Agenda 2000: the enlargement, EP position on Commission'opinions on applications for accession

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AGENDA 2000 - FOR A STRONGER AND WIDER UNION: presentation of the European Commission's general document on enlargement of the Union and the political, technical, institutional and financial impact of accessions. SUBSTANCE: in a first overall document, the Commission explains how it examined the various accession applications and the main challenges facing the enlarged Union. The document also puts forward a first indicative timetable for the opening of negotiations and presents the strategy to be adopted. 1) ACCESSION APPLICATIONS: evaluation of accession applications based on criteria laid down by the Copenhagen European Council (June 1993). Applicant countries must have: - stable institutions guaranteeing democracy, the rule of law, human rights and respect for minorities, - a viable market economy and the ability to withstand the pressure of competition within the internal market, - the ability to comply with the obligations of the Union, especially regarding EMU. The Commission has drawn up an opinion on each accession application, basing its analysis on these three basic criteria. Between 1994 and 1996 ten countries submitted their applications: Bulgaria COS/1997/21792, Estonia COS/1997/2177, Latvia COS/1997/2176, Lithuania COS/1997/2178, Poland COS/1997/2174, Hungary COS/1997/2175, Czech Republic COS/1997/2180, Slovakia COS/1997/2173, Slovenia COS/1997/2181 and Romania COS/1997/2172 (see these references). According to the Commission's analysis, although several countries still have to make progress with regard to democracy and human rights, only one country, Slovakia, does not fulfil the political conditions. Hungary and Poland have viable market economies, as do the Czech Republic and Slovenia (though their economic performance is slightly inferior). Estonia must make an effort to comply with the economic criterion, although its economy on the whole can be regarded as viable. Regarding the third criterion (adoption of the acquis), the main trends observed in the applicant countries show that Hungary, Poland and the Czech Republic should, in the medium-term, be able to adopt the essential part of the acquis and establish the administrative structures needed to apply it. Poland, Hungary, the Czech Republic, Slovenia and Estonia are therefore at the head of the queue for possible accession. An evaluation report will be prepared in 1998 in order to analyse the progress made by these countries and the efforts still to be made with a view to their adaptation to the large market. 2) CHALLENGES OF ENLARGEMENT: the results of the Commission's impact study show that an enlarged Union of 25 members (and 475 million people) will offer considerable political and economic advantages. However, for enlargement to be successful, it is crucial to take full advantage of the pre-accession period, which means that the applicant countries must make substantial investments in fields such as the environment, transport, energy (especially in respect of nuclear safety), industrial restructuring, agricultural infrastructure and rural society. Considerable efforts are also needed to bring social and public health standards into line. In the Commission's view, the success of the entire process depends on the applicant countries' ability to 'absorb' the acquis during the pre-accession phase. If adaptation is too slow, it could compromise the unitary nature of the acquis and distort the functioning of the single market. In parallel, so that the Union can function efficiently with 20 or 25 Member States, it will be essential to reinforce the institutions and their operation. For this reason the Commission is already suggesting that a further IGC be convened as soon as possible after the year 2000 in order to undertake a far-reaching reform of the institutions and introduce qualified majority voting as the general rule. 3) ENLARGEMENT STRATEGY: the success of enlargement depends on a dual principle: - full application of the acquis communautaire from the date of accession, subject to fixed and reasonable transition periods; the Union must exclude any possibility of accession as a second-rank Member State or with exemption clauses or derogations; - application of a reinforced pre-accession strategy pursuing two main objectives: a) amalgamation of the various forms of EU aid into a single framework of 'accession partnerships' based on precise commitments on the part of the applicant countries in certain priority sectors (democracy,

macroeconomic stabilization, nuclear safety, national programme for adoption of the acquis); partnerships would also draw upon all the Community financial resources available for the preparation of accessions; b) familiarization of applicant countries with Union policies and procedures by allowing them to participate in Community programmes. As regards pre-accession aid, apart from the PHARE programme (ECU 1.5 billion per year), the applicant countries will, from 2000, be able to count on aid of ECU 500 million per year for agricultural development and structural assistance of ECU 1 billion for the development of transport and environmental infrastructure. 4) CYPRUS AND Turkey: in July 1993 the Commission expressed a favourable opinion on the accession of Cyprus to the Community COS/1997 /2171. Although there are few economic obstacles to Cyprus's accession, the Commission still regrets the continuing problem of the island's division. The efforts deployed to resolve the Cyprus question have not yet borne fruit, although the prospect of presidential elections in 1998 might possibly unblock the situation. In any event, accession negotiations will start as planned, six months after the end of the IGC, with or without the representatives of Cyprus's Turkish community. The adoption of a political agreement would be the best way to conclude negotiations quickly. If there is no progress in this direction, negotiations would be held with the Cypriot Government, the only authority recognized by international law. On the question of Turkey's accession, the customs union created in 1995 has reinforced the country's relations with the EU (AVC/1995/0813). However, the deterioration of the political situation has, to date, prevented effective financial cooperation and political dialogue. Consequently, the Commission feels that EU-Turkey relations must be bolstered by a whole series of measures (especially under the responsibility of MEDA and financial cooperation), but does not see any possibility of accession in the short term. 6) FINAL RECOMMENDATIONS TO THE COUNCIL: in the light of the various analyses, the Commission has submitted the following recommendations to the Council: - opening of negotiations with the following Central and Eastern European countries: Hungary, Poland, Estonia, Czech Republic and Slovenia, though emphasizing that the decision to start negotiations with these countries at the same time does not mean that the negotiations will be concluded at the same time; - reinforcement of the pre-accession strategy; - creation of a multilateral cooperation forum in the form of a European Conference; - opening of negotiations with Cyprus six months after the end of the Intergovernmental Conference (during 1998). AGENDA 2000: THE CHALLENGE OF ENLARGEMENT: In volume 2 of COM(97)2000 the Commission analyses in depth the challenge facing the Union in enlarging from 15 to 21 and then 26 members. The first basic conclusion of this document is that the impact of enlargement on the Union and its policies and especially the scale of possible problems will depend to a very large extent on the preparation of candidate countries during the pre-accession period. The Commission considers that the only realistic path is a gradual process of adaptation. A general strategy has therefore been defined to assist these countries to prepare for accession. This pre-accession strategy is based on three fundamental aspects applicable to all applicant countries: the Europe Agreements, structured dialogue and the PHARE programme. This strategy would be reinforced, whatever the specific situation of the applicant countries and would involve: - bringing together within a single framework, which nevertheless takes account of each applicant country, all the resources and forms of assistance available for facilitating the adoption of the Community acquis, - extending the participation of applicant countries to Community programmes and mechanisms to apply the acquis. At the same time the Commission attempts to assess the effects of enlargement in terms of economic and political advantages for Union policies. This analysis demonstrates that there are many advantages for the Union: - in economic terms, any progress towards integration will strengthen confidence in the internal market and thus directly benefit economic operators and citizens; - in political terms, enlargement represents an investment in the peace, stability and prosperity of the peoples of Europe. At the other extreme, the Commission puts its finger on the regional and sectoral tensions generated by enlargement: both for the new members and the existing Member States, tensions relating to adjustment will affect Community policies and will have a budgetary impact. Community funding will be needed to alleviate social problems and regional imbalances, to modernise basic infrastructures and to implement rural and industrial restructuring both in the Member States and in the new countries. The first stage will be to apply the appropriate Treaty rules, in particular with regard to free movement of capital and competition so as to reduce the tensions facing the new Member States. There are major consequences arising from the direct budgetary and financial implications. However, under certain conditions the financing of enlargement can be achieved without changing the own resources ceiling expressed as a

