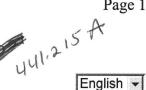
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Welcome to Enlargement Weekly. This weekly bulletin provides an overview of where European Union enlargement has got to, who's doing what in the EU, in the institutions and candidate countries, and how the main challenges are being met.

THE NEW FINANCIAL FRAMEWORK FOR A BIGGER EU

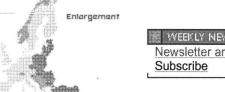
The European Commission made its proposals last week for how the EU's financial perspective for 2004-2006 should be adapted to meet the demands of enlargement. This is the start of the formal process of incorporating the ten new member states into the EU budget for the period - which was originally designed, at the Berlin summit in 1999, for six new member states.

The budget for the EU25 will no longer distinguish between old and new member states. The 2004 budget will commit 1.12% of gross national product, or €115 billion (of which €111 billion is expected to be actually paid out in 2004). Ceilings will rise, in line with the Copenhagen summit agreements, gradually for agriculture and the Structural Funds, and immediately for internal policies (including a new facility for better controls at external borders, and provision for nuclear safety) and administration. The proposal includes compensatory payments for the acceding countries in the form of a temporary flat-rate cash-flow facility (€1.41 billion in 2004, shrinking to €1.04 billion in 2006, to ensure that the new member states are no worse off than before accession. Cyprus could see an addition €67 million in 2004, rising to €138 million in 2006, if a political solution is found. At the same time, Bulgaria and Romania should receive a step-by-step increase in funding of up to 40% a year in 2004-2006 - starting with nearly €1.23 billion in 2004, and reaching €1.43 billion by 2006. And funds for Turkey are set to double at least by 2006.

Michaele Schreyer, European Commissioner for Budgets, claimed the proposal "meets the expectations of both the old and the new member states". It stays within the ceilings agreed by the EU15, but at the same time it ensures that all the new member states will be net beneficiaries from the day they join.

The Commission proposal will provide a base on which the EU Council of Ministers and the European Parliament can set the framework for the next three annual EU budgets.

For the detailed figures, see the tables available at http://europa.eu.int/rapid/start/cgi/guesten.ksh?p action.gettxt=gt&doc= IP/03/217|0|RAPID&lg=EN&display=



BUSINESSMEN SHOULD BE ABLE TO BENEFIT FROM A BIGGER EU

"For you as business leaders, the EU expansion means a new, enlarged Europe with 455 million consumers, the biggest single market in the world. At the end of the day, there will be no borders, no tariffs, no obstacles to trade and investments, just one single Europe", Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries told a conference of the semi-conductor industry in Austria last week.

The enlarged common market will lead to more competition and mobility. Productivity will rise and costs will fall - which will lead to further economic growth, he predicted. It was no surprise, he remarked, that high-technology industry "is already heavily involved in candidate countries", given that "we will be faced with 100 million additional consumers with increasing purchasing power, a growing market for consumer goods stuffed with the electronic equipment you are producing and promoting."

And the single market and the Euro are key factors for successful European integration - and "the Euro will not stop within the borders of the existing EU: enlargement will bring it to the new member countries, once they have passed the economic tests", he pointed out.

The free movement of goods and workers that enlargement will bring, the right of establishment and freedom to provide services, and the totally liberalised movement of capital "will lead to more mobility in Europe. Capital will move to the east and foreign direct investment in the EU's new member states will increase significantly", the Commissioner predicted.

Fischler also pointed out that the EU is significantly assisting the accession countries to cope with the challenges of transformation. "The EU spends more money on the candidate countries than the U.S. Marshal Plan for Europe was worth after World War Two", he claimed.

NEW ENVIRONMENTAL PARTNERSHIPS FOR A WIDER EUROPE

"As EU membership expands eastwards, environmental co-operation with the EU's new near neighbours will be profoundly affected", according to European Environment Commissioner Margot Wallström. She was speaking last week as the European Commission adopted a strategy for pan-European environmental co-operation in the post-enlargement Europe. The strategy focuses particularly on bilateral environmental co-operation with the countries of the Western Balkans and of Eastern Europe.

