# A - Enlargement : Weekly Newsletter: 30 September 2003

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EUROPA > European Commiss	ion > Enlargement > Library > Enlargement Weekly Contact   Search What's new?   Site map   Index   FAQ	
<< <u>HOME</u>		
ALL ABOUT	Enlargement Weekly - 30 September 2003	
Enlargement	Malta starts structural fund talks	
Candidate countries	<ul> <li>Loose ends tidied up for trade agreements with the US</li> <li>Enlargement will benefit Japan</li> </ul>	
Negotiations		
Financial assistance	<ul> <li>Werheugen sets out his Wider Europe aims</li> <li>Romania's President offers reassurance to European Parliament</li> <li>↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓↓</li></ul>	
Communication strategy	⊞ Enlargement news in brief	
USEFUL INFORMATION	Enlargement Mini-Briefs     Enlargement agenda	
Who does what?		
Public opinion	Welcome to Enlargement Weekly. This weekly bulletin provides an overview of where European Union enlargement has got to, who's doing what in the	
Events	EU, in the institutions and candidate countries, and how the main challenges are being met.	
Library		
Research Bulletin	MALTA STARTS STRUCTURAL FUND TALKS	
Links	MALTA STARTS STRUCTURAL FUND TALKS	
>> E.U in the world	All the acceding states are now in the throes of discussing their use of EU structural funds in 2004-2006. Malta too has opened talks with the European Commission last week in Valetta.	
PRESS CORNER	Altogether Malta is entitled to more than €87 million for promoting environmental sustainability, competitiveness and social and economic growth. €65 million will come from the EU Structural Funds and some €22 million from the Cohesion Fund.	
	Malta wants to focus most of the money on strengthening the competitiveness and sustainable development of the Maltese economy in order to better equip the country to face the imminent economic and social challenges, whilst maintaining a sustainable use of the environment. A special effort will also foreseen to deal with the specific problems of the island of Gozo. The Cohesion Fund money is earmarked for co-financing major transport and environmental infrastructure projects.	
	According to European Regional Affairs Commissioner Michel Barnier, Malta's plan "represents a good basis for the negotiations that lie ahead. It is very important that its implementation is a success. This not only because of the country's evident needs, which is the most important consideration, but also because its success would demonstrate the added value of the European Union's interventions. It is very important that we reach an early agreement in order to facilitate the implementation of the activities as soon as possible, given that expenditure under this programme may be eligible from 1 January 2004."	
	LOOSE ENDS TIDIED UP FOR TRADE AGREEMENTS WITH THE US	
	Some of the outstanding questions from the European Union accession arrangements were satisfactorily resolved last week. The bilateral investment treaties that most of the future member states have with the US - the subject of intense discussion for over a year - are to be made compatible with the	

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EU's laws and regulations.

The solution takes the form of a memorandum of understanding signed by the European Commission, the US, and Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Romania and Slovakia. The deal ensures a favourable environment for investors in future member states without provoking conflict with EU rules.

Some provisions in these bilateral treaties give the same favourable treatment to the US as to current EU member states, in areas such as agriculture, the audio-visual sector, transport, financial services, fisheries, and energy. Without modification, these provisions would distort the operation of EU policies on trade and investment with non-EU members. The memorandum now agreed will guide the process of amending the individual treaties. It will also enable the EU to limit capital movements and payments destined for or coming from non-EU countries.

One issue still remains to be resolved: the possibility for the EU to take safeguard measures to preserve the functioning of the economic and monetary union - which could be invoked, for example, if pressure were exercised on the currency of one of the new member states at the time it was preparing its entry into the Euro zone. The memorandum provides for further bilateral discussions to seek a solution here, too.

Latvia's treaty is not due to expire until 2006, Estonia's not until 2006, and Lithuania's not until 2011 - but even for the other future member states, whose treaties have expired or are on the point of doing so, the acquired rights of established investors remain for ten years, even if the treaty is denounced.

