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Enlargement

English ▾

EUROPA > European Commission > Enlargement > Library > Enlargement Weekly

Contact | Search

What's new? | Site map | Index | FAQ

<< HOME

ALL ABOUT...

Enlargement

Candidate countries

Negotiations

Financial assistance

Communication strategy

USEFUL INFORMATION

Who does what?

Public opinion

Events

Library

Research Bulletin

Links

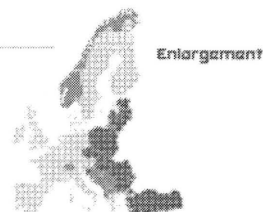
>> [E.U in the world](#)

PRESS CORNER

Enlargement Weekly - 21 October 2003

- ▣ [Another council for future member states](#)
- ▣ [Fischler promises clear perspectives for EU-25 farmers](#)
- ▣ [Summit urges investment in central and eastern europe](#)
- ▣ [Increase in take-up of SAPARD grants](#)

- ▣ [Enlargement news in brief](#)
- ▣ [Enlargement Mini-Briefs](#)
- ▣ [Enlargement agenda](#)



Enlargement

WEEKLY NEWS

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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.

ANOTHER COUNCIL FOR FUTURE MEMBER STATES

In what is becoming now almost a routine, heads of state and government of the acceding states and candidate countries attended the European Council meeting in Brussels on October 16-17. The summit discussed the InterGovernmental Conference preparing the new EU Treaty, relaunching the European economy, strengthening freedom, security and justice, and external relations.

Of particular interest to the future member states, the **Council conclusions** on the economy notably recorded that "Speeding up the implementation of European transport, energy and telecoms networks and increasing investment in human capital will be crucial for growth as well as for helping to achieve effective integration of the enlarged Europe, with significant gains in productivity." In addition, "the completion of an integrated market for electricity and gas in an enlarged Europe will enhance security of supply and competitiveness, giving further impetus to growth", said the conclusions. "Given the heavy dependence of the EU on energy imports and the importance of neighbouring countries, in particular those of the Mediterranean, the Northern Dimension and the Eastern European regions as suppliers or countries of transit, ways and means of promoting new energy networks with these countries must be discussed". And "developing telecommunication networks is of equally key importance for boosting growth in an enlarged Europe".

In order to make rapid progress, the Council invited the Commission, the EIB and Council working groups to establish a "quick-start programme" which will identify "a list of projects in an enlarged Union based on transparent criteria, along with assessments of their significance for the integration of the internal market in the enlarged Europe, their economic and financial viability, their impact on growth and the leveraging effect on private capital".

In respect of research, the Council called for "strengthened co-ordination between public and private-funded research and the use to a greater extent of the Structural Funds for Research and Development projects, bearing in mind the role of these funds to promote cohesion, and taking into account the

specific needs and potential of different regions, including those of acceding States."

On management of the EU's borders, the Council stressed that "with the forthcoming enlargement, the Union's borders are expanding, and recalled the common interest of all Member States in establishing a more effective management of borders, in particular with a view to enhancing the security of their citizens." And it invited "all Member States, Accessing States and Candidate States to co-operate fully with the Commission" on the upcoming study into the relationship between legal and illegal immigration.

The Council welcomed the progress on the Wider Europe/New Neighbourhood Initiative, and urged further work to ensure "a comprehensive, balanced and proportionate approach, including a financial instrument, responding to the needs to promote cross-border and regional/transnational co-operation on the external borders of the enlarged Union." It also endorsed the Second Northern Dimension Action Plan for 2004-2006, and underlined that "the Northern Dimension will assume enhanced importance in the context of EU enlargement and will have an important contribution to make in carrying forward the Union's new neighbourhood policy in the entire region. "

FISCHLER PROMISES CLEAR PERSPECTIVES FOR EU-25 FARMERS

This year's common agricultural policy reform "secures a clear perspective in which farmers in an EU-25 can make their future business decisions", according to Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries. It simplifies it, and makes it more transparent, he told a European Parliament seminar on securing a future for farmers in an enlarged EU in the European Parliament in Brussels last week.

Fischler highlighted the key changes as "giving farmers back their entrepreneurial 'freedom to farm'", making the CAP less trade distorting, and more market oriented. "More of the money will end up in the pockets of the farmers", he said. It also boosts quality, and allows agriculture to play its role in sustainable development, conservation and the preservation of rural landscapes. And it gives the chance to increase rural development, with more opportunities for farmers that want to diversify, or raise their standards - as well as improved investment support for young farmers: some €1.2 billion can be shifted from market support to rural development each year from 2005 onwards.

In addition it fine tunes the EU market organisation mechanisms, "With world market forecasts pointing towards lower demand and prices for certain products, and increased competition arising with the emergence of new suppliers, for example in the cereals sector, or market imbalances in the dairy sector, it was clear that we needed to do this", he said.

The benefits will be felt by the 450 million consumers that will make up an EU-25 from May next year, and by all farmers in the enlarged EU, since they will have a clear perspective, the Commissioner promised. The reform affords benefits to farmers in the new member states as well, he said. "Markets and prices will become considerably more stable, rural development funding will provide continued support to upgrade, modernise and restructure, and de-coupling will offer a simpler system after the initial phasing-in period for direct payments is complete. On top of this, farmers will have the advantages of a massive internal market to take advantage of, with the purchasing power of consumers in the new member states growing twice as fast as those in the current ones".