The strategy will be part of the EU contribution to the conference of European Environment Ministers taking place in Kiev on May 21-23, which will set out a roadmap for future European co-operation after enlargement. "We now stand on the verge of a historic enlargement of the European Union that will also alter the way we work with our new neighbours to the east", said Wallström. "We also stand ready to intensify our bilateral co-operation with NIS countries in this area".

The Kiev conference will be the fifth ministerial conference in the "Environment for Europe" process, which was launched by the United Nations Economic Commission for Europe in 1991. It will also look at mechanisms for environmental control such as strategic environmental assessment, civil liability, and pollutant release and transfer registers. It will examine the "Kiev Assessment" of the pan-European environment, prepared by the European Environment Agency. And it will review sub-regional programmes such as the EU energy initiative, the Carpathian mountains convention, the Northern Dimension, and the Danube-Black Sea Task Force.

With enlargement, the Commission will need to shift the nature of its environmental co-operation with neighbouring countries. It will aim to develop the environmental provisions included in the various bilateral agreements that the EU has signed with individual countries - such as the Europe Agreements

with the ten acceding countries and with Bulgaria and Romania, or the Association Partnership with Turkey, or the Stabilisation and Association process with Bosnia and Herzegovina, the Former Yugoslav Republic of Macedonia, Croatia, Albania, and Serbia & Montenegro, or the Partnership and Co-operation agreements with Russia, Ukraine and other former Soviet States.

It will try to focus co-operation in the Balkans towards more institution building, support to environmental civil society and reducing environmental health threats. But in the former Soviet states, the main goals will be combating climate change, efficient use of energy, improving public health, and improving resource efficiency.

Enlargement news in brief

EU support for Cyprus donors' conference

The European Union has come out with a strong statement of support for the United Nations proposal for an International Donors' Conference on Cyprus, which would be held soon after the signature of the political agreement and the unification of Cyprus. Substantial economic funds are required for the implementation of the comprehensive settlement of the Cyprus problem, if the UN Secretary General's proposals and deadlines for agreement are followed, the EU Presidency recognised in a formal declaration on behalf of the EU last week. "The objective of this conference would be to examine ways for the international community to support the costs linked to the political settlement and the reconciliation of the two communities in Cyprus." This "is of great significance to all Cypriots, thus deserving strong political and material support from the international community", underlined the EU in its statement. The European Commission has already announced its readiness to organise such a conference, and now the EU "has noted the wider support expressed for this proposal and calls on the international community and all international financial organisations to back this project and contribute to its goals, which will be to the benefit of all Cypriots and will help bring peace, security and stability to Cyprus and in the region as a whole." The declaration was also officially endorsed by the acceding states - including Cyprus.

Transported to a wider Europe

Enlargement was one of the areas that the European Parliament focused on in its debate in Strasbourg last week on the future of European transport policy. The resolution voted by the Parliament "urges the European Commission to submit a communication on the transport situation in the applicant countries, the level of sustainability, the incorporation of the acquis communautaire and the effects this has had, including specific proposals to deal with them before 2004". It also expressed support for the Commission's objective of maintaining the railways' share of goods traffic in central and eastern European countries at a high level, and called on the Commission "to present a workable plan" to this end. And it reminded the Commission of "the urgent need to introduce rules, controls and up-to-date penalties to prevent the use of transport by Mafia groups organising illegal immigration". In addition it demanded accelerated development and improvement of highcapacity north-south and east-west rail corridors and inter-modal inland terminals in accordance, "in order to support the revitalisation of the railways within the European Union and promote links with the applicant countries and the Europe-Mediterranean free trade area". It pointed out that the large number of different rail gauges currently used in the EU will be further increased by enlargement (notably with the Baltic countries, which use the wider Russian gauge), and called on the EU "to promote EU-wide harmonisation of gauges".