The European Commission said after the signature ceremony that the <u>deal</u> showed that "EU enlargement can be beneficial to third countries". It "proves again that openness and non-discrimination are among the key pillars of the EU", and recognises "the positive contribution of foreign investments to the economic development of Europe".

#### ENLARGEMENT WILL BENEFIT JAPAN

"Japan will benefit from the enlarged European Union", European Enlargement Commissioner Günter Verheugen told a symposium on enlargement, at Waseda University in Tokyo, last week. Verheugen reassured his audience that "the European Union will continue to remain a reliable partner. The bigger and more united Europe becomes, the greater its global interest will be". The EU is already the largest source of foreign direct investment in Japan, he remarked.

The Commissioner depicted the impending enlargement as "an enormous challenge and an enormous chance for stability and growth." With a prospect of 4.5% yearly growth over the next decade, the ten acceding countries "provide one of the soundest investment climates in emerging markets", he said. And "the benefit of stability of market access and competitive exposure in an EU-25 internal market generates a pro-growth environment."

"The potential for growth is an opportunity for the current EU member states, but also for Japan", he said. "Japan will benefit from the largest single market and a simplified and enhanced access to the acceding countries' market. More stability and prosperity in Eastern Europe will mean more exports and business with these countries." And having a single set of trade rules, a single tariff and a single set of administrative procedures for 25 countries "will greatly simplify the dealings that Japan's companies have within Europe". In addition, non-EU countries' business will benefit from extensively lower tariffs in their trade with new member states, as their regimes are brought into line with those of the EU.

Enlarging the European Union "has to be seen in the broader context of Europe's interaction and Europe's co-operation with its partners in the world, in particular in North America and Asia", said Verheugen. "Especially, if we have a closer look at current realities and recent developments in international politics, it seems obvious that many are waiting for a Europe to wield greater clout in world affairs." A bigger voice for Europe will have value at global level too - for the benefit of all its international partners, said Verheugen. "A successful European integration, a stable and strong European Union is the strategic interest of our global partners. It provides a sound basis to share burdens and tasks after having agreed on common aims and proceedings to follow."

But the Commissioner did not duck the difficulties still to be faced. "In a number of cases the reforms of the civil service and the judiciary must continue. The battle against corruption is not yet over. Industrial restructuring needs to be completed. And all commitments given in the negotiations, ranging from compliance with hygiene standards in slaughterhouses to the computerisation of customs must be fully implemented", <u>he said</u>.

#### VERHEUGEN SETS OUT HIS WIDER EUROPE AIMS

European Enlargement Commissioner Günter Verheugen has just been put in charge of the new EU policy concept of the <u>"Wider Europe</u>", and he took the opportunity last week to set out his views on how it should develop. He described it as offering "a response to the questions posed by proximity and neighbourhood, distinct from EU accession. It concerns our neighbours in Eastern Europe and the Southern Mediterranean, from Russia and Ukraine to Egypt and Morocco. It aims to develop new, sophisticated ways to share with our neighbours the stability, security and prosperity we have created within the enlarged Union. It seeks to do so through a differentiated approach to each individual partner country concerned", he said during a visit to Japan.

"In practical terms we will work with our neighbours towards creating the conditions for the free movement of goods, services, capital and persons. To strengthen the co-operation in the fight against common threats, to strengthen our co-operation in conflict prevention and crisis management; to integrate transport, energy and telecommunication networks and to create a wider research area; to promote human rights, step up dialogue between cultures and stimulate people-to-people contacts."

The Commissioner insisted that "to achieve these objectives, we want to develop with each country an agreed action plan, which sets out the path we intend to pursue together. Of course, sharing prosperity means calling on our neighbours to make progress towards the high standards we have set ourselves within the European Union. This refers to human rights, the rule of law as well us the regulatory framework of the internal market. Economic rules and regulatory structures need to be aligned to the acquis in order for markets to inter-connect. The offer therefore is to achieve closer economic relations with the EU in exchange for better political and economic governance."

