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Enlargement

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Enlargement Weekly

Newsletter of the week 12/04/2000

Welcome to our weekly electronic newsletter, "**Enlargement Weekly**". This e-zine aims to report on major developments of the enlargement process and will keep track of all the important news in the country. Your comments are most appreciated. Please send them to the Editor.

Agenda

April 16-17	European Enlargement Commissioner Gunter Verheugen is to Slovenia
April 18-19	EU-Czech Joint Parliamentary Committee, Prague
April 18-19	Meeting of President of European Parliament with presidents of candidate countries, Ljubljana
May 15	Half day bilateral screening meetings with Bulgaria and with R statistics
May 16	Half day bilateral screening meeting with Slovakia on statistic
May 18-21	EBRD Annual Meeting Latvia
May 22	Agra Europe conference on Central and Eastern Europe agricu preparations for accession, Prague.
May 23	EU-Slovakia Cooperation Council, Brussels
May 23	EU-Slovenia Association Council, Brussels
May 24-25	EU-Hungary Joint Parliamentary Committee, Budapest
May 25	Environment Policy Review Group - open to candidate countr
May 25	Negotiating session at deputy level with the Luxembourg six ("first-wave" candidates.
June 5-6	EU-Poland Joint Parliamentary Committee, Warsaw
June 14	Probably negotiating sessions at ministerial level with all twel — including possible opening of agriculture chapter with the L Six.
June 20	"EU enlargement: prospects and challenges", Centre for Europ Studies, Brussels.
June 23-24	Conference on Education for EU Phare countries, Bucharest
July 1	France takes over EU Presidency
October	Meeting of negotiators from the 12 candidates, Vilnius

Articles this week

"FIRST WAVE" RESUME NEGOTIATIONS"

The "first wave" candidate countries for EU membership resumed their negotiations w on April 6. There is now a familiar ritual for the negotiating teams from Hungary, Pola the Czech Republic: a flight to Brussels, a patient wait at the Council of Ministers buil opposite the EU member state ambassadors for set-piece exchanges on what the EU wi candidate country wants, a flurry of press interviews, a lunch, and then back to the airp back home of preparing for accession.

At this most recent encounter they opened tough new subjects: regional policy and fina revisited some of the subjects that remain on the table: social affairs, free movement of competition, fisheries, customs union, and external relations. The day yielded some po some interesting views.

- The EU has now agreed its position on common foreign and security policy (CFSP) and will provisionally close this chapter with all five candidates.
- Estonia provisionally closed the chapters on company law, fisheries, and external relations. Its negotiator, Alar Streimann, said it had agreed on the outstanding questions of intellectual property protection on pharmaceuticals, had agreed all the principles of the discussion of quotas until the end of negotiations), and had decided that it would conclude a trilateral Free Trade Agreement with Latvia and Lithuania after accession.
- The Czech Republic closed only CFSP. It asked for clarification on the EU's position on pharmaceutical innovation under company law. And negotiator Pavel Telicka told it was desirable to intensify the pace of negotiations, adding that this was not just dependent also on the EU providing information on what transitional provisions would be.
- Hungary closed only CFSP. But it withdrew its request for transitional provisions on company law and industrial policy.
- Slovenia closed company law, and "almost closed" customs union, said its negotiator.
- Poland closed only CFSP, but negotiator Jan Kulakowski said that with ten chapters to go, he would close two more during the Portuguese Presidency: customs union, where the EU has questions; and financial control, where Poland has supplied all additional information and on budget management, and where it is now trying to persuade the Commission who still resist closure to change their minds.

POLAND BRINGS OUT THE BIG GUNS

Poland brought out the big guns in its accession battle the same day that negotiations with Minister Jerzy Buzek came to Brussels - at the invitation of the European People's Party. The visit included meetings with Commission President Romano Prodi and Regional Affairs Commissioner - who holds the purse-strings for the structural funds that Poland will depend on for many years in preparations. Mr Buzek said he wanted to "disperse the clouds" over Poland's application by delivering reassuring messages about his country's economic progress, and its ability to meet the requirements of the communautaire in time for accession by the beginning of 2003. Major reforms had been completed in administration, education, health and pensions. Restructuring of the coal sector had started. "The regular report from the Commission to be much more positive", he said.

