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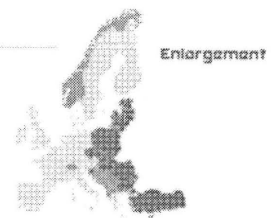
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Welcome to Enlargement Weekly. This weekly bulletin provides an overview of where European Union enlargement has got to, who's doing what in the EU, in the institutions and candidate countries, and how the main challenges are being met.

CZECH REPUBLIC ADDS ITS "YES" TO ACCESSION

"The people have spoken, and Europe has heard their voice. In the clearest possible way they have gone to the polls and given a decisive 'ANO' to Czech membership of the European Union." Ramiro Cibrian, Head of [Delegation of the European Commission](#) welcomed the vote in the Czech Republic as it joined the wave of approval for EU membership that is sweeping across the acceding states. Its people voted heavily in favour of accession at the weekend, with 55.2% of voters going to the polls, and 77.3% of them saying "yes". The question in the referendum was: "Do you agree that the Czech Republic should become a member state of the European Union according to the Treaty of Accession of the Czech Republic to the European Union?"

This latest vote has confirmed the enthusiasm of the population of the acceding states for becoming part of the European Union as from next May - and, coming on top of the "yes" vote in Poland just days earlier, has countered the gloomy prognostications about indifference in some of the key candidates in central and eastern Europe.

The Czech Prime Minister Vladimir Spidla said the result marked "an end to the results of the Second World War".

The European Commission paid tribute to the Czech citizens "for their unambiguous support". European Commission President Romano Prodi said: "This is a good day for Europe, another proof that our peoples belong together. I warmly welcome the Czech people as a member of the European democratic family." And European Enlargement Commissioner Günter Verheugen, in typically personal vein, commented: "The 'Prague spring' in 1968 convinced me that there is not much anyone can teach the Czechs about freedom, democracy and human rights". He predicted that the entire EU would benefit from the particular Czech sensitivity on questions of equal treatment, human rights, and equal opportunities and in the handling of relations with neighbours.

The Commission statement depicted the outcome of the ballot as "the achievement of Czech society itself, which, during the dark years of communist dictatorship and since the velvet revolution, was at the forefront of changes and courageously carried out tough reforms to transform the country into a modern democracy and a functioning market economy". It expressed

the conviction that "the Czech Republic, located at the heart of Europe, with its rich historic and cultural heritage, will take full advantage of EU membership and play a central role in the forthcoming developments of the European Union."

The chair of the European Parliament's EU-Czech Republic joint parliamentary committee, Austrian EPP-ED group member Ursula Stenzel, offered wholehearted congratulations to the Czech citizens for their "clear decision for Europe". She said: "This clear result is good for the Czech Republic, but it is also good for Austria being a direct neighbour and for the whole European Union. Today Austria is not only surrounded by friends, but also by European partners. Together we will be a strong heart in the midst of Europe". Acknowledging some of the conflicting views that have characterised Czech-Austrian relations recently, she added: "I am convinced that open questions and remaining problems are best solved in the community of the European Union".

Hans Gert Poettering, chairman of the EPP-ED group in the European Parliament, noted with relief that at last the Czech Republic "will be a part of a democratic Europe where comebacks of past totalitarian regimes will not be possible. The Czech Republic and the European Union will now have a common future."

The Czech vote means the population of seven of the ten acceding states have now given a clear "yes" to EU membership. Now only Estonia - on September 14 - and Latvia - on September 20 - still face accession referendums. Cyprus plans no referendum.

DENKTASH CRITICAL OF EU AID FOR NORTHERN PART OF CYPRUS

The recently-announced EU plan to provide assistance and open up trade for the northern part of Cyprus (see previous issue of ENLARGEMENT WEEKLY) has been turned down by Turkish Cypriot leader Rauf Denktaş. He dismissed the scheduled aid and trade package - as a plot to subjugate Turkish Cypriots: "This is not help, it is not support. It places us under the control of the Greek Cypriot government", he said last week.