# ROMANIA'S PRESIDENT OFFERS REASSURANCE TO EUROPEAN PARLIAMENT

Romania is now in a position to overcome all the challenges that face it, Ion Iliescu, President of Romania, assured the plenary session of the European Parliament in Strasbourg where he gave a formal address last week. The EU will gain a trustworthy, reliable and democratic member of the international community when Romania accedes, he stated. "The EU would not only gain the strength of over 22 million people, but also a strong democracy and a pro-European nation." Romania shares the common values of democracy, justice and respect for the rule of law within and among nations that the EU stands

#### for, insisted Iliescu.

But he admitted that economic reform would take more than a decade to complete, even though Romania had achieved around 5% growth in GDP over recent years. He recognised clearly Romania's need to increase its administrative capacity before accession, and to clamp down further on corruption. But a political consensus in favour of EU accession exists among all political parties, and a national forum has been established to back the process, he went on.

And with a glance towards a more distant future, he said he "looked forward to the day when the countries of the Black Sea region and the Southern Caucasus would join the European Union". Romania is a fervent support of accession by its small northern neighbour Moldova.

European Parliament President Pat Cox, in his welcome to Iliescu, pointed out that this was the first time a President of Romania had addressed the Parliament. And Cox also emphasised that the European Parliament explicitly supported making 2007 the target date for Romania's - and Bulgaria's accession. "Romania's destiny lies at the heart of the European project", said the EP President. "When we receive the European Commission's Regular Report [on Romania] on 5 November, we will hope to find there a record of solid progress on, not only the negotiations, but also the key issues of respect for the rule of law; further clear steps to improve administrative and judicial capacity, for rooting out corruption, better protection of minority rights, better protection of the rights of children and, we hope too, progress towards achieving the status of a fully functioning market economy."

## Enlargement news in brief

Lamy talks trade with the Czech Republic and Hungary

European Trade Commissioner Pascal Lamy discussed the trade implications of EU enlargement with government, business community and civil society in the Czech Republic and Hungary last week. "Next year we will be enlarging the EU family to ten new members and like any family, we should take the time to prepare this event together", he said. In Prague he met Prime Minister Vladimir Spidla, foreign affairs minister Cyril Svoboda and industry and trade minister Milan Urban, and took part in a workshop with Czech businessmen on how EU trade policy works in practice. In Budapest he met Prime Minister Peter Medgyessy and minister of economy Istvan Csillag, and met representatives of business, trade unions and local non-governmental organisations. And as Lamy pointed out during his visit, acceding countries are already well integrated in EU trade and trade policy discussions. The Czech Republic is the EU's eighth largest trading partner, centred on transport material, machinery, and telecoms equipment, and Hungary is the EU's ninth largest trading partner, with the focus on transport material, machinery, and chemical products.

An enlarged EU more involved in inland navigation matters

The European Commission last week started moves to ensure that the enlarged European Union will have a bigger say in navigation on Europe's two key inland waterways, the Danube and the Rhine. It asked EU ministers to authorise it to negotiate EU accession to the Central Commission for Navigation on the Rhine and the Danube Commission. "This would enable the EU to improve preparations for enlargement and to be actively involved in these important international organisations in the field of inland waterways", said the Commission. The initiative was prefigured in the Commission's 2001 White Paper on transport policy, which pointed out that the forthcoming enlargement of the EU would increase difficulties over the status of the EU in intergovernmental organisations responsible for navigation on the Rhine and the Danube. Joining the Rhine Commission will ease regulation in fields such as the issue of certificates, protection of crews and gaseous emissions, and also ensure representation for six of the acceding countries - which otherwise

would not be able to obtain Rhine navigation certificates. And for the Danube, EU membership of the river's supervisory body is the only way of maintaining consistency in the rules that apply over the Danube waterway as a whole, the Commission says.

