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# **Enlargement Weekly**

# 25 February 2002

Welcome to Enlargement Weekly. This weekly bulletin provides an overview of wher European Union enlargement has got to, who's doing what in the EU, in the institutions an candidate countries, and how the main challenges are being met.

# **Articles this week**



#### EU FOREIGN AFFAIRS MINISTERS ASSESS ENLARGEMENT PLAN

Following a preliminary discussion at their informal meeting in Caceres last week, Europea Union foreign ministers took a formal look at the European Commission's proposals for dealin with the next three chapters of the negotiations at the General Affairs Council on February 18 The draft EU negotiating positions that will now have to be prepared on financial an budgetary provisions, agriculture and regional policy are particularly sensitive, because of the implications for the EU budget.

European Enlargement Commissioner Günter Verheugen outlined the thinking behind th Commission's information note on the common financial framework 2004-2006 proposa responding to questions raised in the previous discussions among ministers and in the E permanent representatives committee, made up of the member state ambassadors to the EU.

The discussion focused in particular on the link between the financial package and th financial framework agreed by the EU in Berlin in 1999. Issues included the overall level o expenditure envisaged, the question of agricultural direct payments, the balance betwee direct aid and restructuring elements, the likely ability of new member states to absorb E structural assistance, and the principle of granting budgetary compensation after enlargement

The discussion reaffirmed that the negotiations will be based on the present acquis and on th financial framework ceilings decided by the European Council in Berlin in 1999. The Counc then asked the Commission to submit draft common positions for these three sensitiv chapters "as soon as possible", since it is still determined to adhere to the "roadmap" timetabl endorsed by the EU summits at Nice, Göteborg and Laeken. "Timely submission" of thes drafts is essential to be able to meet the goal of closing negotiations with those candidates tha are prepared by the end of 2002.

## **EU REVIEWS PROGRESS WITH BALTIC STATES**

Latvia, Lithuania and Estonia held their annual Association Councils with the EU on Februar 19. These meetings, parallel to EU accession negotiations, are the occasion for reviewin progress in bilateral relations with the EU, on the basis of the Association Agreements that ar currently the legal base for EU links with each of the candidate countries.

The meetings were chaired by Josep Piqué, the Spanish minister for foreign affairs an President-in-Office of the Council of the European Union, flanked by Friis Arne Petersen permanent secretary of state for foreign affairs of Denmark, representing the next E Presidency, and European Enlargement Commissioner Günter Verheugen.

Each of the three Councils gave a formal welcome to progress over recent months in th enlargement process - notably the conclusions of the Göteborg and Laeken summits, with the confirmation that the enlargement process is irreversible - and reaffirmed the EU "roadmap" a the framework for the completion of the enlargement negotiations. They also provided th opportunity to confirm the "determination of the Union to bring the accession negotiations wit those candidate countries that are ready to a successful conclusion by the end of 2002".



KEY ISSUE













Indulis Berzins, minister for foreign affairs of Latvia, headed the Latvian delegation, an received congratulations for "the important steps taken by Latvia to promote the integration o non-citizens into society" - as well as encouragement to continue, notably through th implementation of the society integration programme that Latvia has created. The Council als noted the Latvian government's commitment to reform the public administration and th judiciary, and to fight corruption. It confirmed that Latvia should be able to cope with th competitive pressure and market forces within the Union in the near term, "provided that makes further efforts in maintaining the pace of, and completing, its structural reforms".

Measures to improve the business environment were praised, and there were compliments fo Latvia's macro-economic stability and high growth, alongside encouragement to pursue effort to fight unemployment, and to pursue fiscal discipline. Alignment of Latvian legislation with th EU acquis, in particular on the internal market and on data protection, visas and borde control, was noted, but increased efforts were urged in agriculture, energy, environmen regional policy and the co-ordination of structural instruments, on asylum and migration, and i strengthening Latvia's administrative capacity.

Lithuania's minister for foreign affairs, Antanas Valionis, was congratulated on the recen adoption by the Seimas of Lithuania's national anti-corruption strategy and of the new Law o Courts. Lithuania was encouraged to ensure the effective implementation of these laws and more in general, to continue public administration and judiciary reform as well as the figh against corruption.

The Association Council welcomed that Lithuania is a functioning market economy and shoul be able to cope with the competitive pressure and market forces within the Union in the nea

term, provided that it makes further substantial efforts to continue with the vigorou implementation of its structural reform programme.

