture. In 2015, the average registered number of employees in agriculture was 97,800, representing 2.5% of the total workforce in the Czech Republic.

### The share of agriculture in the Czech economy



Source: ČSÚ; current prices

The gross value added of agriculture, forestry and fisheries has in absolute terms an upward trend, and in regard to its share

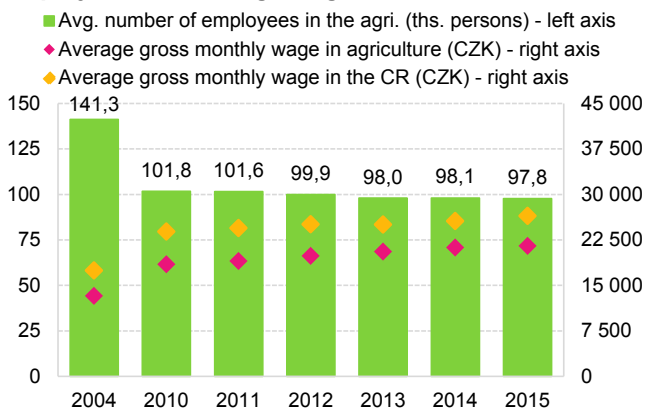
# Main Topic



The average wage in agriculture in recent years has mimicked (with a gradual progressive convergence) the slight growth in average wages throughout the economy, and in 2015 it reached CZK 21,478, i.e. roughly 80% of the average wage in the Czech Republic.

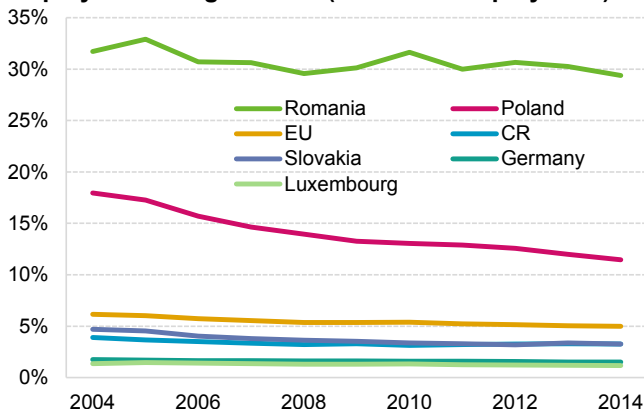
The gradual downward trend in the number of employees in agriculture, forestry and fishing has taken place virtually throughout the whole European Union. Since 2000, their number has decreased by more than 5 million to 11.3 million in 2014, compared to increased employment in all industries by 10 million employees.

## Employees and average wages



Source: ČSÚ; current prices

## Employment in agriculture (% of total employment)



Source: Eurostat; data for Agriculture, forestry and fishing

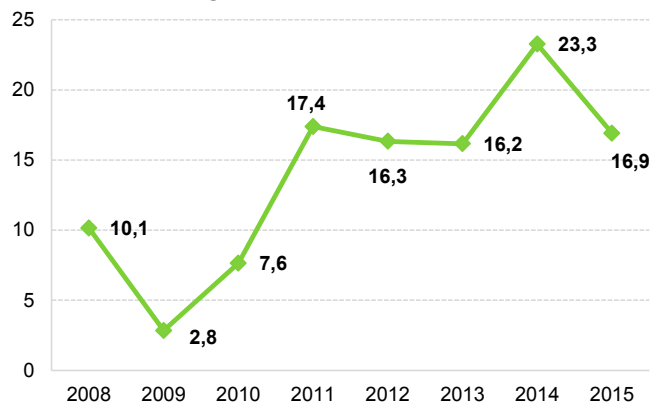
The share of agriculture in employment in the EU in 2014 ranged from 1.2% (Luxembourg) to 29.4% (Romania), and the actual proportion of the European Union as a whole since 2004 decreased by 1.2 percentage points to 5.0 % in 2014.

Czech agriculture is also characterized by a higher average age of workers than the average in the overall national economy. This is due to a slightly lower share in the „younger“ categories (15-24, about 5%) and a higher proportion in „older“ categories. This is clearly evident in the 50+ age group where the proportion of workers in the agricultural sector in 2014

reached 41.5%, whereas in the national economy it was less than 30%. The total number of employees in agriculture has been decreasing over the long term (by 30% since joining the EU in 2004 to 2015).