Mayors must play their role in enlargement

"In this time of great changes our eyes are fixed on the future", said Romano Prodi, President of the European Commission, last week, when he met mayors of capitals of member states and candidate countries who were invited to the EU's Committee of the Regions in Brussels. The mayors' presence at the meeting "foreshadows popular endorsement of enlargement in the member states and candidate countries", suggested the Commission President. "The mayors present here today and the members of the Committee all have a heavy responsibility: it is up to them to inform our fellow citizens, discuss the issues with them and galvanise them in the realisation of this age-old European dream", he urged - reminding them "what a wager this seemed a few short years ago - and yet we are now in the last stages of unifying the entire continent." He pointed out that the annual policy strategy agreed between the principal EU institutions will focus in 2004 on enlargement. "The enlargement process must be consolidated as regards the ten countries due to join next year and the negotiations must be continued with the other candidate countries", insisted Prodi.

Patten response on Latvia's Ventspils request

European External Relations Commissioner Chris Patten has replied to Latvia's request for EU assistance on Russia's oil export policy. Latvia's minister of foreign affairs Sandra Kalniete wrote to Patten last month urging attention to Russia's restriction of oil transit by pipeline to the Latvian port of Ventspils. She suggested that the security of energy supplies in the Baltic Sea region and the EU could be under threat as a result. The Commissioner's response expresses pleasure that Latvia, as a future member state of the European Union, is prepared to become actively involved in solving EU issues. He noted also that Latvia, as one of Russia's neighbours, can make a significant contribution to the promotion of a dialogue on energy between the EU and Russia. The European Commission has said it will consider the issue of the restriction of oil flow through Ventspils at the next subcommittee meeting on energy of the EU-Russian Partnership and Co-operation Agreement. It says it is ready to work with the Latvian authorities to resolve the problems related to oil transit.

Enlargement Mini-Briefs

- European Union work with the candidate countries features prominently in the third annual progress report on the EU's Social Policy Agenda, released last week. So far the Agenda has led to the opening up to the candidate countries of the four EU action programmes in the field of employment and social affairs, to the development of joint assessment papers on employment policy priorities, and to the preparation of the new joint memoranda on social inclusion. And for 2003 the Agenda's plans include continued preparation for enlargement, the signature of joint inclusion memoranda, progress reports on the employment joint assessment papers, and the launch of an initiative with non-governmental organisations to develop civil society in the candidate countries
- Hungary's principal political parties have reached a consensus on how to handle the information campaign about EU membership in the run-up to the national referendum scheduled for April 12. They have signed a joint commitment to provide as much information as possible, including the results of the accession negotiations, an accurate translation of the Accession Treaty, and background studies on the likely consequences of the deal on offer for the economy and society.

- The Polish European Integration Office has published a working draft of the joint Accession Treaty on its website. It runs to around 6,000 pages and consists of a short statement on accession by the ten new member states, followed by the Accession Act itself, which sets out the terms of accession for each acceding country.
- European Commission President Romano Prodi underlined the Commission's support to Croatia's reform process, and reaffirmed the European integration perspective for Croatia and other south-eastern European countries, when he met the President of Croatia, Stjepan Mesic, in Brussels last week. Mesic said Croatia intended to submit its application for EU membership on 18 February in Athens - although this date may now be deferred.

Agenda

See also the new "Enlargement events calendar" on the DG Enlargement web site at http://europa.eu.int/comm/enlargement/events/calendar.htm. This

gives a run-down of public events related to the enlargement of the EU taking place in al current and future member states.						
Date	Event					
February 2003						
Monday 17- Wednesday 19		Seminar for candidate countries on the EU's sixth framework programme for research, Thessaloniki				
Tuesday 18th		OECD Environment Directorate conference "Ten years experience with urban water sector reform in the CEEC", Geneva				
	**	Candidate countries attend special meeting with EU troika on Iraq, Brussels				
	***	European Enlargement Commissioner Günter Verheugen meets French deputy foreign affairs minister Noëlle Lenoir, Brussels				
	**	European Enlargement Commissioner Günter Verheugen speaks at NATO parliamentary assembly.				
	**	European Employment and Social Affairs Commissioner Anna Diamantopoulou speaks at a conference on 'Challenges of enlargement: the Community strategy on safety and health at work and the role of the European agency', Bilbao				
	***	European Parliament committee on agriculture and rural development discusses support for agriculture and rural development measures in Central and Eastern European applicant countries				
	**	European Parliament committee on budgets discusses the Commission proposals concerning enlargement on preparations for adjustment of the Financial Perspective				
	**	EU-Latvia joint parliamentary committee meeting, Brussels				
	***	Candidate countries attend EU Council of Ministers working group on the Western Balkans, Brussels				
Wednesday 19	**	European Commission gives its formal opinion on				