"Significant progress" was noted in the privatisation of the banking and other sectors, bu action was urged on unemployment reform of the labour market, and on full implementation of the new legal framework for business. Macro-economic stability and the recent pegging of th were welcomed. Adoption of Lithuania's Schengen Action Plan Lithuanian Litas to the including the decision to align with the visa acquis in 2003 - and preparations for closure an decommissioning of the Ignalina nuclear power plant were welcomed. The EU side at th Council asked for a clear and binding confirmation of Lithuania's commitment regarding th final closure of Ignalina Unit 1 before 2005 and a clear and binding commitment by Lithuania t close Unit 2 by 2009 at the latest. Lithuania highlighted the need to find an appropriate solutio for the financial side of the closure of Ignalina.

Kristiina Ojuland, Estonia's new foreign minister, was congratulated for Estonia's continue implementation of measures to integrate non-citizens and non-Estonian speakers, and recen removal of language requirements for candidates running in parliamentary and local elections Satisfaction was expressed at the ongoing modernisation of Estonia's judiciary and publ administration, although the need for continued improvements in these areas was recorded Estonia's return to high economic growth, further strengthening of its macroeconomic stability and continued structural reforms were welcomed.

Estonia's attention was directed particularly to the problem of unemployment, the need for faster land registration process, and restructuring of the oil-shale industry, and to furthe legislative alignment on the internal market, agriculture, fisheries, taxation, energy and th environment.

Ojuland confirmed that the foreign policy goals of the new Estonian government remai unchanged, and Commissioner Verheugen expressed his conviction that excellent relation with Estonia will continue. "Estonia has achieved significant progress and it has been th result of possible political commitment and hard work," Mr Verheugen said. "I am convince that new government will pursue the dynamism of the negotiations," he added.

#### FIRST MINISTERIAL EXCHANGES ON AGRICULTURE PLANS



KEY ISSUES















The week has seen the first focused ministerial exchanges on the European Commission thinking on managing the agriculture dimension of enlargement. European Union minister discussed the Commission proposals at the Agriculture Council on February 19, afte candidate country's agriculture ministers discussed them at a special session of the Europea Parliament's agriculture committee on February 18.

In the Agriculture Council, European Agriculture Commissioner Franz Fischler made a fu presentation of the plans agreed by the Commission on January 30, stressing again th balance in the proposals between the interests of the current EU15 and the need to stimulat and support sustainable agricultural reform in the candidate countries.

He underlined that the Commission's approach had many advantages: "It is compatible wit the Berlin financial ceiling and compatible with the acquis, it does not prejudge furthe developments of the CAP, it respects the roadmap timetable, it is good for restructuring o agriculture in new member states. In short, it is a balanced and fair package", he said. H explained that a rapid introduction of direct payments would lead to negative impact o restructuring. "High levels of direct payments would undermine the effects of rura development programmes in early years. Excessive cash injections could create significan income disparities and social distortions in rural areas."

Fischler stressed the importance of the rural development package brought forward by th Commission. "For 2006, we have set aside around 1800 million from the FEOGA-Guarante fund. Additional funding would come from FEOGA-Guidance in Objective 1 areas. An EU co financing rate of 80% should ensure that the new members can match this money wit national funds. We propose the use of SAPARD structures, including SAPARD agencies fo programme administration." Fischler rejected the idea of not granting direct payments at a "We have well-founded arguments to grant 25% of direct payments in 2004. The price ga between EU and candidate countries for most products and countries has narrowed since th Agenda 2000 proposals. The direct payments of the 1992 reform have lost some of the compensatory character and are increasingly related to income support objectives. There is clear need for income stabilisation in new member states at a safety net level to cushion th effects of restructuring on commercial farms. And the phasing-in provides a basis fo framework of good agricultural practice and cross-compliance."

At this stage the Council is offering only broad orientations to the Commission - and these ar also being articulated through the General Affairs Council (see above). The Presidency plan to organise a fuller discussion of the agriculture chapter of enlargement at the next session o the Agriculture Council on 19 March. The Presidency also announced that it intended to mak a further contribution to the debate by soliciting a wide range of opinions on the proposals: it to send both the candidate countries and the member states a questionnaire, which it says w serve as a guideline for the upcoming discussions.

Just up the road, in the European Parliament, a wide range of opinions was being offered b the candidates' agriculture ministers - many of them critical. A particular target was th Commission's plan to phase in farm subsidies over ten years, starting with 25 % of the direc payments currently paid in existing EU member states.

Poland's deputy prime minister and farm minister, Jaroslaw Kalinowski, suggested the EU wa aiming to reunite Europe "on the cheap". Hungary's state secretary for agriculture, Tama Eder, said the plans discriminated against the new member states - putting Hungarian cerea farmers at a competitive disadvantage of 46 per tonne compared to their counterparts in th current member states. Hungary's demand remains that the Common Agricultural Policy as whole should be extended to it from the first day of accession, including the direct suppo schemes. "We regret that the proposal of the European Commission is far from our negotiatin position and legitimate expectations", he said.

















