

# **ECONOMIC IMPACTS OF THE ENTRANCE OF THE CZECH REPUBLIC TO EU ON CZECH CORPORATE SECTOR**

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# 1. The Background

**The Czech Republic** – from the beginning of the transformation:

- best starting performance and economic results
- stabilized macroeconomic situation
- institutional and legal framework less adopted to market economy than in Poland or Hungary

In the process of transformation

- delays in restructuralization and modernization of the Czech economy and corporate sector
- problems with legal framework and competition

## 2. The relations between the Czech Republic and the European Union

- 1988 – European Community established official relations with the Czechoslovak Socialist Republic
- 1992 – European Commission opened its Delegation in Prague - Contractual agreements, such as the "Trade and Co- operation Agreement", and then the "Europe Agreement" were agreed Grant assistance program supporting the reform in Central and Eastern Europe, known as Phare.
- 1993 – The Member States of the European Union first decided in Copenhagen that the countries of central and eastern Europe could join the European Union if they fulfilled a number of criteria
- 1996 – Czech Republic applied for membership.

## **2. The relations between the Czech Republic and the European Union**

31st March 1998 - Official negotiations for membership were launched after the European Commission's positive Opinion on the Czech application

9th December 2000 - An Intergovernmental Conference agreed in Nice, on 9 December 2000, on a new Treaty reforming the institutional framework of the European Union.

February 2002 – up-date screening

15-16 June 2003 – Referendum on the accession of the Czech Republic to EU - successful

1 May 2004 – Entrance of the Czech Republic to European Union, take part in the next elections for the European Parliament in 2004.

## 2. The relations between the Czech Republic and the European Union - Referendum

Number of eligible citizens	Turnout	Nr. of Votes "Yes"	% „YES“	Nr. of Votes „NO“	% „NO“
8 259 525	55.21 %	3 446 758	77.33 %	1 010 448	22.67 %

*Source: Center for Public Opinion Research, [www.cvvm.cas.cz](http://www.cvvm.cas.cz)*

### 3. Entrance of the Czech Republic to European Union – SW analysis

#### STRENGTHS

- The Czech Republic is a traditionally economically strong country with great potential
- One of the economically most developed Central and Eastern European candidates (the only stronger country is Slovenia)
- Czech GDP per capita (in purchasing power parity) is more than 60% of EU average and even the recent slow down of the economy has not threatened its second position at all.
- The Czech republic has a very low cumulative inflation.
- It has been very successful in attracting FDI in 2000-2003 (measured per capita in nominal exchange rate) reaching 75% of the average level of EU

### **3. Entrance of the Czech Republic to European Union – SW analysis**

#### **STRENGTHS**

- The Czech Republic has the best trade balance from candidates
- over 80% of its export are directed to EU member states. This shows a fast adaptability of the Czech economy;
- The level of public debt is quite low (is expected to increase),
- The structure of the Czech economy is favorable (less than 5% of GDP produced in agriculture and thus not be a burden to the EU budget and CAP (comparing to Poland)
- The Czech Republic exhibits a stable social environment, low unemployment and small social diversification.
- Czech workers are traditionally well educated and skilled.
- technologically the most advanced country from all the former communist countries.

### **3. Entrance of the Czech Republic to European Union – SW analysis**

#### **WEAKNESSES**

- Czech economy went through crisis resulting in a slow-down of growth (and even decline) of GDP levels.
- The Czech Republic is a small market with an internationally relatively weak purchasing power with low price levels.



### **3. Entrance of the Czech Republic to European Union – SW analysis**

#### **WEAKNESSES**

- Its labor force is relatively immobile.
- Czech Republic has problems with proper functioning of institutions and the enforcement of legislation and law
- The economy is not yet fully restructured, so in the global comparison, the Czech Republic displays relatively low results in terms of competitiveness.
- Consequently, this might lead to a situation where a number of companies will not be able to compete with the economic pressures of the EU single market.

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Opportunities**

- 1) Historical
- 2) Economic
- 3) Better International Position
- 4) Global „Shelter“
- 5) Social
- 6) Cultivation of Institutions
- 7) Financial

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Opportunities**

##### **1) HISTORICAL**

- The entrance to the EU symbolized that the transformation period has come to an end.**

##### **2) ECONOMIC**

- Full access to single market is gained.**
- Changes will be felt especially in agriculture and other sensitive goods and in removal of non-tariff barriers.**
- Great new specialization opportunities for some industries (the most likely to profit are glass-blowing, cement works, chemical industry, metallurgy and engineering industries).**

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Opportunities**

#### **2) ECONOMIC**

- Czech companies will have access to public tenders of EU states (and all EU comp. Access to Czech tenders)
- Specialization within the EU will bring cheaper imports, thus raising consumer welfare.
- Companies are forced to restructure and modernize due to these opportunities and threats from competition, domestic wage level will steadily increase and thus strengthen the consumer purchasing power due to freedom of movement and lower domestic price level

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Opportunities**

#### **3) Better International Position**

- The Czech Republic will gain far stronger international position by becoming a member state.
- Leaving the category „emerging markets“,
- Czech businesses will be able to carry the tag “made in EU” which has a far stronger reputation than the present “Czech made”

#### **4) Global „Shelter“**

- Czech Republic will be a part of a strong and stable economic sphere, able to deal better with the global changes.