#### Underwriting Prague's underground

The European Investment Bank is to lend €75 million to the city of Prague to build a 4 kilometre extension of its metro system. Prague is investing heavily in public transport modernisation, so as to reduce congestion and pollution. The extension - the continuation of an earlier EIB-backed project now nearing completion - is expected to catalyse the economy of the developing areas in the north-east of the city, and make the residential quarters in the areas served more attractive. Since 1990, the EIB has lent more than €21 billion in central and Eastern Europe to finance projects fostering European integration. Loans to the Czech Republic since 1993 exceed €4 billion, including €480 million for rebuilding infrastructure after the 2002 floods, and €292 million for a new passenger terminal at Prague international airport to meet requirements under the Schengen border regime.

#### Over 25 million voted in favour of accession

A compilation of the results of this year's 9 <u>referenda</u> shows that, in the period March to September this year, over 25,5 million people voted in favour of their country joining the EU. This figure is nearly four times as many as voted against.

COUNTRY	NUMBER OF VOTES	NUMBER OF VOTES
	YES	NO
1. Cyprus	N/A	N/A
2. Czech Republic	3 446 758	1 010 448
3. Estonia	369 657	183 545
4. Hungary	3 056 027	592 690
5. Latvia	674 562	325 692
6. Lithuania	1 504 264	147 527
7. Malta	143 017	123 722
8. Poland	13 516 612	3 936 012
9. Slovakia	2 012 870	135 031
10. Slovenia	864 542	100 229
TOTALS	25 588 309	6 554 805

## **Enlargement Mini-Briefs**

- The European Parliament report on employment policies in the candidate countries was adopted at the plenary session next week.
- The outcome of the Estonian and Latvian EU accession referenda was welcomed last week by European Economic and Social Committee President Roger Briesch: "I am pleased to hear that, following the endorsement given by the people of Lithuania and Estonia, the people of Latvia, in their turn, have voted in favour of the accession of their country to the EU. This decision demonstrates the readiness of Latvia to embark upon its future in the EU and to assume its responsibilities as an EU Member State", he said.
- Prime ministers and party leaders from the 25 countries of the new European Union will be brought together at the summit that the Party of European Socialists is organising in Brussels immediately before next month's EU Council meeting.
- A Hungarian researcher was one of the winners in the European

Commission's Young European Scientists' Award 2003 last week, held this year in the Hungarian Parliament in Budapest. 19-year old Gábor Németh, from Szolnok, won joint first-prize for his work in efficiency enhancement of plasma loudspeakers. Contestants from the Czech Republic and Poland won second and third prizes, too, against <u>competition</u> from more than 41 countries.

- The reforms in acceding states have on occasions overtaken the 15 current member states, European Enlargement Commissioner Günter Verheugen pointed out last week. "Today, the degree of privatisation in the banking sector in the Czech Republic is higher than in Germany, and energy markets in Poland are more liberalised than in some existing member states", he instanced, during a visit to Japan.
- "Accession is meaningless if we do not succeed in strengthening the feeling of belonging to the European Union and improving citizens' living conditions. This is, however, not a task for the government. It is something in which elected politicians must play a part. Local authorities' role in European integration must therefore be defined more precisely", said Stefan Sofianski, the mayor of Sofia, at the start of the inaugural meeting of the EU-Bulgaria joint consultative committee under the auspices of the EU's Committee of the Regions.