The plan had been welcomed by the government of the Republic of Cyprus. The foreign minister, George Iacovou, said that the EU and Cyprus agreed that Turkish Cypriot products could be exported through Republic of Cyprus ports.

Separately, European Enlargement Commissioner Günter Verheugen expressed optimism in Brussels last week that a window of opportunity in the coming months might still allow a united Cyprus to join the EU on 1 May 2004. "We have to maintain momentum in this process," Verheugen said. He said he would be presenting a good-will package to the Turkish-Cypriots leadership on his trip to the island this week (16.-18. June).. The Commissioner regretted the Denktaş response, and he hoped for a reconsidered decision. Political dialogue with Ankara was "very, very, very satisfying," he said.

Meanwhile, Britain's special representative for Cyprus, Lord David Hannay, has stepped down from his task. "Should events again make it appropriate for a special representative to be appointed, the government will not hesitate to do so," UK foreign secretary Jack Straw told the UK parliament last week.

- For more on the Cyprus issue, see <http://europa.eu.int/comm/enlargement/cyprus/index.htm#countryprofile>

LOOKING AHEAD TO NEW EURO MEMBER STATES

The European Union's economic and financial committee - a key advisory committee to the EU Council - has been looking at the prospects and challenges for new member states of the EU to become new member states of the Euro too.

Acceding countries will enter the EU as member states with derogation from the Euro (i.e. from Article 122 of the EC Treaty). This means that competitive devaluations will not be allowed, and that they will be expected to work towards real and nominal convergence. They will also be expected to join the ERM-II, although not necessarily immediately after accession: in certain cases, staying outside ERM-II for a time may be useful in the face of large and volatile capital flows, large fiscal imbalances, or risks of large economic shocks. And eventually, when they have met the necessary conditions, they will be required to adopt the Euro.

The EU has already agreed that new member states will have to treat their exchange rate policy as a matter of common EU interest, and will have to pursue "disciplined and responsible monetary policy directed towards price stability".

When the economic and financial committee held a high-level meeting with candidate countries recently they also agreed an action plan on economic, monetary and financial statistics for candidate countries and acceding states. The plan specifies where urgent progress is required on providing information on the key economic indicators, and urges commitments towards improvements. The meeting noted that the completeness and timeliness of statistical information from candidate countries and acceding states has been steadily improving. But it did insist that "without major efforts, at the point of accession the acceding countries will not be in a position to comprehensively meet the requirements concerning timeliness, level of detail and other quality aspects in specific areas".

Areas singled out for particular attention included completeness of data on national accounts (with full historic data on GDP and main aggregates for the years 1995-2002 supplied by 1 May 2004, and for the years 1991-1994 by 31 December 2004), better quality data on government debt and deficit (with proper delimitation of the government sector and an appropriate distinction between non-financial and financial transactions), and full implementation of the EU's Harmonised Consumer Price Index regulations. More work is also needed on long term interest rates statistics for the purpose of assessing convergence, and "remaining weaknesses in data on external trade in goods should urgently be dealt with".

The meeting also singled out Cyprus and Malta, where "most urgent progress is required" on deficit and debt data. And it said Bulgaria, Romania and Turkey, "need to step up their efforts".

Fulfilling obligations so that acceding states can be integrated as early as possible into the EU's economic policy co-ordination and fiscal surveillance procedures was also emphasised at a separate high-level meeting recently. By 15 August 2003, acceding states will have to submit the 2003 updates of their pre-accession economic programmes to the Commission, to allow adoption by ministers of a joint opinion in autumn 2003. Acceding states are also being invited to provide reports on structural reforms in product, labour and capital markets for the first time in October 2003.

The acceding states will be included for the first time in the update of the EU's Broad Economic Policy Guidelines in 2004, with a two-year horizon for 2004-5. Country chapters for the new member states will be added, and they will be included for the first time in the implementation report on the BEPGs in January 2005. The new member states are invited to submit their first Convergence Programmes by 15 May 2004.