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Opportunities**

##### **5) SOCIAL**

- Long term increase in living standards together with open borders will make the possibility to travel freely in Europe even more attractive.
- It is expected that highly skilled workers, scientists and graduates will be the most likely group to migrate to EU countries

##### **6) CULTIVATION OF INSTITUTIONS**

- The improvement of political and business ethics
- Political, juridical and other institutions will be standardized - more transparency into public governance and transactions.
- It is expected that it would provide even better environment for FDI

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Opportunities**

#### **7) FINANCIAL**

- the Czech Republic has been receiving significant amounts of pre-accession help (0,9-1% of Czech GDP), membership in the EU will bring an increase of these funds by 1, 5 % of Czech GDP (estimated net income from the funds as members will be 2,3-2,4% of Czech GDP).
- Czech companies lacking investment capital will have a better access to finances thanks to the higher international competition
- Less developed regions can expect a stronger and more better targeted financial support from the EU structural funds.

### 3. Entrance of the Czech Republic to European Union – OT analysis

#### Opportunities

#### 7) FINANCIAL - FINAL ENLARGEMENT "PACKAGES" APPROVED AT COPENHAGEN SUMMIT

#### BUDGETARY ESTIMATES

<b>CZECH REP.</b>		
<i>1999 prices, € millions</i>		
<b>2003</b>		
<b>pre-accession aid</b>		<b>170</b>
<b>2004</b>		
pre-accession aid		181
agriculture		100
structural actions		179
internal actions		44
additional expenditure		7
cash flow lump-sum		175
<b>total allocated expenditure</b>		<b>687</b>



### 3. Entrance of the Czech Republic to European Union – OT analysis

#### Threats

1) LOSS OF DOMESTIC SOVEREIGNTY

2) “second rate“ membership

3) GLOBALIZATION GONE TOO FAR

4) TOO CLOSE TO STRONG NEIGHBOURS

5) SOCIAL:

6) FINANCIAL

7) INSTITUTIONAL XEROX

8) CONCERNS OVER THE DEMOCRACY IN SOME INSTITUTIONS.

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Threats and Concerns**

##### **1) LOSS OF DOMESTIC SOVEREIGNTY**

- the argument of losing some aspects of domestic economic sovereignty is the most commonly used by Czech politicians.
- The loss of privately negotiated economic treaties with the non-EU parties

##### **2) “second rate“ membership**

- concerns that the Czech citizens will become a “second rate members” as some of the fundamental EU rights (movement of workers, Schengen rights etc.), will not be immediately available at the time of accession.).

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Threats and Concerns**

#### **3) GLOBALIZATION GONE TOO FAR**

- it is feared that some “typically Czech” cultural forms will be lost in “uniform Europe”
- Multinational companies will have an unfair advantage over the newly formed, internationally inexperienced small domestic companies.

#### **4) TOO CLOSE TO STRONG NEIGHBOURS**

- rising price level,
- the inflation, if not well mastered and spread in time (price of foodstuff is expected to rise cumulatively by 40-45% till the year 2006)
- the strongest competition will be felt in textile industry, foodstuff and banking (especially SMEs)
- wave of bankruptcies will accompany accession, resulting in short term local unemployment.

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### **Threats and Concerns**

#### **5) SOCIAL: THE MOST MOBILE WINNERS TAKE IT ALL**

- Potential outflow of highly skilled population to neighbouring EU countries
- Social income inequalities are expected to rise especially in the border regions
- In the border regions the foreign nationals will be able purchase the land and Czech Republic is asking for a transition period in this area.
- Social inequality and unequal purchasing power is expected to rise short term unemployment.

### **3. Entrance of the Czech Republic to European Union – OT analysis**

#### Threats and Concerns

#### **6) FINANCIAL**

- the costs of compliance to the EU norms are relatively costly
- The EU regulations will also mean extra costs for the Czech businesses. (On the average they could mean a rise of costs by 5-10% of an „average“ company turnover)
- Fiscal policy will have to comply with the EU regulations and some industries will loose their state funding.
- The Czech state will be forced to offer tenders not only to domestic companies, but to all companies in EU.

### 3. Entrance of the Czech Republic to European Union – OT analysis

#### Threats and Concerns

#### 7) INSTITUTIONAL XEROX

- having the same legal framework does not necessarily imply same behavioral patterns across countries.
- One of the threats is that the unofficial institutions will not copy the development of official institutions and thus things will change “only on the paper”.