- the Accession Treaty, Brussels
- European Parliament foreign affairs committee considers the assent procedures for EU enlargement, and the conclusions of the Copenhagen negotiations on enlargement, Brussels
- Candidate countries attend a meeting of the EU Council of Ministers Article 36 committee on trade. Brussels

Thursday 20

European Parliament legal affairs committee examines the conclusions of the Copenhagen

		negotiations on enlargement, Brussels EU Council of Ministers working group on enlargement meets, Brussels EU Council of Ministers working group on eastern Europe meets, Brussels
Thursday 20- Friday 21		European Enlargement Commissioner Günter Verheugen visits Romania, and meets President Ion Iliescu, prime minister Adrian Nastase, foreign affairs minister Mircea Dan Geoana, and European integration minister Hildegard Puwak
Friday 21th	**	Candidate countries take part in discussions in the EU Council of Ministers working group on the Convention, Brussels Candidate countries attend EU Council of Ministers working group on international aspects of terrorism, Brussels
Monday 24th		Erkki Liikanen, European Commissioner for Enterprise and the Information Society visits Hungary General Affairs and External Relations Council, Brussels.
Thursday 27- Friday 28th	**	Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries, visits Malta European Economic and Finance Commissioner Pedro Solbes visits Hungary.
March 2003		,
Sunday 2nd	**	Estonian national Parliamentary election
Thursday 6- Friday 7	*	European Enlargement Commissioner Günter Verheugen visits Slovenia
Saturday 8th	**	Referendum in Malta on EU accession
Tuesday 18th	***	General Affairs and External Relations Council, Brussels
Friday 21st	**	European Council, Brussels
Sunday 23rd	**	Referendum in Slovenia on EU accession
Sunday 30th	***	Referendum in Cyprus on the UN plan (to be confirmed)
Monday 31- Tuesday 1 April April 2003	***	European Enlargement Commissioner Günter Verheugen visits Hungary.
Saturday 12th	**	Referendum in Hungary on EU accession
Monday 14th	***	General Affairs and External Relations Council, Luxembourg
Wednesday 16th May 2003		Signature of the Accession Treaty, Athens European Conference, Athens
Friday 2nd	**	Informal foreign affairs ministers meeting, Greece
Sunday 11th		Referendum in Lithuania on EU accession
Friday 16 and Saturday 17th	**	Referendum in Slovakia on EU accession
Monday 19th	***	General Affairs and External Relations Council, Brussels

June 2003		
Saturday 8th		Referendum in Poland on EU accession
Sunday 15th and Monday 16th		Referendum in the Czech Republic on EU accession
Tuesday 17th	**	General Affairs and External Relations Council, Luxembourg
Friday 20th		European Council, Thessaloniki
Tuesday 24th	**	General Affairs and External Relations Council, Luxembourg
July/August 2003		
Details tbc	***	Presidential elections (elected by the parliament), Latvia
September 2003		
Sunday 14th		Referendum in Estonia on EU accession
Saturday 20th	**	Referendum in Latvia on EU accession
2004		
May 2004		
Saturday 1st	**	Entry into force of the accession treaty (according to conclusions of <u>General Affairs Council</u> , 18.11.02)

ENLARGEMENT WEEKLY is prepared for the Information Unit of the Enlargement Directorate General of the European Commission. As part of its communication strategy on enlargement, the Commission makes this bulletin publicly available. Comments are welcome and should be addressed by e-mail to enlargement@cec.eu.int.

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