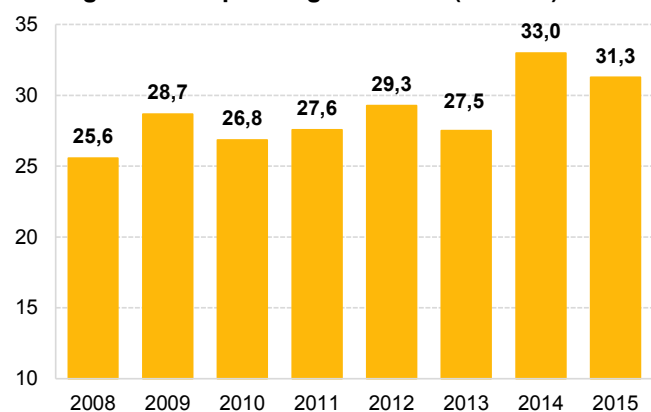
According to Czech Statistics Office data, the economic results of Czech agriculture have been positive in recent years - since 2011 the profit (excluding the record of 2014) has been around CZK 17 billion. Contributing significantly to this have been the subsidies paid out to farmers for production, which since 2008 have modestly increased (in 2015 they amounted to CZK 31.3 billion), so subsidies are helping Czech agriculture toward positive results and therefore profits.

## Profit of Czech Agriculture (bn CZK)



Source: ČSÚ;

## Paid agriculture operating subsidies (bn CZK)



Source: ČSÚ;

Since the Czech Republic joined the EU, there has been a significant change in the form of Czech agriculture. While the area on which wheat, corn or rapeseed is grown increased significantly to 2015, the area for growing potatoes, vegetables or the numbers of pigs and poultry have decreased substantially.

This is due in particular to the profitability of the production of given commodities, which is determined by agricultural producer prices and the price competitiveness of Czech producers, but also the strength of competitors from neighbouring states.



## Czech agriculture after joining the EU

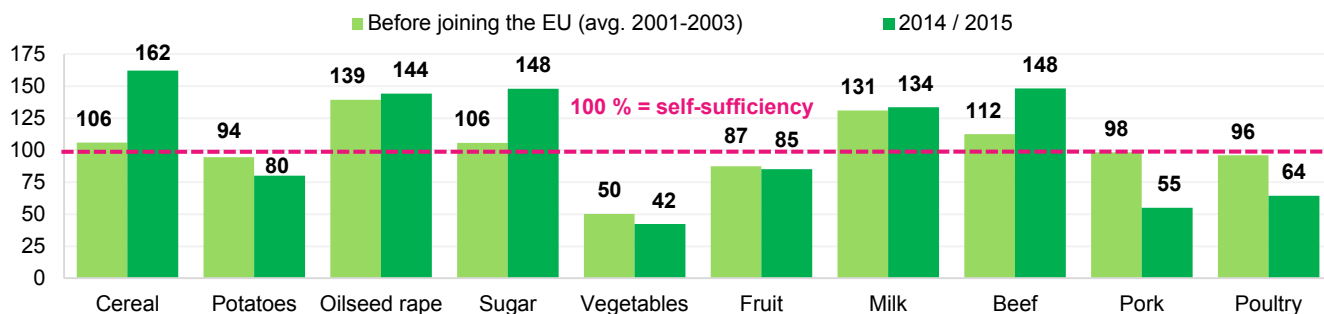
		Before joining the EU (2001-2003 avg.)	2015	Change
<b>Cereal (total)</b>	ths ha	1,547.1	1,403.4	-9.3%
wheat	ths ha	808.1	829.8	2.7%
barley	ths ha	512.0	365.9	-28.5%
corn	ths ha	67.6	93.6	38.5%
<b>Potatoes</b>	ths ha	42.8	22.7	-47.0%
<b>Rapeseed</b>	ths ha	302.7	366.2	21.0%
<b>Sugar beet</b>	ths ha	77.6	57.6	-25.8%
<b>Vegetables</b>	ths ha	20.4	9.2	-54.9%
<b>Orchards</b>	ths ha	17.9	15.6	-12.6%
<b>Pigs</b>	ths pcs	3,465.8	1,559.6	-55.0%
<b>Cattle</b>	ths pcs	1,525.3	1,407.1	-7.7%
<b>Poultry</b>	mil pcs	29.6	22.5	-24.0%

Source: ČSU, Ministry of Agriculture

The profitability of agricultural commodity production is reflected in the self-sufficiency of the Czech Republic, which is expressed in the share of domestic production and domestic

consumption (in %). It is considerably positive in cereals, rape sugar and milk, and conversely strongly negative in vegetables, pork and poultry.