He said that enlargement without Poland in the first wave was "inconceivable". Accession had been envisaged for the late 1990s when the EU-Poland Association Agreement was signed. It offered no magic formula on how Poland's insistence on direct payment for its farmers could be reconciled with the absence of EU provision for such funding (and of EU agricultural subsidies) for the next six years. He estimated at 1 million the number of farms currently eligible, but only 800,000 as 800,000. Smaller self-sustaining farms would not be eligible for CAP payments, he said. "The risk of mass-migration with free movement of people as "exaggerated". In any case, he went on to say that Poland was already creating 400,000 extra jobs in the EU, with half of these in Germany. In addition of the Luxembourg six to the negotiations should not slow the process, he believed. He welcomed the addition of Poland's neighbours, Lithuania and Slovakia, to the talks.

At the end of his visit, Mr Buzek said he had "only good news" from his visit. With Prodi, he "dispelled all doubts" about Poland's need for rapid accession, he said, and he had received a commitment to completing negotiations by the end of 2001.

TIGHTENING UP ON HUNGARIAN PATENT PROTECTION FOR PHARMA

In its negotiations with Hungary on company law, the EU is emphasising the need for stronger intellectual, industrial and commercial property rights, including on enforcement. And in the period Hungary is seeking, for medicines, the EU continues to insist on the importance of patent protection. It still refuses Hungary's request to defer for five years the implementation of the patent law.

providing supplementary protection certificate (a form of patent term extension for which the applicant must apply it "as soon as possible", and certainly before accession. Instead, it is proposed to allow free circulation of medicines (and plant health products) to provide protection for such rights.

What the EU is proposing is a specific mechanism in the accession treaty which would prevent the import of products from Hungary into the rest of the EU after Hungary joins the EU. The mechanism would prevent holders of a patent or supplementary protection certificate (SPC) for medicines authorised in Hungary before a patent or SPC could have been obtained for the product in Hungary. The aim is to prevent the market from being flooded with cheaper versions of products sold in the Hungarian market (where prices are much lower than in the current member states). The European pharmaceutical industry is opposed to such limitations, because it fears massive loss of profitability across the EU if whole countries are allowed to sell on products destined for the Hungarian market only. Under the proposed mechanism, they would be able to prevent the import and sale of their product in any member states where they do not have coverage - giving intellectual property protection priority, in effect, over free circulation of goods proposed for the other candidates too.

In another medicine-related dispute, the EU rejects Hungary's claim that firms planning to develop pharmaceuticals should be able to start development work before the patent expires (so that the market is not immediately on patent-expiry). Hungary claims this is in line with World Trade Organization rules (which are themselves currently under challenge on this point). But the EU says Hungary's intention is incompatible with the EU objective of providing equal protection for patent-holders.

Enlargement news in brief

The European Commission is pinning high hopes on an agency set up by the Romanian government to tackle the country's orphanage problem - a legacy of the Ceausescu regime when birth control was discouraged to have at least five children. However, the three-month-old National Agency for Children's Rights is still having problems as it seeks to define and refine its strategy, and the Euro 25 million set aside by the European Union through the PHARE programme. In a letter to European Commissioner Günter Verheugen, the Romanian Prime Minister indicated that the PHARE funds provided by the national budget for child protection are 26.1% in real terms higher than in 1998, indicating how high the social problem is on Romania's political agenda, on the access to the EU. At a meeting of the European Parliament on April 4, the Commission's Director-General for Enlargement, Landaburu, emphasised that the Commission would only support political reforms to a limited extent, pointing out the PHARE programme's role of preparing future European countries to play their full part in "the family", and not as a humanitarian machine.

Reforms of healthcare, local government, and railways are at the top of the priorities list of medium-term economic policy priorities Hungary signed in Brussels on April 6 by Zoltan Csizsvari, Minister of Finance of Hungary, and Pedro Solbes, EU Commissioner for Economic and Monetary Affairs. The assessment records Hungary's successful economic performance to date, and predicts success in the medium term.