#### 8) CONCERNS OVER THE DEMOCRACY IN SOME INSTITUTIONS.

- entering an institution which has some mistakes

## 4. Economic Impacts of the Accession

- EU membership will boost economic growth leading to a convergence in income levels and purchasing power.
- Economists reckon that accession itself could bring around 5-9% points of additional real GDP within ten years.

That belief is based on three arguments:

- Integration will provide a further stimulus to trade and capital flows.
- Income transfers to the new members (from structural funds) will speed the development of hard and soft infrastructure: roads, information, etc.
- EU membership will decrease the risk for business by introducing common standards, a common regulatory environment and more political and macroeconomic stability.

## 4. Economic Impacts of the Membership

Lesson from accession of poorer countries

The different outcomes are largely to do with three factors:

- Improvement in labour productivity – related largely to foreign direct investment flows, but also to infrastructure and education levels.
- Macroeconomic policies – Ireland managed to cut its foreign debt and turn a huge budget deficit into a surplus, Greece only started tackling its deficit problem in the late 1990s as part of its move to join the eurozone.
- Structural reform. Spain, Portugal and Ireland underwent enormous and painful economic restructuring, helped by EU funds. Greece, until recently, used the funds to avoid tackling structural problems.



## **5. Impacts of the Membership on Czech firms**

- 1) Changes for the businesses and consumers**
- 2) Changes in trade levels**
- 3) EU Funding**
- 4) Transparency and corruption**
- 5) Unemployment**

## **5. Impacts of the Membership on Czech Firms**

### **1) Changes for the businesses and consumers**

- The market for firms that supply other businesses, will gradually improve
- The competitive impact of accession will encourage local companies to look for international partners.
- For local companies, the threats and opportunities of EU membership depend largely on competitiveness and resources.
- Firms that want to break into the EU market will face high marketing costs, encouraging them to work more closely with foreign partners
- Great threat for under-resourced companies (esp. heavy industry)
- Increased competition and costs for local-oriented companies
- A big shake-out of inefficient companies, leading to a greater
- Specialisation of local businesses in services and in the supply chain of multinationals.

## 5. Impacts of the Membership

### 2) Changes in trade levels

- Over 80% of exports enter the EU tariff-free already.
- Accession will open up trade in agricultural goods (still heavily protected)
- It will also facilitate trade in services.
- The removal of real and threatened anti-dumping quotas will ease the flow of trade in areas with cost advantage like steel, textiles, etc.
- The immediate impact will be modest.
- Full participation in the Single Market will change the structure and scale of trade over time.
- Standardisation of product quality, labelling requirements, health and safety regulations and customs procedures will make it relatively cheaper

## **5. Impacts of the Membership**

### **2) Changes in trade levels**

- Local firms will be encouraged to exploit economies of scale and produce for a larger market, cutting costs and increasing production
- Trade level increase not only between the EU but also between the new members themselves

## **5. Impacts of the Membership**

### **3) EU Funding – Preaccession Aid**

➤ **Phare**

➤ **ISPA (Introduction to pre-accession strategy)**

**SAPARD (Special Accession Programme for Agriculture and Rural Development)**

- **projects mainly finished or in progress, no new projects**

#### **PHARE 2003 - municipalities**

– **Part I. (19,1 mil. €), Part II. (41 mil. €)**

- **programmes for municipalities (regions, towns, etc.)**
- **entrepreneurial and touristic infrastructure**

#### **PHARE 2003 – SMEs (20,1 mil €)**

- **programme for SMEs – SME development**
- **Investments for SMEs (technology, ISO, reconstruction, etc.)**

## **5. Impacts of the Membership**

### **3) Structural funds**

**Basic documents:**

**National Development Plan (NDP)**

**Community Support Framework**

**Operational Programmes:**

- *Joint Regional Operational Programme*
- *Operational Programme Industry and Enterprise*
- *Operational Programme Infrastructure*
- *Operational Programme Human Resources Development*
- *Operational Programme Rural Development and Multi-Functional Agriculture*

**Global objective of NDP**

**Sustainable development based on competitiveness.**

## 5. Impacts of the Membership

### 3) Structural funds

Support Areas	Allocations of Structural Operations for the Czech Republic ( in million EUR, 1999 prices)			
	Total	2004	2005	2006
Cohesion Fund				
maximum	932.1	319.2	262.8	350.1
minimum	740.5	253.2	208.4	278.9
average	836.3	286.2	235.6	314.5
Structural Funds	1,491.2	371.4	498.1	621.7
Objective 1	1,286.4	307.0	431.1	548.3
Objective 2	63.3	21.1	21.1	21.1
Objective 3	52.2	17.4	17.4	17.4
Community Initiatives				
INTERREG	60.9	19.0	19.0	22.9
EQUAL	28.4	6.9	9.5	12.0
<b>Total Structural Operations</b>	<b>2,327.5</b>	<b>657.6</b>	<b>733.7</b>	<b>936.2</b>