## Self-sufficiency in basic agricultural commodities in the Czech republic (in %)



Source: The Ministry of Agriculture of the Czech Republic

## Market development with land in the Czech Republic

The basic factor of production in agriculture is land. Its price depends on its future use. Farmers, who purchase agricultural land most often, are motivated by the effort to stabilize or expand their own agricultural business.

The purchase of agricultural land has recently become increasingly an investment plan.

The important factors affecting the final price is the quality of land, its location, potential non-agricultural use and the nature of the transaction.

Average land prices in the Czech Republic have been growing over the long term.

According to Farmy.cz, since 2004 it has increased by an average by 9% a year, although in 2014 it increased by 12.5% and in 2015 by as much as 16.5% to an average of CZK 16.26 per m<sup>2</sup> (the highest quality arable land in localities with strong competition, however, was also sold for CZK 30/m<sup>2</sup>).

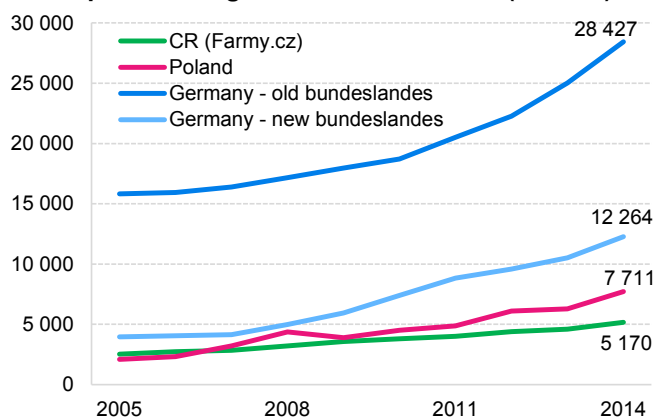
The increasing price trend is also demonstrated by data from the Institute of Agricultural Economics and Information.

Average land prices should continue with a (slight) growth in percentage units in the future. Landowners will in fact be increasingly aware of the price of their land, and interest (albeit lower) will continue from non-agricultural parties (and speculative investors), and above all the difference in prices of land in the Czech Republic and in neighbouring countries will gradually balance out.

# Main Topic



## Development on Agricultural Land Prices (EUR/ha)



Source: Farmy.cz, Statistisches Bundesamt, Bodenmarkt.info

## Agricultural subsidies and regulation

The Czech agricultural sector is part of the European market and is subject to the rules of the Common Agricultural Policy (CAP). Its aim is to ensure sustainable food production and a stable food supply in the EU, while also addressing issues of food safety, the rural economy, animal welfare, social interests and the environment. In practice, the CAP regulates the distribution of agricultural subsidies in the form of direct payments to farmers, investment aid for rural development, as well as market measures. These, among other things, include the setting of import and export conditions (tariffs, quotas, subsidies) with third countries.

The last change in the Common Agricultural Policy related to the reform of the CAP for the period 2014-2020 (the new rules apply from 2015). Two pillars are preserved in the new CAP (direct payments and the Rural Development Programme), which, however, have more links to each other and thus ensure a more coherent effect of funding. The objectives of the reformed CAP include a greater emphasis on an environmentally friendly approach, a generation change in the countryside through support for young farmers and support for sectors or regions facing particular difficulties. The new CAP settings also allow Member States a greater degree of judgment over the targeting of funds, including transfers between pillars for direct payments and the rural development program.

As part of the negotiations on CAP reform the Czech Republic managed to abolish the mandatory capping that would have affected large farms. Furthermore, this relates to the same level of payment for sensitive commodities connected to production (i.e. coupled payments) for all member countries.

This means that Czech farmers are no longer disadvantaged by a different method of payment for commodities earmarked for this purpose. Restrictions for large enterprises in the Rural Development Programme were also eliminated. The Czech Republic then didn't use the opportunity to introduce a higher

subsidy for first hectares (i.e. the principle of redistribution where European regulations allow a grant for the first 89 ha of a farm up to 165% of the basic rate of direct payments), but rather maintained a unified single rate of subsidy for all hectares. Large and small farms thus receive proportionally the same high subsidies (the principle of equal conditions for all, regardless of size).

The State Agricultural Intervention Fund provides financial support to Czech farmers from European and national sources. Aid in the form of subsidies in interest on commercial loans, subsidized loans, loan collateral or insurance is provided by the Support and Guarantee Fund for Farmers and Forestry (PGRLF).

## Future outlook

In the coming years, an expected moderate economic growth and strengthening private consumption will play into the hands of Czech agriculture. In addition, it will also be helped by the gradual shift of consumers toward local and higher quality production. On the basis of its Strategy to 2030, the Ministry of Agriculture intends to focus mainly on food self-sufficiency, which means support for livestock production, and the growing of vegetables, fruit and potatoes.