- For an explanation of the EMU, see:
<http://europa.eu.int/scadplus/leg/en/cig/g4000e.htm#e1>

ENLARGEMENT FOR EEA TOO

After difficult and intense discussions since the beginning of the year, agreement was finally reached last week on the negotiations to enlarge the European Economic Area. The ten acceding states are obliged to join the 18-nation EEA - an expanded single market, which currently consists of the EU15, Iceland, Norway and Liechtenstein. But what should have been a relatively simple technical exercise of adjusting trade agreements ran into problems when the EU also sought a more significant financial contribution from Iceland, Norway and Liechtenstein as a gesture of solidarity as the EU (and the EEA) takes on many much less prosperous member states. The EU wanted help from its richer EEA partners "to alleviate structural and social disparities in the enlarged internal market". Future trade in marine products was another key element in the negotiations.

In the end, Iceland, Norway and Liechtenstein will contribute €600 million over five years to the EEA financial mechanism for the alleviation of social and economic disparities in the ten new member states and in Portugal, Spain and Greece. The money will be made available for projects in the environment, improved resource use and management, cultural heritage, human resource management and health and child care.

The new money will be distributed according to a scale based on wealth and population, as follows: Greece: 5.71%, Spain 7.64%, Portugal 5.22%, Cyprus 0.21%, Czech Republic 8.09%, Estonia 1.68%, Hungary 10.13%, Lithuania 4.50%, Latvia 3.29%, Malta 0.32%, Poland 46.80%, Slovenia 1.02%, and Slovakia 5.39%.

In addition, Norway will provide a further €567 million over five years through a bilateral financial instrument, which will be closely co-ordinated with the EEA financial mechanism, but with emphasis on facilitating the integration of the new member states in the internal market. This money will be distributed on the same basis as the agreements already reached on EU accession negotiations on the Cohesion Fund: Cyprus 0.6%, Czech Republic 11%, Estonia 4%, Hungary 13.1%, Lithuania 7.1%, Latvia 6%, Malta 0.3%, Poland 49%, Slovenia 2.2%, and Slovakia 6.7%.

Iceland and Norway have won new EU quotas for marine products that are vital for their economies, linked to the deals they have at present with the acceding states. According to the EU "substantial" quotas for frozen herring, mackerel and shrimps have been accepted, "allowing for the continuation of these trade patterns". Some of the new member states - and notably Poland - had been demanding a deal that would help their fish processing industries.

The deal also covers transition periods, agricultural products, processed agricultural products, and Liechtenstein's special arrangement on the free movement of persons.

Legal instruments are - it is hoped - to be initialled by the end of June, and formally signed in July. This should allow for the necessary ratification in the current and new member states so that they can enter into force at the same time as the EU Accession Treaty, in May next year.

European External Relations Commissioner Chris Patten said: "I am very pleased that we have been able to reach a mutually satisfactory result within the necessary timeframe. The overall outcome of the negotiations is well balanced, and I would like to thank all parties for their flexible and constructive approach to the difficult issues at hand. I am very encouraged that the EEA-EFTA countries, and Norway in particular, are taking on a more substantial share of our efforts to reduce social and economic disparities in the enlarged internal market. This will contribute to realise the full potential of the enlarged single market and be to the benefit of us all".

Norwegian press coverage of the deal pointed out that Norway would now be paying ten times what it was paying before for membership of the EEA - and

still without any real influence on the decisions taken there. "After enlargement, Norway will give a net subsidy to the EU which is in line with the average for countries who have full membership. This is much more of a political than an economic problem. In particular, the fact that we will now contribute such a large sum without having any opportunity to influence the EU's political development should give Norwegian EU opponents something to think about", commented Aftenposten.

Enlargement news in brief

First EU member state ratification of the Accession Treaty

Denmark has become the first EU Member State to ratify the EU Accession Treaty. The Parliament adopted the legislation last week, Queen Margrethe of Denmark signed off on the bill to complete the process, and the document has been transmitted to Rome in line with the established protocol. All the EU member states must ratify the Treaty for the new member states to be able to join the EU on 1 May 2004. The UK, Sweden, France, Austria and Germany are expected to complete the ratification process in the second half of 2003. The Netherlands is expected to do so early in 2004. Ireland, Finland, Italy, Spain, Portugal, Greece, Luxembourg and Belgium have not yet set a date.