*Source: National Development Plan*

## 5. Impacts of the Membership

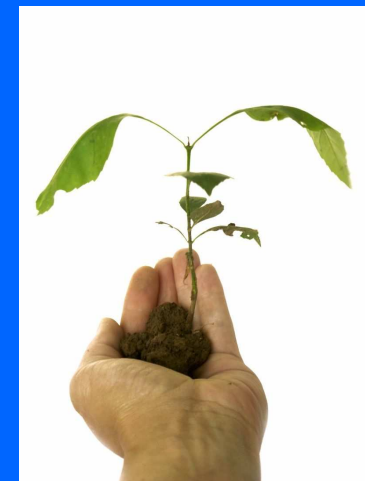
### 3) Structural funds

	Share of OP	Currency	2004	2005	2006	Total
OP Industry and Enterprise	15.0 %	million EUR	45.889	64.439	81.957	192.285
		million CZK	1,422.556	1,997.603	2,540.676	5,960.835
OP Infrastructure	13.5 %	million EUR	41.300	57.995	73.762	173.057
		million CZK	1,280.301	1,797.842	2,286.609	5,364.752
OP HR Development	21.0 %	million EUR	64.244	90.214	114.740	269.199
		million CZK	1,991.579	2,796.644	3,556.947	8,345.169
OP Rural Development and Multi-Functional Agriculture	12.0 %	million EUR	36.711	51.551	65.566	153.828
		million CZK	1,138.045	1,598.082	2,032.541	4,768.668
Total JROP	38,5 %	million EUR	118.855	166.901	212.275	498.032
		million CZK	3,684.519	5,173.929	6,580.528	15,438.977
of which TA CSF		million EUR	1.074	1.508	1.918	4.500
		million CZK	33.292	46.749	59.459	139.500
Total OP	100.0 %	million EUR	<b>307.000</b>	<b>431.100</b>	<b>548.300</b>	<b>1,286.400</b>
		million CZK	<b>9,517.000</b>	<b>13,364.100</b>	<b>16,997.300</b>	<b>39,878.400</b>

*European Commission data and Ministry for Regional Development calculations, 2004*



# Period 04-06 - Basic information



## Allocation:

1 776 mil. € from Structural Funds

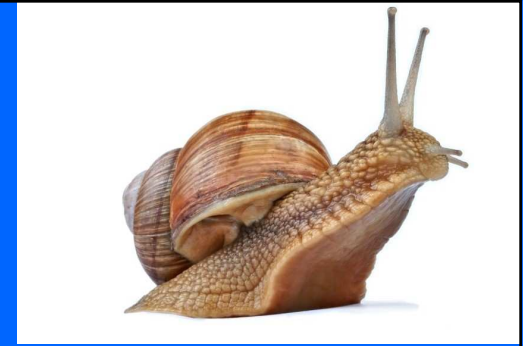
444 mil. € national contribution (state and regional budgets)

**2 220 mil. € available for the applicants**

## It also means:

- Almost 24 000 applications (projects) until 14.10.2006
- More than 1 000 individual calls
- 7 Operational programmes (including two programmes for Prague)
- Quite complicated system of the implementation

# Period 04-06 – Characteristic of the present period



- learning period for applicants as well as for implementation bodies;
- slow progress in using Structural Funds with huge differences among programmes;
- disparity between the interests of applicants and allocations (e.g. in tourism activities excess of requirements – 500 %, modern technologies and other investments – 250 %);
- most active applicants – SMEs and municipalities
- danger of not fulfilling the „N+2“ rule