The EU Common Agricultural Policy will operate in its current form until 2020, up until which time Czech farmers should secure grant funds in the form of direct payments and investment funds from the Rural Development Programme. With climate change, problems with drought, the decreasing ability to retain water in the landscape and continued soil erosion, subsidies will be increasingly subject to 'greening', i.e. fulfilling conditions for agricultural practices suitable to the climate and environment. The main issue of the CAP from a Czech perspective after 2020 will be how the EU will build on the current terms of subsidies in the Czech Republic, where all farms draw on support, including large industrial agricultural companies, which is contrary to the European approach based on small family farms.

The agricultural sector's challenge and opportunity is modern technologies. A range of advanced equipment and procedures are applied today, but in the future there will be more pressure for new technologies, such as electronic management, navigation systems, automation, robotics and data processing (i.e. Agriculture 4.0).

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 Trinidad and Tobago.



# Doing Business

## TRINIDAD AND TOBAGO

<b>Official name</b>	Republic of Trinidad and Tobago
<b>Population</b>	1,222,363 (2015)
<b>Area</b>	5,128 sq km
<b>Currency</b>	Trinidadian Dollar (TTD)
<b>Ethnic groups</b>	East Indian 35.4%, African 34.2%, mixed - other 15.3%, mixed African/East Indian 7.7%, other 1.3%, unspecified 6.2%

Source: *The World Factbook*

Trinidad and Tobago became independent from Britain in 1962 and since 1976 it has been a parliamentary republic. Today it is a member of the Commonwealth. The head of state is the president (Anthony Carmona) elected by parliament, and at the head of the government stands the prime minister (Keith Rowley) elected by the people every 5 years.

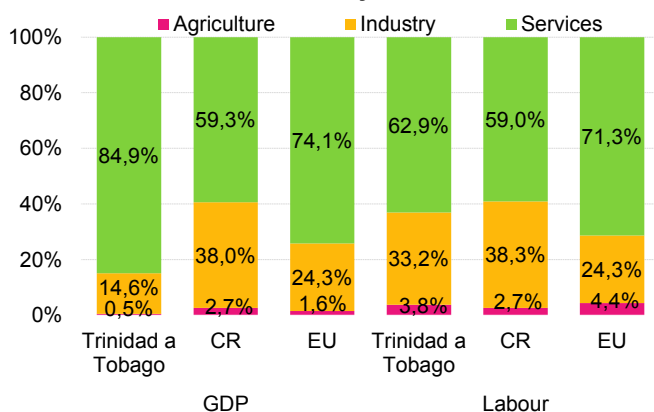
### Structure of economy and foreign trade

The main export commodity of Trinidad and Tobago is oil and oil products, followed by liquefied natural gas, methanol and ammonia. It exports mainly to the USA (29.1%), Argentina (9.3%) and Brazil (6.6%).

The most important import partners are the USA (34.6%), Brazil (7.7%) and Gabon (6.2%). Trinidad and Tobago imports mainly mineral fuels, lubricants, machinery and consumer goods.

Trinidad and Tobago is trying not to be dependent on one commodity; in addition to oil and natural gas, methanol and ammonia are also produced there.

### Sectors of National Economy



Source: *World Factbook, data as of 2015*

### Macroeconomic outlook

Trinidad and Tobago's economy grew in the first decade of the 21st century by an average of almost 7%, but in recent years

this has held at around 1% annual growth.

According to the World Bank, the economy could grow in the coming years at around 1-2% per annum. If Trinidad and Tobago was a part of the EU, we could say that it meets the Maastricht criteria on public finances - the deficit in the last 4 years was below 3% of GDP and its total debt is around 40% of GDP.



Basic indicators (in %)	2012	2013	2014	2015
<b>GDP Growth</b>	0.3	1.7	1.0	0.0
<b>Unemployment rate</b>	5.0	3.7	3.3	3.7
<b>Inflation</b>	9.3	5.2	5.7	6.0
<b>Current account balance</b>	-1.4	-2.9	-1.5	-1.8
<b>Public debt (% GDP)</b>	41.2	38.6	40.0	39.9

Source: *World Bank*

### Labor market

The unemployment rate has continued to fall since the 1990s when it was around 22%,. In 2010, it increased slightly to over 5%, but since then it has been decreasing again and currently stands at around 4%. The minimum monthly wage as of 1. 1. 2015 increased to TTD 2,600 (about CZK 9,400).