The Czech minister, Jan Fencl, said the financial means suggested for the new membe countries were "insufficient", and the arguments of the European Commission were "mostly no relevant" in the case of Czech agriculture. Bulgaria's minister, Mehmed Dikme, noted wit regret that his country is almost entirely excluded from the Commission's plans: "This does no correspond to our understanding of the idea of the European project and of the principle o equality with regard to all negotiating countries for EU membership", he said.

"The present proposal from the European Commission does not ensure equal and fa competition conditions and development possibilities to Latvia's agriculture", said Latvia minister, Atis Slakteris. Some proposals "have caused concern in Lithuania - first of all, th proposals related to the regime for direct payments", said its minister, Jeronimas Kraujelis And the production capacities under the reference periods proposed by the Commission "d not reflect in some cases the existing situation in production and development trends."

Many Euro-MPs on the agriculture committee were sympathetic to the accession countrie concerns. Willi Görlach, the committee's rapporteur on enlargement and support for th accession countries, questioned the readiness of EU finance ministers to foot the bill fo enlargement. But the committee urged candidates to focus their accession demands o support for rural development and structural reform rather than on direct payments. Agricultur committee chair Joseph Daul underlined the need to find a workable compromise in the fina accession negotiations, without alienating voters in accession referendums in the candidat countries. CAP reform must not be allowed to hold up enlargement, and enlargement must no be allowed to hold up CAP reform, said Mr Görlach.

#### **BOOSTING BULGARIAN LINKS WITH GREECE**

The European Union is providing 170 million to improve cross-border links between Greec and Bulgaria, through the EU's INTERREG III programme. The funding will be devoted to co operation and economic development in Eastern Macedonia, Thrace and Western Macedoni in Greece, and the southwest and south-central regions of Bulgaria - regions separated by th mountainous area of Rhodopi.

The EU money will be complemented by 56.7 million from national and regional budgets and 20.5 million from private funding. On the Bulgarian side, 120 million will be provide under the Phare programme.

The programme covers an area of 40,202 km2 (16.6% of the territory of Bulgaria and 16.5% o the territory of Greece, and a total population of 2.8 million people. The programme's prioritie are:

- Cross-border infrastructure: principally upgrading road and rail infrastructures, opening
  of new crossing points, and creation and modernisation of border crossings and
  customs facilities, including border control and security installations (EU contribution:
  105.4 million).
- Economic development and employment: principally encouraging co-operation betwee firms, strengthening co-operation between universities and research centres, and promoting new employment opportunities (EU contribution: 22.1 million).
- Quality of life/environment/culture: principally protecting and improving the natural environment, promoting cultural and recreational resources, and improving the quality o public health centres (EU contribution: 39.4 million)

# **Enlargement news in brief**

## Commission predicts a long haul to equality among the EU25

The EU General Affairs Council of February 18 heard a presentation by European Regiona Affairs Commissioner Michel Barnier of a new report on economic and social cohesion, whic includes, for the first time, a study of disparities in an enlarged EU of 25 member states, and review of options for EU cohesion policy after 2006. Among the report's conclusions are that is necessary to measure in terms of decades rather than years the time it will take for some of the current candidate countries to catch up fully with the general level of prosperity of the current EU. In the case of candidates such as Bulgaria and Romania the process could tak more than 30 years, it predicts. The Commission's update was broadly welcomed as a useful contribution to the debate on future cohesion policy, and the Council passed the subject on the senior officials for further study, for the Council to return to it at a future date.

## Steel deal agreed for Poland, Slovakia and the Czech Republic

The double-checking system used by the EU to control steel imports from abroad should bextended for Poland, Slovakia and the Czech Republic, the EU General Affairs Council o February 18 agreed - although the regulations to put the system into effect were agreed on by qualified majority, because Germany voting against them. The system requires exports o certain steel products to be notified by manufacturers to specified authorities, with full details o the destination and the nature of the goods.

#### Easier access for Romania to EU programmes

Romania will be able to take part more easily in EU programmes, following a decision by th EU General Affairs Council of February 18. A simplified and accelerated procedure has bee established for the candidate countries, so that their participation in programmes on everythin ranging from research to customs, and environment to education, no longer has to be agree on a case-by-case basis. The system has already been put in place for some of the othe candidate countries.