percentage of the Union's GDP. If an unchanged ceiling is maintained (and taking into account the limited capacity of the new members to contribute) the financial resources available for the current Member States after enlargement can only develop at a lower rate than that of Union GDP. In sectoral terms the consequences can be summarised as follows: - agriculture: extension to the new countries of the CAP in its current form would involve significant additional costs annually. However, assuming that these countries would not benefit from compensatory aid during a period following accession, the agricultural guidelines should be sufficient to finance the additional expenditure caused by enlargement (in particular intervention measures on the markets and accompanying measures); structural measures: there would have to be a gradual redeployment of budgetary resources to the new Member States where prosperity was well below the current Community average. The criteria used for the allocation of aid should be totally reassessed. Furthermore, the integration of new Member States should be undertaken gradually (with their ability to absorb aid also being taken into account). Lastly, the amount of aid should be smaller if accession of all applicant countries does not take place simultaneously. Taking into account these various hypotheses, the payments could be made within the constraints of an overall cohesion measure which is relatively speaking unchanged; - internal policies (R & D, education and training, trans-European networks, social actions, environment, etc.): enlargement should concentrate efforts on a limited number of measures so as to increase their impact. Even using this hypothesis, expenditure would have to increase markedly (more than proportionally to the relative weighting of the states concerned). Enlargement would also involve additional administrative expenditure for the institutions (additional languages, extension and diversification of tasks, integration of new nationals). However, enlargement should not imply an overall increase in expenditure on the external actions of the Union. The new Member States could request loans from the EIB, Euratom and the European Investment Fund under the same conditions as the current Member States. In terms of the states' adjustment to the acquis communautaire, the Commission considers that this will be a long and costly process. Major investments would be needed, mainly in the environmental sector, health and safety at work, nuclear safety, energy security stocks and public health. In certain sectors modernisation will be extremely important (polluting industries, nuclear power stations, transport and fishing fleets, energy). Provision should also be made for considerable efforts in relation to the administrative structures to be put in place to apply Community legislation on consumer protection, phytosanitary and veterinary care, surveillance of external frontiers and indirect taxation. In other words, the Commission considers that accession of the new Member States is subject to adoption of the whole acquis communautaire. All the policies will apply to the enlarged Union, subject to adjustments and transitional provisions. Inadequate adoption or too slow a pace could cause serious difficulties after accession. The Union would have to tolerate, inter alia, a permanent distinction between the new and old Member States and their citizens, distortions of competition to the detriment of economic operators in countries which conformed to the Community legislation in force, reduced levels of protection for consumers or for the safety of citizens or even a protectionist response from certain Member States which would look askance at the distortions of competition produced by the arrival of the 'weakest' countries. All these effects could affect the legitimacy of the Union as a whole. To avoid these risks the Commission considers that adjustments and some refocusing of Community policies will be necessary. Among other things, everything possible should be done to ensure that some policies are not neglected as a result of enlargement (development, aid to NICs and the Mediterranean, etc.). In terms of decision-making, the unanimity rule must be reconsidered so that the operation and subsequent development of the Union's policies is not affected (consumer protection, CFSP, justice and home affairs, environment, social policy, liberalisation of energy). Lastly, one of the fundamental questions concerns the future of the Union's institutions after enlargement, in particular the effect of twice the number of official languages. The budgetary consequences here are far from negligible and attention must be paid to the question if energies are not to be wasted. In conclusion: the main challenge facing the Union in the near future will be the preparation of future member states for accession. The gradual adjustment of these countries is essential if the political and financial costs of enlargement are to be limited. The necessary efforts in the pre-accession period will basically be made by the applicant countries, through the technical assistance of the Union as part of its pre-accession strategy. Two other aspects are crucial in order to overcome the problems of enlargement: - reform of the Community institutions, - consent and support of European public opinion.