# Period 04-06 – Grant Exploitation (1)

Allocation 04: 504,4 mil. €

Allocation 04-06: 2 220 mil. €

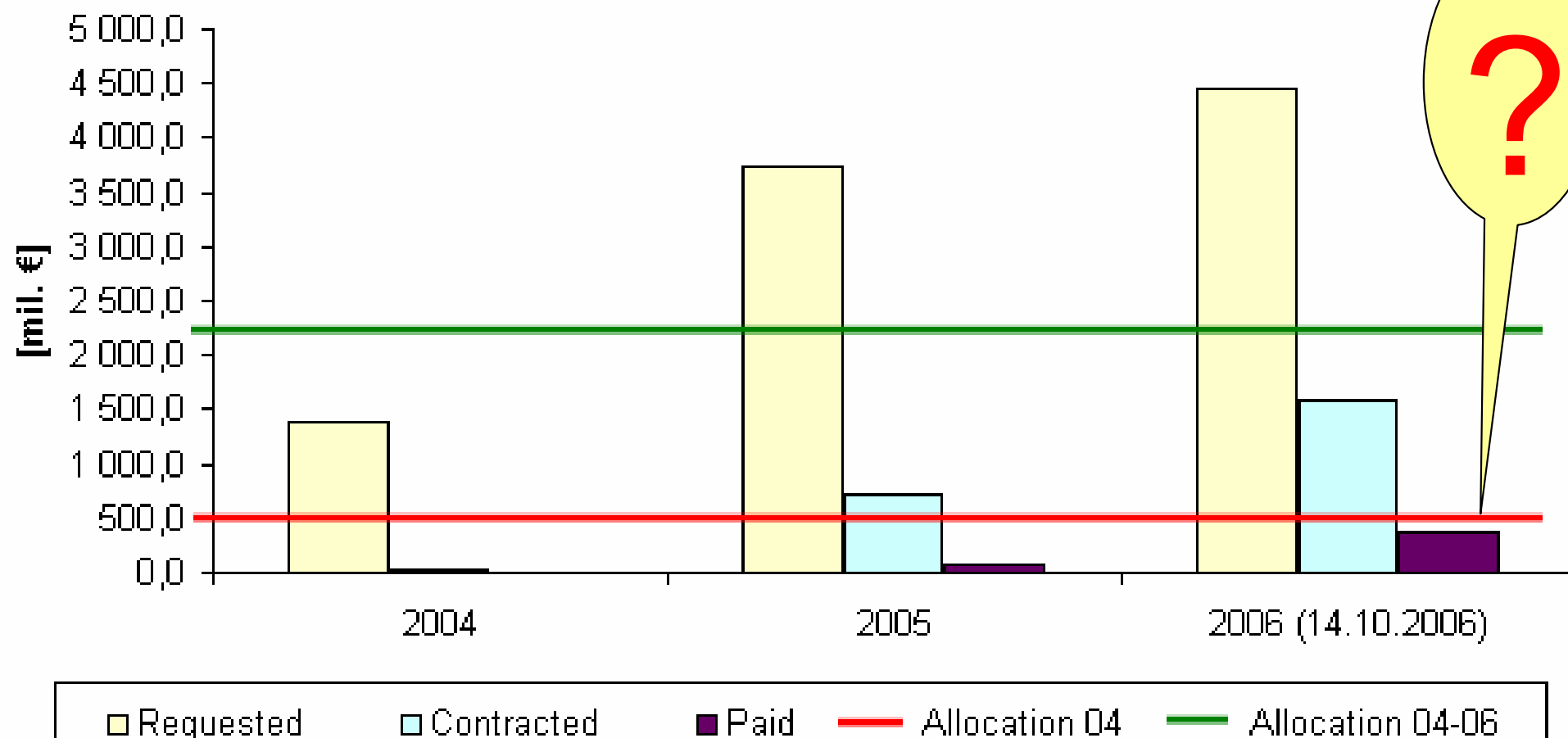


<u>Grants (mil. EUR)</u>	<u>Requested</u>	<u>Contracted</u>	<u>Paid</u>
to 2004	1 385,4	14,3	6,3
to 2005	3 743,7	708,3	68,2
to 2006 (14.10.2006)	4 448,3	1 594,8	364,1

<u>Grant (mil. EUR)</u>	<u>Contracted to Allocation 04-06</u>	<u>Paid to Allocation 04</u>	<u>Paid to Allocation 04-06</u>
to 2004	0,6%	1,2%	0,3%
to 2005	31,9%	13,5%	3,1%
to 2006 (14.10.2006)	71,8%	<b>72,2%</b>	16,4%

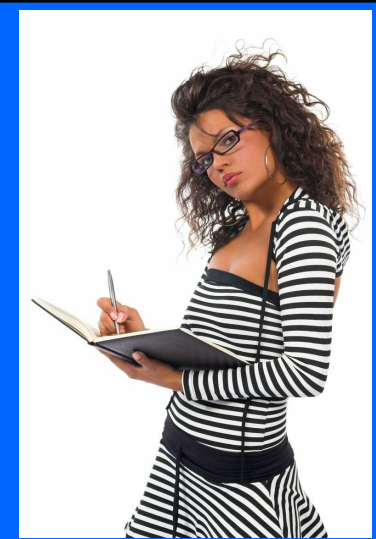
# Period 04-06 – Grant Exploitation (2)

## Progress of grant usage progress in the Czech Republic



# Period 04-06

## Operational Programmes - Marks



<u>Programme</u>	<u>Contracted to Allocation 04-06</u>	<u>Paid to Allocation 04-06</u>	<u>Paid to Allocation 04 (N+2 rule)</u>	<u>Mark</u>
JROP	86,3%	16,2%	73,2%	C
OPHRD	74,3%	6,4%	28,9%	E
OPIE	68,2%	19,8%	91,9%	B
OPI	63,6%	24,5%	110,8%	A+
OPARD	46,4%	25,2%	114,3%	A
SPD2	68,8%	8,8%	28,5%	E
SPD3	77,1%	7,4%	24,0%	E
<u>Total</u>	<u>71,8%</u>	<u>16,4%</u>	<u>72,2%</u>	<u>C</u>