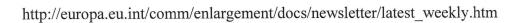












### Commission expresses concern on Turkish leaks of EU emails

European Commission President Romano Prodi has expressed concern about publication i the Turkish media of e-mails which, he said, were stolen from the Commission delegation i Ankara. Prodi spoke to Turkish Prime Minister Bulent Ecevit on 20 February, and they bot deplored the situation. Ecevit said that legal action had been taken, and that heightene security measures were being put in place. Prodi took note of these assurances and stresse the need for a political statement at the highest level to ensure that EU-Turkey relations ar not harmed. The Commission says it will continue to follow developments closely.

### EU aids Lithuania to open new border crossing office with Belarus

Lithuania has opened a new border service office in the Ignalina region on the Belarussia border. This new office of the Lithuanian state border guard service cost around 880,000 t build, with significant aid from the EU. The head of the European Commission delegation t Lithuania, Michael Graham, said at the opening ceremony that the new facility was "a fin example of EU investments to step up security along the future eastern border of the Union The EU's Phare programme has financed a project to construct four such border offices i Lithuania along the Belarussian frontier located in the Ignalina and Varena regions.

#### Baltic discussions on energy

While the EU-Lithuania Association Council discussed the Ignalina nuclear power plant i Brussels on February 19 (see above), parallel talks are underway on energy in the Balt region. The Lithuanian government has approved the new composition of a commissio representing Lithuania in a joint working group with the European Commission for the energ sector, which will draft a parliamentary decision on the decommissioning of the second powe unit of Ignalina and submit it to the government in the spring. Meanwhile, 118 Lithuania scientists have been arguing publicly against eliminating nuclear energy in Lithuania. They sa the EU demand for closure of both operating units at Ignalina is unfounded, and that nuclea energy should become the backbone of the Lithuanian economy, as a guarantee of stability i energy supplies in the eastern part of NATO (sic) and the EU. They say the EU should financ the building of Western type reactors if the present reactors have to be closed before the en of their useful life. And a meeting of Parliamentarians from the Baltic and Nordic state gathered in Vilnius to discuss energy industry issues and co-operation to discuss co-operatio in the energy production and supply sector, reorganisation in the energy sector, the situation a Ignalina, and the environmental problems around the plant as Lithuania enters the EU.





### Byrne notes strength of enlarged EU in health













"Here in Warsaw on the banks of the Vistula, in the heart of Europe, you can see just ho important the weight of an enlarged EU will be in the international health arena", sai European Consumer Affairs and Public Health Commissioner David Byrne. Speaking at th WHO European Ministerial Conference for a Tobacco-free Europe in Warsaw on February 19 he said: "Solidarity and consensus with our future member states is playing a crucial role i taking a progressive line" in attempts to stamp out tobacco addiction. "I look forward t deepening our relations on key health issues in the pre-accession period ahead", he said.

# Agenda

Date	Event					
February						
Monday 25th	European	Enlargement	Commissioner	Günter	Verheugen	meets

	Danish prime minister Anders Fogh Rasmussen, Brussels		
Monday 25th	European Enlargement Commissioner Günter Verheugen receive Polish economic affairs minister Jacek Piechota, Brussels		
Monday 25th	EU Council of Ministers working group on eastern Europe meets Brussels		
Monday 25th -	European Research Commissioner Philippe Busquin visits Budapes		
Tuesday 26th	and meets Hungarian education minister József Pálinkás, and gives a speech on candidate countries' integration in the European Research Area and participation in the present and future EU framework programmes on research and technological development.		
Tuesday 26th	EU Council of Ministers working group on enlargement meets, Brussels		
Tuesday 26th	European Enlargement Commissioner Günter Verheugen meets the minister-president of the Land of North-Rhine-Westphalia, Wolfgang Clement, Brussels		
Tuesday 26th	European Agriculture Commissioner Franz Fischler takes part in a discussion on the European agricultural model and enlargement, Paris		
Tuesday 26th	European Parliament President Pat Cox meets George Vassiliou, chie negotiator of Cyprus		
Tuesday 26th	European Parliament President Pat Cox meets Pavel Telicka, state secretary for European affairs and chief negotiator of the Czech Republic		
Tuesday 26th	European Parliament foreign affairs committee holds debate with George Vassilion on Cyprus and Pavel Telicka on the Czech Republic		
Tuesday 26th	European Parliament hearing on sexual and reproductive rights and reproductive health in the EU and in the candidate countries of centra and eastern Europe, Brussels		
Wednesday 27th	European Parliament plenary session holds debate on democration rights in Turkey, with Council and Commission statements; Brussels		
Wednesday 27th	EU Council of Ministers working group on enlargement meets, Brussels		
Thursday 28th	European Enlargement Commissioner Günter Verheugen visits Poland and meets prime minister Leszek Miller and foreign affairs minister Wlodimierz Cimoszewicz		
Thursday 28th	Inauguration ceremony of the Convention on the Future of Europe Brussels		
Thursday 28th - Saturday March 2nd	First conference of the central and eastern European employed ownership network, to promote employee ownership and participation in Europe, Budapest		
March			
Details tbc	Malta local elections (renewal of one third of mandates)		
	···		

