Basic indicators of labor market	
<b>Unemployment rate (January 2016)</b>	4%
<b>Minimum hourly wage</b>	15 TTD (54 CZK)

Source: *Ministry of Labour and Small Enterprise Development*

### Labor law basics

An employment contract may be concluded verbally or in writing for a limited or unlimited period. The trial period is the responsibility of the unions which can negotiate on behalf of employees.

The dismissal of employees is very simple and an employer doesn't even have to specify the reason. The notice period (customarily one month) and termination conditions may be regulated in collective agreements.

A normal working week is 40 hours (8 hours per day), excluding breaks. Is it possible to have a 4-day work week, but then working hours should not exceed 10 hours a day.

Employees are entitled to holidays after working 12 months in a row. Remuneration for work on state holidays, vacation and sick leave is determined by employers or collective contracts.

### Commercial law basics

The most common type of company in Trinidad and Tobago is a limited liability company in which its owners are liable only up to the amount of their deposits. It must be stated within



the Articles of Association whether the transfers of shares to members are restricted or not. Each company must have 2 directors (3 for unlimited liability). For companies with unlimited liability, guarantees are provided by its owners and their personal property. Business registration takes less than 12 days and costs about TTD 700 (around CZK 2,500).

## Main taxes and additional labor costs

The tax rate on corporate income is 25%. Companies from other sectors (petrochemical, oil) have higher rates of up to 50%. Personal income is taxed at 25%. Value added tax is set at 12.5%. Some services are exempted from VAT e.g. medical, dental, education, bus transportation, exports, books, international transport and others. The Czech Republic has not signed an agreement on the avoidance of double taxation with Trinidad and Tobago.

Tax/payment	Rate
Corporate Tax	25%
Individual Income Tax	25%
VAT	12.5%

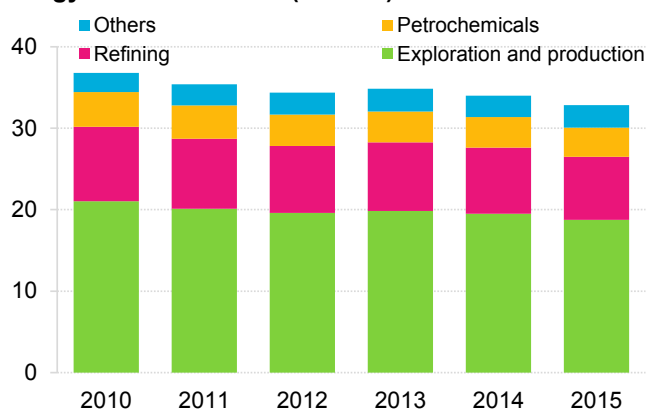
Source: Ministry of Finance

## Energy

Trinidad and Tobago's economy is highly dependent on the energy sector, which in recent years has accounted for over 40% of GDP. Revenues from energy production account for over 50% of the state budget, and 80% of the country's exports are comprised of just energy commodities. Trinidad and Tobago's energy mix is very homogeneous. The generation of electricity is completely dominated by production from natural gas (99.7%).

Trinidad and Tobago's economy is based on oil and oil related industries.

### Energy sector structure (bn TTD)



Source: Ministry of Finance

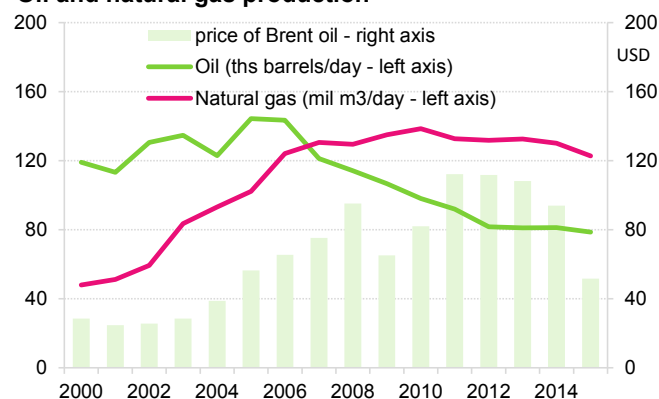
The greater part of exports is based on natural gas, but also on ammonia and methanol, which is produced directly from natural gas. In the 1990s, the Trinidadian economy underwent a structural transformation, during which its industry focused much more on natural gas and its processing instead of oil sales.

The consequences of this transformation are visible today, which since 2005 has resulted in a reduction in the volume of oil production while natural gas production has remained relatively stable.