A – the best, E – the worst (Fail)

# Period 04-06

## Troubles and Barriers - examples



- 1. Delayed calls of applications**
  - mainly in the Operational Programme Human Resources Development
- 2. Administratively demanding procedure of application**
- 3. Short calls of applications (in weeks, max. 2-3 months)**
- 4. Objectivity of evaluation of projects**
  - subjective opinions of evaluators and possibility of corruption
- 5. Information campaign not properly targeted**
  - there is no official point for all calls, information campaign is fragmented
  - almost no information about successful projects
- 6. Insufficient capacity of implementation agencies – delays (months) in:**
  - *Evaluation of applications*
  - *Preparing the grant agreements and contracts*
  - *Monitoring and ex-post controlling*
  - *Tranfers of a grant to beneficiaries*

# Period 07-13

## Basic characteristics



- Allocation:

  - 26 302,6 mil. € from Structural Funds

  - 3 945,4 mil. € national contribution (state and regional budgets)

  - 30 248,0 mil. € in total available for applicants**

Average allocation/year = **3 758 mil. €** (nearly 6 more than in 04-06)

- 24 Operational programmes (including two programmes for Prague and 7 programmes of international regional transnational cooperation)
- Delay in preparing the programming documents and negotiations with the European Commission
- Expected launch of the first programme(s) – 1.Q. 2007

# Period 07-13

## Operational programmes (1)



### Thematic:

- OP Enterprise and Innovation
- OP Research, Development, Innovation
- OP Education
- OP Human Resources Development and Employment
- OP Living Environment
- OP Transportation
- Integrated Operational Programme
- OP Technical Assistance

Number of programmes increased by 3 comparing to the period 04-06



# Period 07-13

## Operational programmes (2)



### Regional OP – 7 NUTS2:

- *ROP NUTS II Southeast*
- *ROP NUTS II Southwest*
- *ROP NUTS II Moravskoslezsko*
- *ROP NUTS II Northeast*
- *ROP NUTS II Northwest*
- *ROP NUTS II Central Bohemia*
- *ROP NUTS II Central Moravia*



### OPs – Prague:

- *OP Competitiveness*
- *OP Adaptability*

# Period 07-13 – comparing to 04-06

<u>Characteristic</u>	<u>2004-2006</u>	<u>2007-2013</u>	<u>Comment</u>
<u>Numer of programmes</u>	7	17	<ul style="list-style-type: none"> <li>▪ <u>7 regional programmes instead of Joint Regional Operational Programme,</u></li> <li>▪ <u>2 HR programmes instead of one</u></li> <li>▪ <u>Technical Assistance set aside as a separate programme</u></li> <li>▪ <u>Support of innovations has its own programme</u></li> </ul>
<u>Programmes of international cooperation</u>	7	7	<u>No significant changes</u>
<u>Total Nr. Of Programmes</u>	<b>14</b>	<b>24</b>	<u>More complicated implementation system including administration and evaluation of application, transfer of grants to beneficiaries</u>
<u>Allocation/year (mil. €)</u>	740	4 321	<u>multiplied by 5,84</u>
<u>Nr. Of applications/year</u>	8 312	25 786*	<u>Number of applications is expected to be multiplied by 3 (share of large projects will increase)</u>
<u>N+X rule</u>	<u>N+2 rule</u>	<u>N+3 for period 2007-2010, then N+2</u>	<u>Expected delay in the launch of OPs, avoiding the danger of not fulfilling the "N+2 rule"</u>