Mondoy 4th	Moorton Enguirde member of the European Court of Auditors and		
•	Maarten Engwirda, member of the European Court of Auditors, and Court delegation visit the Turkish Court of Accounts and attend training seminar for officials of Turkish internal financial control, Ankara		
Thursday 7th - Friday 8th March	European Enlargement Commissioner Günter Verheugen visits Cyprus		
Thursday 7th- Friday 8th	European Regional Affairs Commissioner Michel Barnier visits Poland		
Friday 8 <sup>th</sup>	EU Economic and Social Committee President Göke Frerichs, Budapest		
Friday 15th, Saturday 16th	Barcelona European Council - the Spanish Presidency has invited the heads of state, prime ministers, ministers of foreign affairs as well a ministers of economy of the candidate countries for the session of Friday 15th, and will organise a special working meeting on economicand social integration for the candidate countries.		
Tuesday 19th	EU Agriculture Council with agriculture ministers of the candidat countries		
Thursday 21st- Friday 22nd	Negotiating session at the level of deputies (EU ambassadors an candidates' negotiators), Brussels.		
Thursday 21st- Friday 22nd	European Internal Market Commissioner Frits Bolkestein visits Hungar		
April			
Details tbc	Meeting of the liaison officers of the supreme audit institutions of the candidate countries, Malta		
Details tbc	European Commission organises a "BEST" Conference in Slovenia, to assist candidate countries in boosting enterprise culture.		
Sunday 7 <sup>th</sup>	First round of Hungarian parliamentary elections		
Tuesday 16th- Wednesday 17 <sup>th</sup>	Meeting of the EU-Bulgaria Joint Consultative Committee, Albena		
Friday 19th and Monday 22nd	Negotiating session at the level of deputies (EU ambassadors an candidates' negotiators), Brussels.		
	Second round of Hungarian parliamentary elections		

















Tuesday 7 <sup>th</sup>	Meeting of the EU-Hungary Joint Consultative Committee, Budapest,
Monday 13th- Tuesday 14th	Meeting of the EU-Poland Joint Consultative Committee, Poland.
Thursday 23 <sup>rd</sup>	Meeting of the EU-Romania Joint Consultative Committee, Alexandria
Thursday 23 <sup>rd</sup>	Meeting of the EU-Slovak Republic Joint Consultative Committee
Friday 31st	Negotiating session at the level of deputies (EU ambassadors and candidates' negotiators), Brussels.
June	
Details tbc	EU/European Economic Area (EEA) consultative committee will discuss enlargement and the future of the EEA at its annual meeting, Iceland
Details tbc	Czech Republic parliamentary elections
Monday 3rd	Negotiating session at the level of deputies (EU ambassadors and candidates' negotiators), Brussels.
Monday 10th	General Affairs Council will review the state of the enlargement process, Luxembourg
Monday 10th - Tuesday 11th	Ministerial negotiating session with foreign ministers of the EU and of the candidate countries, Luxembourg
	Seville European Council: European Commission reports on the implementation of the plan of action for strengthening the candidates' institutions.
Monday 24th	Informal meeting of education ministers from the EU and the candidate countries, Bratislava
July	
Monday 1st	Start of Danish Presidency of the EU: the aim is to close negotiations before the end of the year with those countries that are ready. The Laeken summit noted that, if progress is maintained in the negotiations and in the reforms, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, the Czech Republic and Slovenia could be ready.
Autumn	
Details tbc	Estonian local elections
Details tbc	Slovak parliamentary elections (probably September)

















Details tbc	Slovenia presidential and local elections
October	
000000	
Details tbc	Hungary local elections
Details tbc	Latvia parliamentary elections
Details tbc	Poland regional elections
24th and 25th	Brussels European Council: enlargement will be on the agenda and the Commission's regular reports on the candidate countries may be available.
November	
Details tbc	Lithuania presidential elections
Details tbc	Meeting of the presidents of the supreme audit institutions of the member states and the candidate countries, Luxembourg
December	T.
Thursday 12th, Friday 13th	Copenhagen European Council - enlargement may be on the agenda again, taking account of the aim of concluding accession negotiations by the end of the year.



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