



„The European Union would like to thank the Forum for the 21st Century for initiating the discussion and organizing the conference on global economic issues. At the same time we express our full support towards solving the challenges occurring in the new global scenario. After an in-depth analysis of the draft proposed by the Forum for the 21st century let us annotate it and include our suggestions as well. The European Union stresses that it supports all efforts to take part in making the global situation's performance more effective and that it sees the most important issues in assecuration of collective security in the 21st century.“

- The European Union is committed to transparent trade policy and the conclusion of the Doha Round.

The European Commission insists that there is no correlation between the agricultural subsidies and rising food prices and it also underlines that the common agricultural policy is less threatening to the trade than U.S. policy in this field.

Direct payments will be still needed after 2013 as a "basic income safety net", which has Europe's farmers to ensure a stable income and encourage them to continue their production. However subsidies should not serve as regular pricing, since it prevents the farmer to respond promptly to market changes and affects the price competitiveness of agricultural products.

The European Commission is also considering the possibility that direct payments will be paid under the condition of creating "public goods" in harmony with the environment through the application of sustainable farming.

According to European Commission the "best remedy" to high food prices is encouraging the increase of production, which could result in higher profits. Many countries still have enormous idle production potential.

[http://www.euractiv.sk/buducnost-eu/zoznam_liniek/svetove-ceny-potravin-a-reforma-polnohospodarstva-000268]

The European Union agrees with the propose of the Forum to identify new means of aid to the countries suffering from the lack of food. The Commission wishes to collect views on how the EU can best support developing countries to speed up their progress towards the Millennium Development Goals and beyond. Building on previous achievements, the Commission proposes four main areas for debate, focusing on the impact of EU aid, the facilitation of more inclusive growth, the promotion of sustainable development, and durable results in agriculture and food security. Following the public consultation open to EU and partner countries, the Commission will table a Communication on a Modernized EU Development policy in 2011.

[http://ec.europa.eu/development/icenter/featured_20101110_green_paper_development_policy_en.cfm]

- The European Union agrees with the recommendation of the Forum that China, as well as other countries - namely Japan and South Korea, stop intervening in favor of keeping the exchange rates at artificially low levels and gradually level their present value with the real ones by the end of the year 2015.





- Dollar is recently showing a significant risk as the global reserve currency. Since the dollar is unmatched currency based on credit expansion, risks of its existence as the world's reserve currency are substantial and thus European Union thinks that USD, in its role of world's reserve currency should be changed for another currency. European Union does not find the replacement of USD for SDR as good solution to this issue. SDR was not created to be the basic currency for trade. It is just an artificial currency unit created by the International Monetary Fund to supplement existing reserve currencies. This is why European Union doesn't agree on proposed solution, where SDR would become official world's reserve currency. EU also does not agree on augmenting the existing SDR currency basket. Nowadays, the world trade is changing very fast and thus, the currency basket would be unstable and unpredictable.

The European Union wants to propose EURO as the world's reserve currency. It is composed of very strong European currencies which formerly played very important role in world trade. EURO can be considered as the biggest rival for USD and it is also the second most important reserve currency. Its share in world foreign exchange reserves over the past ten years has increased over 10%. EURO has assumptions to be ideal reserve currency, such as the area size, complexity of its capital markets and its share in world trade. Unlike the USA, the EU has essentially balanced current account balance. The EURO area is less dependent on oil imports than the USA and exports more to oil-exporting countries as well as to emerging economies such as China and Brazil.

- The European Union is fully aware of risks which are represented by hedge funds and various types of speculative capital. For this specific reason, EU decided to resolve this issue. EU itself is accepting new measures to eliminate the risks, ensure the stability of systems and raise the safety of investors. As very negative, EU perceives the attempts of USA, such as its speculative attacks on EURO in March this year. According to these, high EURO exchange losses may be related to massive speculative attacks. For these dangerous reasons, EU is accepting new regulations, which should be implied by the end of the year 2013.