## Agenda

See also the new "Enlargement events calendar" on the DG Enlargement web site at <u>http://europa.eu.int/comm/enlargement/events/calendar.htm</u>. This gives a run-down of public events related to the enlargement of the EU taking place in al 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	
September 2003		
Monday 29 - Tuesday 30	33 33 33	General Affairs and External Relations Council, Brussels Agriculture Council, Brussels EU-Bulgaria joint parliamentary committee meets, Varna EU-Cyprus joint parliamentary committee meets, Luxembourg
Tuesday 30	3 3 3 3 3 3 3	European Parliament foreign affairs committee minister discussion with European Enlargement Commissioner Günter Verheugen on the state of play on enlargement after the referenda, Brussels European Parliament foreign affairs committee minister examines the "Wider Europe" dossier, Brussels European Enlargement Commissioner Günter Verheugen and External Relations Commissioner Chris Patten meet Ukraine's foreign affairs minister Kostyantyn Gryshchenko, Brussels European Enlargement Commissioner Günter Verheugen meets Bulgaria's European affairs minister Meglena Kuneva, Brussels European Economic and Monetary Affairs Commissioner Pedro Solbes meets the Bulgarian minister of finance, Brussels European Parliament budgets committee starts discussions on the EU's 2004 budget amendments European Parliament committee on culture, youth, education, the media and sport hearing on cultural sponsorship, including interventions from Peter Inkei, director of the Budapest Observatory,

Hungary, on cultural financing in central and eastern Europe, Brussels

Conference on the implementation of the European Charter for Small Enterprises in future EU member states, Tallinn

## October 2003

Tuesday 30-

Wednesday October 1

Octobel 2003		
Wednesday 1	**	European Parliament committee on industry, external trade, research and energy discusses the report by Belgian socialist MEP Olga Zrihen on enlargement, industrial policy and competitiveness, Brussels EU Council of Ministers working group on enlargement meets, Brussels European Parliament environment committee delegation reports on visit to Latvia and Estonia, Brussels
Wednesday 1 - Thursday 9		EU Committee of the Regions presentation of Prague, Hungarian and other regions, Brussels Tuesday, Wednesday 6th and 7th 19th EU-Malta Joint Parliamentary Committee, Valletta
Thursday 2	***	EU justice and home affairs Council, Luxembourg
Thursday 2- Saturday 4		Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries visits Malta and meets prime minister Eddie Fenech Adami, foreign affairs minister Joseph Borg, and rural affairs and environment minister George Pullicino
Thursday 2 - Sunday 5		Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries visits Malta
Friday 3		EU Council of Ministers working group on enlargement meets, Brussels
Saturday 4		Special EU summit to launch the Inter- Governmental Conference on the new EU Treaty, Rome Conference on perception on the division of competencies and future structure of the EU in applicant countries, Budapest
Monday 6 - Tuesday 7		EU-Malta joint parliamentary committee meets, Malta
Tuesday 7		EU Ecofin Council, Luxembourg
Wednesday 8 - Thursday 9		European External Relations Commissioner Chris Patten visits Poland European Parliament plenary session, Brussels European Development Commission Poul Nielsen visits Slovakia
Thursday 9 - Friday 10	**	European Development Commission Poul Nielsen visits Slovakia and Serbia and Montenegro EU Telecommunications, Transport and Energy Council, Luxembourg European Justice and Home Affairs Commissioner Antonio Vitorino visits Bulgaria
Friday 10		David Byrne, European Commissioner for Health and Consumer Protection visits Bulgaria
Monday 13- Tuesday 14		EU General Affairs and External Relations Council, Luxembourg EU Agriculture Council, Luxembourg
Thursday 16 -		Extraordinary European Council, Brussels