# Period 07-13 comparing to 04-06 (in numbers)

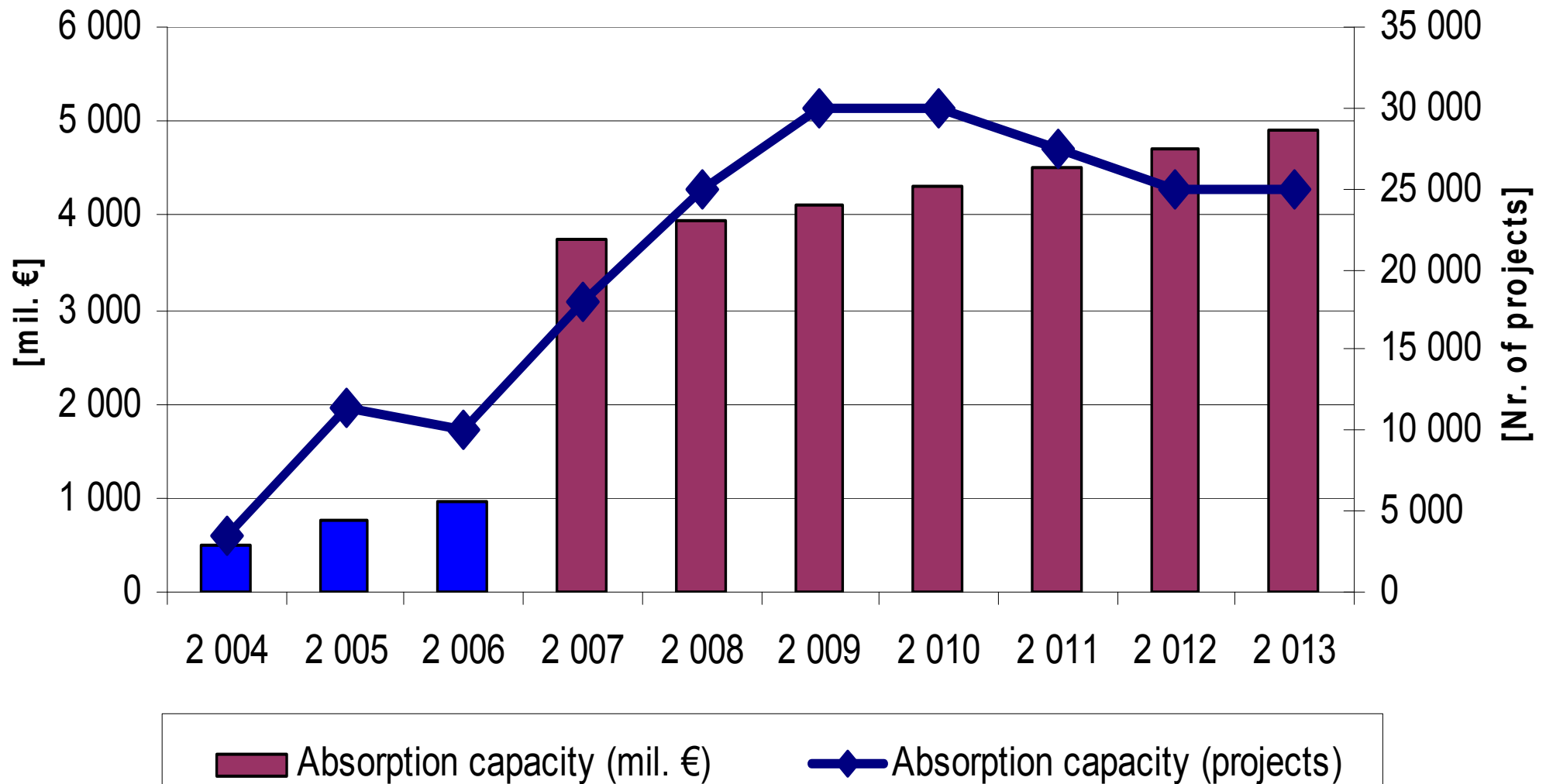


<u>Absorption capacity</u>	<b>2 004</b>	<b>2 005</b>	<b>2006</b>	<b>Total 04-06</b>
In projects	3 547	11 388	10 000	<b>24 935</b>
In mil. €	504,4	748,1	967,4	<b>2 220</b>
<u>Share of consulting companies</u> - 30% - in projects	1 064	3 416	3 000	<b>7 481</b>
<u>Share of consulting companies</u> - 30 % - in mil. €	151	224	290	<b>666</b>

<u>Absorption capacity</u>	<b>2 007</b>	<b>2 008</b>	<b>2 009</b>	<b>2 010</b>	<b>2 011</b>	<b>2 012</b>	<b>2 013</b>	<b>Total 07-13</b>
In projects	18 000	25 000	30 000	30 000	27 500	25 000	25 000	<b>180 500</b>
In mil. €	3 758	3 941	4 125	4 317	4 510	4 701	4 896	<b>30 248</b>
<u>Share of consulting companies</u> - 30% - in projects	5 400	7 500	9 000	9 000	8 250	7 500	7 500	<b>54 150</b>
<u>Share of consulting companies</u> - 30 % - in mil. €	1 127	1 182	1 237	1 295	1 353	1 410	1 469	<b>9 074</b>

# Period 07-13 – higher absorption capacity

## Absorption capacity of the periods 2004-2006 and 2007-2013



# Period 07-13 – Operational programmes in numbers (1)

## Objective 1 – Thematic OPs and Regional Operational Programmes

<u>Programme</u>	<u>Allocation 07-13 (mil. €)</u>	<u>Share in % from Objective 1</u>
OP <u>Enterprise and Innovation (OPEI)</u>	3 041	11,75%
OP <u>Research, Development, Innovation (RDI)</u>	2 071	8,00%
OP <u>Education</u>	1 812	7,00%
OP <u>Human Resources Development and Employment</u>	1 815	7,00%
OP <u>Living Environment</u>	4 918	19,00%
OP <u>Transportation</u>	5 759	22,25%
<u>Integrated Operational Programme</u>	1 553	6,00%
<u>Operational Programme Technical Assistance</u>	259	1,00%
<u>Regional Operational Programmes</u>	4 659	18,00%
<i><u>Central Bohemia</u></i>	559	2,16%
<i><u>Southwest</u></i>	620	2,39%
<i><u>Northwest</u></i>	746	2,88%
<i><u>Southeast</u></i>	704	2,72%
<i><u>Northeast</u></i>	656	2,54%
<i><u>Moravskoslezsko</u></i>	716	2,77%
<i><u>Central Moravia</u></i>	657	2,54%
<b><u>Objective 1 - total</u></b>	<b>25 887</b>	<b>100,00%</b>