On the other hand, not all forms of speculative capital are so dangerous and thus don't need as strict regulations. European Union agrees that it should debate on adopting legal provisions limiting the flow of currency - the amount of currency that could be bought and sold by the single investor - but EU doesn't agree on the percentage values stated in the proposal. However, EU is willing to discuss these and bring them to some affordable and safe value.

- The European Union does not agree with the proposition of the Forum to adopt legal provisions in order to protect vulnerable countries against the outflow of speculative capital in form of portfolio investment, where the outflow should be restricted to 5% of country's GDP.





Many European investors increase the value of their money through the portfolio investments. Seven out of top ten portfolio investors are EU countries, out of which three bigger investors placed in portfolio investment approximately 7,4 million \$ in 2008.

However the problem of the outflow of portfolio investment is worldwide, European Union is ready to negotiate this question under the condition of incoming mutual agreement.

- The European Union is aware of negative effects of Brain Drain on developing countries. The best way to solve brain drain is of course the socio-economic development of a country. However, socioeconomic development requires highly skilled professionals. Consequently, there is a need to look at additional measures to act against brain drain and speed up the socio-economic development of developing countries. EU has to evaluate the steps on how it can turn this phenomenon into better and more circular process. EU finds the proposal of Forum for the 21st century very interesting and therefore thinks, it is based on meaningful thoughts. Measures that would guarantee the return of funds invested in education of individuals who do not contribute to GDP and further use of remittances to cover these funds, finds EU as good base. EU thinks that imposing 12% tax on them could be good way, however, it is ready to discuss this amount. Creation of new funds under the supervision of World Bank that would guarantee the effective use of money is acceptable as well. However, remittances can't be regarded as a substitute for official development assistance. This is why EU and its partners also should somehow encourage skilled people to stay in their home countries so they can also contribute to GDP and further development of their mother countries.
- The European Union finds the global dispute over sources of energy as a very important issue, to be consulted. EU agrees, that more space should be given to scientists, who don't really go along quite well with all the pessimistic scenarios concerning the depletion of conventional sources, however EU also thinks that no one can close his eyes and everybody has to face the reality as well. Scarce resources are being wasted and therefore everybody has to face this problem very seriously.

On the other hand, EU agrees, that more chances should be given to scientists and to their scientific studies that are trying to find new solutions. EU agrees on use of financial resources and scientific capacities to improve further efficiency of already existing ones. EU believes this is substantial. EU is already doing so. It has European Research Area, where the main objectives are to promote sustainable development, to ensure security and diversity of energy supply, to improve energy efficiency and to increase industrial competitiveness. Since EU belongs to big supporters of scientific development and research which contains use of new resources which would also





slow down the use of scarce resources, it is more than open to discuss this topic and come to some acceptable solution.

- Europe cannot afford to waste energy. Energy efficiency is one of the central objectives for 2020 as well as a key factor in achieving our long-term energy and climate goals. Energy efficiency is the most cost effective way to reduce emissions, improve energy security and competitiveness, make energy consumption more affordable for consumers as well as create employment, including in export industries. The security of internal energy supplies is undermined by delays in investments and technological progress. Currently, nearly 45% of European electricity generation is based on low-carbon energy sources, mainly nuclear and hydropower. Parts of the EU could lose more than a third of their generation capacity by 2020 because of the limited life-time of these installations. This means replacing and expanding existing capacities, finding secure non-fossil fuel alternatives, adapting networks to renewable energy sources and achieving a truly integrated internal energy market. At the same time states still need to phase out environmentally harmful subsidies.

The contribution of nuclear energy, which currently generates around one third of EU electricity and two thirds of its carbon-free electricity, must be assessed openly and objectively. The full provisions of the Euratom Treaty must be applied rigorously, in particular in terms of safety. Given the renewed interest in this form of generation in Europe and worldwide, research must be pursued on radioactive waste management technologies and their safe implementation, as well as preparing the longer term future through development of next generation fission systems, for increased sustainability and cogeneration of heat and electricity, and nuclear fusion (ITER).

[[http://ec.europa.eu/energy/strategies/2010/doc/com\(2010\)0639_en.pdf](http://ec.europa.eu/energy/strategies/2010/doc/com(2010)0639_en.pdf)]