Enlargement - all still to play for, says EIU

"For all the difficulties involved in enlargement (and they are many and varied), the potential benefits of spreading stability and prosperity across a large swathe of Europe's heartland are greater", concludes a new report from the Economist Intelligence Unit, "Europe Enlarged: Understanding the Impact", released on June 16. "Companies and investors have been anticipating this enlargement, not waiting for it", it says. But the report also notes that despite the progress towards enlargement, "everything is still to play for", and the choice of policies adopted by the Governments of the new member states will be key in deciding whether they make a success of their accession to the EU.

Making a success of an enlarged single market

Risks and opportunities in the EU's 25-nation single market will be examined at a conference in Brussels on 24 June. Leading figures from government and industry from across Europe will analyse and discuss the economic impact of the impending expansion of the European Union, on industry and on trade. Alongside a keynote address from Commissioner Verheugen speakers from the acceding states include Lithuanian finance minister Dalia Grybauskaite, Polish deputy foreign minister Jan Trzuszczynski, Czech ambassador to the EU Pavel Telicka, Peter Weber, General Manager of Hewlett-Packard Slovakia, Czech Telecom ceo Ondrej Felix, and Hungarian ambassador to the EU Peter Balazs.

Enlargement Mini-Briefs

- EU enlargement will contribute to the deepening of EU-China relations, according to European Trade Commissioner Pascal Lamy. He told the EU Chamber of Commerce in Beijing last week. "The incorporation of 10 new countries, long-time friends of China, will help to deepen EU-China relations and improve our bilateral trade".
- INTERREG IIIC is organising a one-day seminar on promoting

regional development in the new member states and neighbouring countries in Győr, Hungary, on June 30. The seminar will also present the state of play on preparations by the accession and neighbouring countries for participating in this programme. New member states will have access to European Regional Development Funding for interregional co-operation from 1 January 2004 - four months before enlargement formally occurs - so regions and cities from the accession countries will be able to fully participate as partners in the second call for proposals - for which the deadline for submission of projects is 26 September 2003.

- The European Information Communications and Consumer Electronics Technology Industry association has been chosen by the EU to run a €1.8 million project to help the IT industry in the candidate countries and acceding states prepare for accession. The project, known as Electranet, will promote exchange of sector-specific knowledge on European policy making. "While many enterprises in central and eastern Europe are aware that new legislative requirements will have to be complied with from 1 May 2004, it is often less clear to them how to implement these requirements in practical terms in their companies", said EICTA director general, Dr Oliver Blank.
- EU funds should be used to transfer expertise to local government in northern Cyprus, according to EU Committee of the Regions president Albert Bore. He was speaking after Kutlay Erk, the mayor of northern Nicosia (in the Turkish Cypriot part of the island), told Bore at a meeting in Brussels last week that his local authority needed to learn from the know-how of local and regional government within the existing EU. "I need to show my municipality that the EU has an interest in us," said Erk. "It is only through exchange at the municipal level that this can be achieved." Bore promised to try to fast-track a resolution through his Committee to push for commitment of EU resources for this purpose.
- The World Bank last week approved a €5 million public finance management project for Slovakia, which will support the government's public finance reform strategy by strengthening the country's institutional capacity to use public resources more effectively, efficiently and in line with government priorities. The strategy involves redesigning the budget management process so that funds are allocated to policies shown to be most effective and in line with government priorities within a realistic budget envelope. It also aims to move away from a focus on short-term annual budgets to a medium-term approach in line with modern budgetary practices common among members of the European Union.
- The five observer members of the European Parliament nominated by Malta have joined forces with European political groups. The three Nationalist MPs form part of the European People's Party (EPP-ED) while the two MLP MPs are part of the Party of European Socialists (PES).
- EU financing is remedying damage caused to railways by the massive floods in the Czech Republic in August last year. Last week a ceremony was held to mark the completion of reconstruction of another stretch of track with ISPA funding - one of ten rail projects supported by a special emergency ISPA floods programme, which enabled the Czech Railways to start with reconstruction works within two months of the floods.