A similar development is also seen on the structure of the energy sector. More than 50% of energy GDP goes into production and exploration. Another 20% is created in refineries. 10% of energy GDP is created by petrochemical companies.

The oil industry's share of GDP, however, is slowly declining - while in 2010 it generated 40% of local GDP, in 2015 it formed only 35%.

### Oil and natural gas production



Source: Energy Chamber, TT, Bloomberg

## Investment incentives

Trinidad and Tobago supports investments mainly in foodstuffs, the processing industry, creative industries and tourism. It generally offers investors grants of up to TTD 1 million for patents and research and development in non-energy industries and services, and financial compensation for the costs associated with entering export markets.

In the food industry it offers a discount from TTD 200 to TTD 200,000 on selected machines and equipment. In the manufacturing industry it's possible to be exempted from certain duties, VAT and withholding tax.

In so-called "free zones", enterprises are exempt from corporate tax, import duties on some commodities (capital, material), VAT, withholding tax, fees for the checking of containers and fees for work permits, and taxes on real estate and land.

Tax exemptions for businesses in the tourism sector can be for up to 7 years.



In the previous section we have summarized the most important principles that you should follow before you finally decide to seek an European money. Careful preparation is really crucial for a successful application. Give it as much time as is necessary, but be careful! Do it really intensively. Don't be fooled by the seemingly sufficient amount of time and don't leave anything to the last minute.



# A GRANT APPLICATION - HOW TO PREPARE IT BEST

### **Hurry slowly...**

In the conclusion to the last article we emphasized the importance of careful preparation. This is really crucial for a successful application. Give it as much time as is necessary, but be careful! Do it really intensively.

It's not only how quickly you submit an application in the ongoing calls that is decisive. Even for rolling calls when a project ranking is determined by the number of points obtained, then the agreed assessment of such a plan will be the same of that submitted earlier. Don't be fooled by the seemingly sufficient amount of time and don't leave anything to the last minute. Just for example, a small mistake in the hitherto less than ideally tuned MS2014+ system and it may happen that you submit your application among the last, as happened with the many applicants following the February failure in the collapse of finance. Whoever had already completed this tab managed to paradoxically submit sooner than someone who had a project that had long been prepared, but needed to fine-tune the budget.

### **First come, first served...**

This rule is especially true in the ongoing calls, where submitted applications are evaluated according to when they were submitted. Once the funds are exhausted, the call is usually terminated and slower applicants have to wait until a new call is opened. But even in the case that it concerns a rolling call when applications are collected at a certain date and subsequently evaluated by a number of points, the application date is still of importance. However, never put speed above the submission of a quality application.

### **The more, the better**

Generally, projects of a complex nature or the follow-up stages of a long-term plan are much better accepted than a haphazardly designed event without any cohesion or synergy.

It's always necessary to think about the mutual synergies and consider whether there is any possibility of the proposed project being expanded and linked to others. It's also sometimes appropriate to provide more information in the content and revitalize dull text. Don't hesitate to use tables and charts as much as possible, as well as pictures, and add interesting optional attachments, such as certificates and awards received.

The fact that this rule also applies to the evaluation of projects, at least to rolling calls, is clear. But we will say more on this subject later.

### **Less is sometimes more...**

This rule is demonstrated at three levels. The first impact is made when you formulate the project. It should be comprehensive, but not overly ambitious and diverse.

Try to consider whether everything that you included in the project is absolutely essential. I am not telling you to give up on an idea, but rather to consider dividing the project into several parts which can be implemented separately, and either submit them separately in a call, or in several different calls. In part, smaller projects have an inherently higher chance that they will attract money, and also one must take into consideration the necessity of pre-financing a project. The bigger the project, the more difficult it is to come by finance.

This rule is also important regarding the content of a project. It's not always true that the more comprehensive the study, the better. On the contrary, one gets lots in needlessly complicated texts, overly flowery sentences lose their meaning and one's attention wanes with tedious texts, creating a negative mood.

Therefore, always carefully consider whether the information that you are preparing to write is really important. Use simple and striking messages, replace complex text where possible with tables, graphs and pictures, and if you feel the need to say something really extensive, but which is not fully unrelated to the draft text, put the information preferably in the Annex. You have to be especially careful that important information has not disappeared from the text – preferably put it in bold, for example, or otherwise highlight it.

The last impact of this rule is in the area of the indicators and other outputs with which you agree and which will have an impact on the evaluation. All such obligations must be complied with to a certain extent, otherwise there will be significant penalties. Therefore, always soberly consider before you state some value whether it is based on realistic assumptions. And this is especially true in cases decided upon by on the number of points. What is preferable are fewer points which can vouchsafed, rather than having to return something, including a subsidy penalty because of the reckless pursuit of maximum grant.

