Future financing of the European union in respect of enlargement

1996/2135(INI) - 29/10/1996

A report by Efthymios CHRISTODOULOU (EPP, GR) on funding EU enlargement was adopted by the Committee on Budgets (chairman: Detlev SAMLAND, PES, D) by an overwhelming majority (one vote against). Situations vary widely from one applicant state to another. The report therefore calls for close monitoring of their progress towards a social market economy. The financial impact of enlargement will be felt most by the CAP, where adjustments will need to be made and on structural policies. Applicant states will have to press ahead with structural reform (privatizations, harmonization of legislation, public sector, credit system, etc.) while the EU for its part, will have to ensure that all countries are treated equally if enlargement to include the countries of Central and Eastern Europe is to be a success. All these factors point to the need for pre-accession periods reflecting the specific situation in each applicant country before full membership. The committee is convinced that the EU enlargement provides an ideal opportunity to promote peace, security and prosperity throughout Europe, even if it is also a major challenge in economic and financial terms. It is vital to ensure that the political objectives are matched by economic resources that will create the best possible conditions for accession and minimize the negative repercussions. No final decision on the procedure can be taken before all the financial implications are known. For the CAP, estimates vary widely. The European Commission calculates that additional spending on agriculture if the CAP remains unchanged, would amount to ECU 12.2 billion per annum until the year 2010. It is therefore important to press ahead with reforms. As regards the Structural Funds the CHRISTODOULOU report notes that, under present rules, all the East European applicant countries would be eligible for aid. In the Commission's view, implementing a structural policy benefiting existing and new states would require an average budget of ECU 37 billion a year (ECU 9 billion higher than the 28 billion for the period 1991/1999). At present pre-accession strategy is being funded primarily through the PHARE programme, with the emphasis on infrastructure and economic reforms. A new Community instrument funded by private capital is therefore needed along with interest rate subsidies. Mr CHRISTODOULOU also considers that too rapid accession with substantial derogations would interfere with the smooth operation of the single market. If for political reasons it was considered necessary to speed up the enlargement procedure, CAP and regional policy reforms should be in place in good time together with the necessary financial resources. The question of working languages would also have to be tackled in an enlarged Union. The Commission is asked to submit proposals defining pre-accession periods reflecting the specific needs of each applicant country. It should also draw up a detailed study based on realistic assumptions and on comparable and reliable statistics, which are still not available. Once these preparations have been completed, accession negotiations could begin six months after the end of the IGC.