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 all current and future member states.

(note: now that acceding states take part in Council meetings and EP and ESC plenaries, these will from now on be listed in this calendar)

Date	Event
June 2003	
Tuesday 17th	<ul style="list-style-type: none"> ■ General Affairs and External Relations Council, Luxembourg ■ Erkki Liikanen, European Commissioner for Enterprise and the Information Society meets Czech minister for technology and information Vladimír Mlynar, trade and industry minister Milan Urban, and deputy foreign affairs minister Jan Kohout, Prague ■ Accession Negotiations at Ministerial level, EU-Bulgaria and EU-Romania, Luxembourg ■ European Economic and Monetary Affairs Commissioner Pedro Solbes and Trade Commissioner Pascal Lamy meet European Bank for Reconstruction and Development president Jean Lemierre, Brussels ■ European Research Commissioner Philippe Busquin takes part in workshop on delivering nuclear research in the enlarged EU, Brussels ■ European Enlargement Commissioner Günter Verheugen visits Cyprus
Tuesday 17th - Wednesday 18th	<ul style="list-style-type: none"> ■ General Affairs and External Relations Council, Luxembourg
Wednesday 18	<ul style="list-style-type: none"> ■ European Competition Commissioner Mario Monti meets Czech trade minister Milan Urban, Brussels
Thursday 19	<ul style="list-style-type: none"> ■ European Parliament votes on the 2001 annual report of the Instrument for Structural Policy for Pre-Accession, Brussels ■ EU Council of Ministers working group on central Europe meets, Brussels
Friday 20th	<ul style="list-style-type: none"> ■ European Council, Thessaloniki
Friday 20th - Saturday 21th	<ul style="list-style-type: none"> ■ European Council, Thessalonika
Sunday 22 - Monday 23	<ul style="list-style-type: none"> ■ European Economic and Monetary Affairs Commissioner Pedro Solbes visits Slovakia
Monday 23th	<ul style="list-style-type: none"> ■ European Economic and Monetary Affairs Commissioner Pedro Solbes visits Slovakia
Monday 23th - Tuesday 24th	<ul style="list-style-type: none"> ■ European Employment and Social Affairs Commissioner Anna Diamantopoulou visits Bulgaria
Tuesday 24th	<ul style="list-style-type: none"> ■ General Affairs and External Relations Council, Luxembourg ■ Conference on enlarging the European market place - risks and opportunities in the EU's 25-nation single market, Brussels
Monday 30th	<ul style="list-style-type: none"> ■ European Employment and Social Affairs Commissioner Anna Diamantopoulou visits Hungary ■ INTERREG IIIC Info-Day in Győr
July/August 2003	
4 - 5 July	<ul style="list-style-type: none"> ■ Informal transport Council, Naples
6 July	<ul style="list-style-type: none"> ■ Informal trade Council, Palermo
10th - 11th July	<ul style="list-style-type: none"> ■ European Enlargement Commissioner Günter Verheugen visits Bulgaria
11-12 July	<ul style="list-style-type: none"> ■ Informal employment and social affairs Council, Varese ■ Informal competition Council, Rome

- 10th - 12th July ■ European Commission-Italian Presidency conference on medicines discusses competition, regulation, access and availability in an enlarged European Union; Rome
- 15-16 July ■ Ecofin, Brussels
- July 17th ■ David Byrne, European Commissioner for Health and Consumer Protection visits Poland
- July 18th ■ David Byrne, European Commissioner for Health and Consumer Protection visits Hungary
- 18-20 July ■ Informal environment and energy Council, Montecatini
- July 22th ■ European Enlargement Commissioner Günter Verheugen visits Hungary
- General Affairs and External Relations Council, Brussels
- 22-23 July ■ Agriculture Council, Brussels
- 30 July ■ Labour and Social Affairs' Commissioner, Anna DIAMANTOPOULOU visits Hungary
- 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 General Affairs Council, 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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