### **A point here, a point there ...**

Once an application is made, its evaluation takes place. Generally, they are evaluated by so-called binary criteria, i.e. matters that the project MUST comply with, and moreover, in particular with rolling calls, actual scoring takes place. It's necessary to take this into consideration once again when preparing the application. The scoring criteria are overwhelmingly clear and known in advance.

No matter how useless and frustrating it may seem, take the scorecard in hand during the preparation and simply state the required information in the appropriate places, ideally exactly as demanded. And even preferably highlight it.

*Petr Navařík, project manager Erste Grantika Advisory, a.s.*

# 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 economic indicators

in %	GDP growth				GDP per capita (PPS, % of ø EU)				Price level to ø EU			
	2012	2013	2014	2015	2012	2013	2014	2015	2011	2012	2013	2014
Belgium	0.2	0.0	1.3	1.3	120.2	119.7	118.4	117.3	109.5	109.9	108.7	107.1
Germany	0.4	0.3	1.6	1.7	124.2	124.2	125.7	124.8	100.9	102.7	101.5	99.8
Estonia	5.2	1.6	2.9	0.9	73.7	74.9	76.1	75.8	73.9	75.7	75.6	75.2
Ireland	0.2	1.4	5.2	6.9	131.1	131.3	133.8	139.9	118.7	121.2	122.3	122.5
Greece	-7.3	-3.2	0.7	0.0	74.0	73.9	72.4	71.2	92.1	88.5	85.4	83.4
Spain	-2.6	-1.7	1.4	3.2	91.8	90.7	91.1	92.6	95.6	94.2	92.3	90.2
France	0.2	0.7	0.2	1.1	106.8	108.3	106.6	105.5	109.0	108.0	107.7	105.4
Italy	-2.8	-1.7	-0.4	0.8	101.0	98.1	96.0	95.1	102.7	103.3	102.9	100.9
Cyprus	-2.4	-5.9	-2.5	1.4	91.2	84.2	81.5	81.0	93.5	92.9	90.1	87.4
Latvia	4.0	3.0	2.4	2.7	60.2	62.3	63.8	64.9	71.7	70.5	70.1	69.2
Lithuania	3.8	3.5	3.0	1.6	69.7	73.2	75.1	75.8	63.9	63.3	62.8	62.7
Luxembourg	-0.8	4.3	4.1	4.7	258.4	263.9	265.7	267.1	118.4	120.4	120.4	119.2
Malta	2.9	4.0	4.1	4.9	84.5	85.9	86.0	87.9	79.0	81.6	80.9	80.5
Netherlands	-1.1	-0.5	1.0	2.0	132.3	132.4	130.7	130.5	108.2	110.0	109.8	109.1
Austria	0.8	0.3	0.4	0.7	130.7	131.0	129.2	126.8	105.2	106.1	105.8	105.2
Portugal	-4.0	-1.1	0.9	1.5	77.3	77.1	77.9	78.2	82.5	82.0	81.8	80.9
Slovenia	-2.7	-1.1	3.0	2.5	81.2	80.4	82.4	82.9	83.8	83.8	81.7	79.9
Slovakia	1.5	1.4	2.5	3.5	74.3	75.7	76.7	78.1	70.1	68.9	67.8	66.6
Finland	-1.4	-0.8	-0.7	0.0	115.2	112.7	110.2	108.0	121.3	123.0	122.3	119.7
Bulgaria	0.2	1.3	1.5	2.2	45.9	45.7	46.6	47.1	50.2	49.2	47.9	46.7
CR	-0.9	-0.5	2.0	4.5	81.8	83.0	84.5	86.7	71.7	68.6	63.7	63.3
Denmark	-0.1	-0.2	1.3	1.2	126.1	126.2	124.6	123.4	138.6	139.0	139.1	136.8