# - Enlargement : Weekly Newsletter: 30 September 2003

Friday 17		European Transport Commissioner Loyola de Palacio visits Turkey
Friday 17		Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries visits the Czech Republic
Sunday 19 - Wednesday 22		OLAF Anti-Fraud Communicators Network training seminar for anti-fraud communicators in candidate countries, Bucharest
Monday 20		Viviane Reding, European Commissioner in charge of Education and Culture, visits Hungary
Monday 20- Tuesday 21		Employment, Social Policy, Health and Consumer Affairs Council, Luxembourg
Monday 20- Thursday 23		European Parliament plenary session, Strasbourg
Tuesday 21		European Parliament culture committee discusses enlargement and cultural diversity, Strasbourg
Wednesday 22		European Parliament foreign affairs committee discusses the "Wider Europe" dossier, Strasbourg
Thursday 23 - Friday 24		European Economic and Social Committee- Bulgaria meets, Bulgaria
Tuesday 28		European Enlargement Commissioner Günter Verheugen visits Russia
November 2003		
Monday 3 - Tuesday 4		European Economic and Social Committee- Turkey joint consultative committee, Brussels
Tuesday 4th		10th EU-Slovenia Joint Parliamentary Committee, Ljubljana
Wednesday 5		European Enlargement Commissioner Günter Verheugen presents monitoring reports on the acceding states and regular reports on Romania, Bulgaria and Turkey, European Parliament, Brussels European Economic and Social Committee- Poland/Lithuania/Estonia joint consultative committee meets, Brussels
Thursday 6		European Economic and Social Committee- Poland joint consultative committee, Brussels European Economic and Social Committee- Estonia joint consultative committee meets, Brussels
Monday 10 - Tuesday 11		13th EU-Lithuania Joint Parliamentary Committee, Brussels
Monday 17 - Tuesday 18	*	European Parliament plenary discusses the "Wider Europe" dossier, Brussels European Economic and Social Committee- Romania joint consultative committee meets, Brussels
Tuesday 18	**	European Parliament intergroup for regional or minority languages discusses the accession of the new countries and the situation with regard to minority languages and protection of minorities, Brussels
Thurdsday 20 - Friday 21		European Economic and Social Committee and European Foundation for the Improvement of Living and Working Conditions conference on "industrial change in Europe: current situation, prospects, responsibilities", Brussels

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10/1/2003

Monday 24 - Tuesday 25		20th EU-Poland Joint Parliamentary Committee, Brussels
Thursday 27 - Friday 28		16th EU-Romania Joint Parliamentary Committee, Romania European Economic and Social Committee- Slovakia joint consultative committee meets, Brussels
Thursday 27		20th EEA Joint Parliamentary Committee, Romania EU-European Economic Area joint parliamentary committee meets, Brussels
December 2003		
Monday 1 - Tuesday 2		12th EU-Estonia Joint Parliamentary Committee, Romanía
Tuesday 2 - Wednesday 3		51st EU-Turkey Joint Parliamentary Committee, Romania
Thursday 4 - Friday 5	***	European Economic and Social Committee- Slovenia joint consultative committee meets, Rome
Thursday 11 - Friday 12		European Economic and Social Committee-Czech Republic joint consultative committee meets, Brussels
2004		
Spring 2004		
opinig 2004		European Economic and Social Committee- Hungary joint consultative committee meets, Brussels
February - March		
		European Parliament debates Bulgaria, Romania and Turkey regular reports
March 1		Designation of the Commissioners from the acceding states
April 2004	886	
		European Parliament hearings of the Commissioners from the acceding states who will serve from May to November 2004 European Commission Opinion on Croatia's accession
May 2004		
Saturday 1st		Entry into force of the accession treaty (according to conclusions of <u>General Affairs Council,</u> <u>18.11.02</u> ) Accession of the ten new member states (subject to ratification)
Monday 3 - Thursday 6	*	Extraordinary session of the EP, as the observers from the 10 new member states become full members Possible European Parliament informal vote of confirmation of the new Commissioners from the new member states
June 2004		

Thursday 10 - Elections to the European Parliament in 25 member states.

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10/1/2003

## July 2004

Sunday 20

- Constituent session of the new European Parliament
- Confirmation of the designated new President of the European Commission who will take up office from November 2004

#### September/October

- European Parliament hearings of the 25 designated Commissioners who will take up office from November 2004.
- October 25-28 European Parliament plenary session and confirmation of the new Commission, which will hold office from 1 November 2004 to October 31 2009.

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