This is the second such joint agreement, updating the version signed in June 1997, and October 2004. It takes account of the Hungarian Government's "Strategy of Catching up with the EU" and the convergence of Hungary with the European Union in terms of economic performance. Pedro Solbes said it set out an "ambitious but achievable economic programme". The assessment framework for 2000-2004 assumes that the trends in employment and productivity will continue, and that economic growth in the range of 5 to 6% per year.

The European Commission annual report for the Phare programme for 1998 records so much success in the speed of implementation, with contracts agreed for a record total of Euros 1.26 billion, and the use of the reserves of non-allocated funds - the first time since Phare was launched, in 1990.

successful during the year, include:

- "Beautiful Bulgaria" - a Euro 3 million project to create employment and improve major cities.
- Public administration reform in the Czech Republic - a Euro 0.5 million project for the new government.
- Privatisation in Estonia - assistance in completing the national programme for radio telecommunications, oil-shale, and the port of Tallinn.
- Smaller company support in Hungary - with micro-credits (of as little as Euro 4,000) to the regions.
- Financial management in Latvia - part of a Euro 2.6 million project in the Ministry of budget planning.
- Energy in Lithuania - a Euro 2.5 million Phare contribution to building an 80 km domestic supply to the Siauliai region.
- Forestry in Poland - part of a Euro 12 million Phare support programme over forest protection, including pest control, fire-prevention, replanting, and the creation of fire-fighting facilities.
- Regional development in Romania - to help prepare for structural funding when it starts.
- Backing smaller firms in Slovakia - a Euro 16.7 million programme boosting credit for start-up companies.
- Environmental credits in Slovenia - cofinancing projects in pollution control, water treatment, and environmentally friendly technology, through Euro 2 million in loans to Ecofund.


Hints and whispers

The first-wave candidates are putting a brave face on the fact that negotiations on agricultural free circulation of people will consist of little more than more shadow boxing for the time being. The Presidency meets its target of opening these last three chapters in June. It is clear that the candidates outline positions on these most difficult areas, reserving their true detailed position until later, when the real business of negotiation may finally start. But the negotiators are claiming that the current negotiation may not, in fact, be harmful to their case. "It would probably be more difficult to fix its definitive position on agriculture now, because it would almost certainly be very difficult to do in Brussels this week. "Like this, we have a chance of influencing the final shape of the coming months".

There is likely to be some interesting trilateral discussion over the coming weeks of how the candidates envisage their future trade relations. Earlier this month, Latvia and Lithuania requested to keep the trilateral Free Trade Agreement in force until all three countries joined the EU. During the negotiating session, Estonia said it was not seeking any transitional provision. Estonia's Prime Minister said he had not discussed the matter recently with his counterparts from the other two countries as the basis for their decision.

Polish Prime Minister Jerzy Buzek repeatedly stressed **Poland's** key geopolitical role in the EU. In Brussels on April 6, and the importance of the accession process in bolstering stability in the region. He warned that the "ghosts that had arisen in the Balkans exist in the candidate countries too". He pointed to Ukraine, both as a warning of how opportunities could be squandered (Poland and Ukraine were in similar positions in the early 1990s, he said, but had achieved very different degrees of

opportunity: enlargement should not block reform beyond the current candidates by be arguing that promoting and assisting reform in Ukraine could also influence the outcom


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Enlargement people

Important top-level changes in candidate countries' representations in Brussels top the predicted some weeks ago, **Romania's** former European affairs minister Alexandru He Constantine Ene at the head of the Romanian mission to the EU. Libor Secka is to take the head of the **Czech** mission to the EU. And Theophilus V Theophilu will become th **Cyprus** to the EU, in succession to Nicos Agathocleous. Meanwhile, **Ukraine** — which its desire to take part in the EU enlargement as full candidate — has named former dep Shpek as its head of mission in Brussels, taking over from Boris Hudyma.

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