Croatia	-2.2	-1.1	-0.4	1.8	59.9	59.2	58.7	58.9	69.0	68.5	66.1	65.4
Hungary	-1.7	1.9	3.7	2.7	64.7	66.4	67.9	68.7	61.1	59.8	57.5	57.2
Poland	1.6	1.3	3.3	3.5	66.4	66.8	67.6	68.9	56.3	56.1	55.8	54.8
Romania	2.4	3.0	2.9	3.6	53.9	54.0	55.2	56.4	51.9	53.7	53.1	51.9
Sweden	-0.3	1.2	2.3	3.6	126.6	124.4	122.7	123.6	126.8	132.3	125.6	121.3
UK	1.2	2.2	2.9	2.3	107.0	108.0	108.9	108.8	116.8	115.0	121.5	131.3
EU	-0.5	0.2	1.4	1.9	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			
	2012	2013	2014	2015	2012	2013	2014	2015	2012	2013	2014	2015
Belgium	-4.1	-2.9	-3.1	-2.9	104.1	105.1	106.7	106.1	1.4	1.0	0.8	1.6
Germany	-0.1	-0.1	0.3	0.5	79.7	77.4	74.9	71.6	7.2	6.7	7.8	8.8
Estonia	-0.3	-0.1	0.7	0.3	9.5	9.9	10.4	10.1	-2.3	0.4	1.3	1.9
Ireland	-8.0	-5.7	-3.9	-1.8	120.2	120.0	107.5	98.4	-1.5	3.1	3.6	3.6
Greece	-8.8	-12.4	-3.6	-7.6	159.4	177.0	178.6	179.0	-4.3	-2.1	-2.9	-1.8
Spain	-10.4	-6.9	-5.9	-4.8	85.4	93.7	99.3	100.7	-0.4	1.5	1.0	1.5
France	-4.8	-4.1	-3.9	-3.7	89.6	92.3	95.6	96.2	-2.9	-2.6	-2.3	-1.4
Italy	-3.0	-2.9	-3.0	-2.6	123.2	128.8	132.3	132.8	-0.4	1.5	1.0	2.2
Cyprus	-5.8	-4.9	-8.9	-1.0	79.3	102.5	108.2	108.4	-5.1	-3.8	-3.8	-4.8
Latvia	-0.8	-0.9	-1.6	-1.3	41.4	39.1	40.8	36.7	-3.5	-2.1	-2.0	-1.9
Lithuania	-3.1	-2.6	-0.7	-0.9	39.8	38.8	40.7	42.7	-0.9	1.4	3.9	-1.1
Luxembourg	0.2	0.7	1.4	0.2	22.1	23.4	23.0	21.3	6.1	5.7	5.5	4.8
Malta	-3.6	-2.6	-2.1	-1.6	67.4	68.5	66.9	64.0	1.4	3.2	3.3	4.3
Netherlands	-3.9	-2.4	-2.4	-2.2	66.4	67.9	68.2	66.8	10.2	11.0	10.6	10.4
Austria	-2.2	-1.3	-2.7	-1.6	81.6	80.8	84.2	85.9	1.7	2.1	2.1	3.3
Portugal	-5.7	-4.8	-7.2	-4.2	126.2	129.0	130.2	129.1	-2.0	0.7	0.3	0.7
Slovenia	-4.1	-15.0	-5.0	-2.9	53.7	70.8	80.8	83.5	2.1	3.9	6.5	6.9
Slovakia	-4.2	-2.6	-2.8	-2.7	51.9	54.6	53.5	52.3	0.2	0.7	-0.8	0.3
Finland	-2.1	-2.5	-3.3	-3.2	52.9	55.6	59.3	62.7	-1.9	-1.8	-2.2	0.0
Bulgaria	-0.6	-0.8	-5.8	-2.5	17.6	18.0	27.0	28.2	-3.0	-0.5	0.7	1.9
CR	-4.0	-1.3	-1.9	-1.6	44.7	45.2	42.7	40.9	-2.2	-1.1	-2.0	-2.4
Denmark	-3.5	-1.1	1.5	-2.0	45.2	44.6	44.6	39.9	5.6	7.2	6.3	7.1
Croatia	-5.3	-5.4	-5.6	-4.2	69.2	80.8	85.1	86.0	0.0	0.1	0.6	4.2
Hungary	-2.3	-2.5	-2.5	-2.1	78.3	76.8	76.2	75.8	1.6	3.9	2.2	5.0
Poland	-3.7	-4.0	-3.3	-3.0	54.0	55.9	50.4	51.4	-3.2	-0.9	-1.1	-0.2
Romania	-3.2	-2.2	-1.4	-1.1	37.4	38.0	39.8	39.0	-4.3	-0.8	-0.4	-1.0
Sweden	-0.9	-1.4	-1.7	-1.0	37.2	39.8	44.9	44.0	6.5	5.8	5.4	5.4
UK	-8.3	-5.7	-5.7	-4.2	85.3	86.2	88.2	88.6	-3.3	-4.5	-5.1	-5.0
EU	-4.3	-3.3	-3.0	-2.5	85.2	87.2	88.6	87.2	1.0	1.5	1.6	2.1

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