# Period 07-13 – Operational programmes in numbers (2)

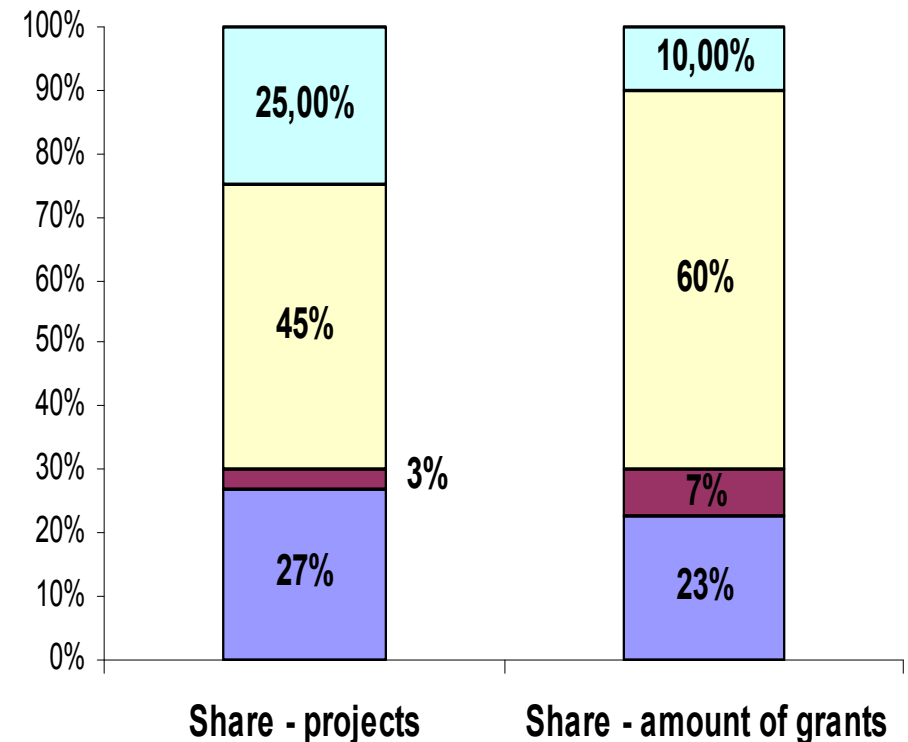
## Objective 2 – OPs for Prague

<u>Programme</u>	<u>Allocation 07-13 (mil. €)</u>
<u>OP Competitiveness (Prague)</u>	295
<u>OP Adaptability (Prague)</u>	121
<b><u>Total</u></b>	<b>416</b>

## Estimation of applicant distribution

<u>Applicant/Beneficiary</u>	<u>Nr. of projects</u>	<u>Amount of grants (mil. €)</u>
<u>Companies (SMEs incl. sole entrepreneurs)</u>	48 735	6 957
<u>Large companies</u>	5 415	3 791
<u>Municipalities</u>	81 225	5 445
<u>The rest (NGOs, universities, etc.)</u>	45 125	814
<b><u>Total</u></b>	<b>180 500</b>	<b>17 006</b>

## Estimated share of applicants by type



- The rest (NGOs, universities, etc.)
- Municipalities
- Large companies
- Companies (SMEs incl. sole entrepreneurs)

## 5. Impacts of the Membership

### 4) Transparency and corruption

- Organisations like Transparency International, which try to compare suggest that while most accession candidates rank below EU members,
- The differences are not so dramatic.
- The pre-accession process has improved the situation by focusing attention on the existence of corruption and forcing governments to develop “clean hands” policies.
- Directly - a difference in one main area – government procurement, where blatant favouritism will no longer be possible in large projects.
- 54th place in Corruption Perception Index (Transparency Int. survey)

## 5. Impacts of the Membership

### 5) Unemployment

- Accession will certainly increase the pressure to close down unviable plants and sell off those with a chance of survival,
- Boosting unemployment in the early years.
- Since there will be limits on the free movement of labour, there will be few possibilities to exporting unemployment.
- Due to the structural funds which focus heavily on retraining and job creation, particularly in the small and medium-sized sector
- Higher levels of foreign direct investment.
- Peer pressure to open up labour markets is also increasing in the EU in its attempts to become more competitive.



**Thank you for your  
attention**