

Spain is pleased, Iceland is pleased – Fiat Euro! 5/2013

Spanish government is pleased, citizens cry. Cameron said something unexpected. Greek tax payers are not able to pay taxes. Brits and the Dutch came short. Guess who is leaving France this time?

The Spanish Finance Minister [gladly announced at a news conference](#) that Spain collected 123 billion euros on taxes in 2012, which is by 4 billion more than expected.

It doesn't matter that GDP in the last quarter declined twice, compared to the previous one and recession will go deeper in 2013 than in 2012. Unemployment exceeds 26%, foreign investors bought 20,1% less of the Spanish deficit in 2012 ([it was involuntarily filled up](#) from savings of future pensioners), Catalonia asked the government for further [9 billion euros](#) (a half of regional fund budget), and Spanish and other PIIGS banks will need [more cash](#). What is important, the collection of money was successful. Also the EU is pleased and promised to consider [easing budget goals](#) for Spain during the year.

Its less appearing neighbour, Portugal, [sold bonds](#) for the first time since it was bailed out in 2011. Let's pretend it's good news even though the country's debt overreached 120% of GDP. But the story of the month is Cameron's performance about British future in the EU. His announcement of referendum about British membership in the EU in 2017 sparked off more or less expected reactions. Germans briefly mentioned the necessity for reforms and The Dutch Foreign Minister with the Czech Prime Minister, both promised to examine existing competence in the EU. Hollande was a little bit harsh; in his view, British withdrawal from the EU is in the hands of British citizens but they should not involve whole Europe in this issue. The Danish Minister for European Affairs has rejected efforts similar to those in Britain. What is more, [someone has also asked](#) the Slovak Finance Minister, Kažimír, who said that British withdrawal "would not be a disaster".

Referendum is far away but frightening crowds of Romanian and Bulgarian workers are ante portas. Moreover, Britain started with an [anti-campaign](#) in which the country warns against rain, low salaries, little work in and that it is generally nasty. Let's have a look at what Britain would look like without immigrants in this [witty document](#).

Greek story resembles a conspiratorial novel more and more. The head of statistic agency is prosecuted for [changing the data about country's deficit](#) in 2009 by incorporating some enterprises into general government budget and thus leading the country into the arms of the Troika. However, Eurostat claims the data provided was correct, in contrast to the previous data. The Finance Minister, Stournaras, calms down citizens with sentence popular [all over Europe](#): Recession will end up in one year. But will they resist? Also, general secretary, Charis Theocharis, has claimed he [has no money to pay](#) emergency property taxes.

The announcement of the ECB about buying bonds from crisis-hit countries (OMT) convinced investors of unlimited rescue from national resources. PIIGS bonds interest decreased, as did the flow of money. While outflows from the periphery totalled 300 billion euros in 2011, in the first eight months of 2012 it was more than 400 billion. Outright monetary transactions brought turn and private inflows into the periphery countries totalled [€93 billion](#) in the last four months of 2012.

Situation on [Cyprus is getting more complicated](#). IMF would like to write-down part of the debt, on the other hand the EU will not hear about it – they promised Greece would be an exception! But what is more important than (un)willingness of European representatives is the debt held by local banks. And these also need recapitalization; if Cyprus writes-down part of the debt, banks will need the money anyway. Schäuble says Cyprus is not important, [Draghi opposes](#). On September 22 there will be election in Germany and probably no politician will test the willingness of German voters to send further money there.

Do you remember LTRO? About a year ago, ECB lent banks in two rounds more than €1000 billion for three years. Some of them are returning the money – [about 137 billion Euros](#). Thereby European banking system is being divided into two groups – vital (only for effect) and that completely dependent on infusions from ECB.

Hot bank news [arrived from cool Iceland](#). EFTA court of justice surprisingly decided that Iceland is not liable to finance compensation of foreign citizens who lost their savings in Icesave bank. Money mainly for British and Dutch clients was paid by their home governments that were enforcing the amount of 2 billion euros from small Iceland.

Also [the oldest bank in the world](#), Italian Monte Dei Paschi, is close to breakdown. Situation is not better either in the French car company PSA and it will not be better as there is low demand for Citroen and Peugeot cars and French court has [suspended the plan](#) to fire 8000 workers. Another tax payer escaped to England – [Sarkozy himself!](#) But it is not the only example; glamorous retiree [Tina Turner renounced U.S. citizenship](#) and moved to more tax-friendly Switzerland.

We would like to warn you against another strike of EU staff at the beginning of new week – on February 5. Don't forget to watch attractive broadcast of EuroparlTV, which is being watched by less people than the current number of Parliament employees, and whose [existence was prolonged again](#) despite the cost being €17 for each person who watches it.

And finally, a small puzzle. What is in the picture? You can find this answer essential to life in [Commission Regulation \(EC\) No 1462/2006](#), which was made in the sweat of brow by your low-paid Commissioners. You can send it to your friends, as well – it is translated into all languages.

Martin Vlachynsky

(Translated by Jana Kostovcakova)