Some minimal adjustments will be needed to the package agreed on for the new member states in Copenhagen, in December last year, Fischler conceded. But "they will be limited only to that which is absolutely necessary". The fundamental character of the Copenhagen deal will remain, as will the overriding principle to ensure that new member states are integrated into the new CAP system as smoothly as possible.

Fischler said Commission proposals would emerge within days on how and where to make changes. "But we will ensure that where changes are made, they do not undermine any elements of the accession package already agreed, or handicap the integration of the new member states into the CAP". And, as he pointed out, the process of familiarisation with CAP-like policies has already been going on in the accession countries for some time. "The Sapard programme [see below] has allowed the new member states to gain valuable experience of rural development programmes, and prepare their administrations for management of CAP support", he said. The Sapard programme is now up and running in all ten central and eastern European countries, with over 8,000 beneficiaries receiving a share of the €275 million that the EU has already contributed.

And as for the next wave of CAP reform, on which discussions will also start soon, Fischler said this "must offer all those involved in this industry, in an enlarged EU, a fair deal and a secure future." Whatever the changes, it will, he said, "be a single CAP that serves a single, united Europe."

SUMMIT URGES INVESTMENT IN CENTRAL AND EASTERN EUROPE

Poland, the Czech Republic and Hungary have already attracted a lot of foreign investments, but in the other countries in the region, including Romania, the volume is relatively low - and "it is time for this situation to change radically," said Romanian president Ion Iliescu, opening a summit on investment in central Europe in Bucharest last week. He commended the involvement, alongside private foreign capital, of the large institutionalised investors, such as the World Bank, the European Bank for Reconstruction and Development, the International Financial Corporation, and of the European Commission and the Stability Pact for South Eastern Europe.

According to the United Nations Development Programme, the value of direct foreign investments in south-eastern Europe last year reached \$600 per capita, whereas this indicator exceeded \$1,000 per capita in the central European countries which are to join the EU in 2004.

Despite global investment flows declining from \$1.4 trillion in 2000 to \$650 billion in 2002, central and eastern Europe has been able to buck the global trend. In 1997-2001 total FDI inflow to central and south eastern Europe grew overall by 51%, from \$19 billion to \$28.7 billion. The Czech Republic, Poland and Slovakia were among the world's top 30 FDI recipients last year. And Romania and Bulgaria together accounted for \$1 billion in the first half of 2003 - a 36% increase over the same period last year. Poland, the Czech Republic, Hungary and Slovakia have received 60 per cent of the region's cumulative FDI inflows, while Romania and Bulgaria received less than 10 per cent.

Kalman Mizsei, Assistant Secretary General of the United Nations and UNDP's Director for Europe and the Commonwealth of Independent States, spoke of seeing "the successes of FDI demonstrated by some transition countries spread to all... The challenge is to repeat the successes of the central European countries and the Baltic states further east and south."

Central and eastern Europe are poised to become one of the world's most promising investment destinations, said Mark Malloch Brown, the UNDP administrator. He claimed that the countries on the fringe of the imminent enlargement could have a strong card in their hand. "Proximity can often offer more competitive advantage than inclusion", he said, because EU membership "may quickly begin to cost a country its competitive cost structure".

INCREASE IN TAKE-UP OF SAPARD GRANTS

Since the previous Sapard annual report was published a year ago, the take-up of funds "has increased markedly", according to the new, just-released, annual report, covering the EU's pre-accession aid to agriculture and rural development for 2002. Payments to final beneficiaries "have risen sharply",

totalling more than €20 million in the last quarter of the year. This improved performance came about even before the scheme was fully up and running in Poland and Romania, by far the two greatest beneficiary countries. "Once these two countries realise reimbursement claims proportional to their weights in the budget allocation under the instrument, the impact on overall payments will be considerable", the Commission's report comments.

The report also explains the conspicuous time lag in beneficiary countries receiving payments. "This lag is generally not visible with [current] member states", says the report, because "the eligible expenditure at any one time flows from a sufficiently large volume of commitments made in previous years." But under Sapard, beneficiary countries were starting from a zero level of pre-existing commitments eligible for EU co-finance. They first had to build structures allowing aid to be granted and controlled, because under Sapard it is the national authorities that assume the entire responsibility for management.

And "although it was a great challenge", it has been met successfully by all of the beneficiary countries, the Commission *says*. And it is now clear that many acceding states want either to continue to use post-accession the structures built for Sapard, or at least to maintain much of them.

Enlargement news in brief

Cyprus to get EIB finance for education, information technology and environment

Finance agreements totalling €235 million were signed last week for the financing of investments in education and environment in Cyprus. The money is coming from the European Investment Bank, the European Union's long-term financing institution. Most of this new loan will go into building 46 new primary and secondary schools, modernising some 200 special classrooms or laboratories, and installing information and communication technologies equipment in schools. But €35 million is earmarked for upgrading public and government IT services, and just over €0.5 million is set aside for updating plans for sewerage systems in Nicosia and Limassol. The funding mostly comes from the EIB's current €8.5 billion pre-accession lending facility, which aims to support the integration of the future member states with the EU, particularly in environmental protection, communications infrastructure, industrial competitiveness, and regional development. Cyprus has so far received €580 million under this facility.

"Growing support for key EU policies in acceding countries"

In addition to the survey of young peoples' attitudes and expectations in the future member states (see last weeks ENLARGEMENT WEEKLY), the EU's opinion poll organisation, Eurobarometer, has also released another study which shows that public support is continuing to grow in all thirteen future member states for EU policies such as EU enlargement, membership of the euro, and joint EU decision-making in foreign and defence policy. Among the principal findings:

- Citizens believe the main priorities of the EU should be fighting unemployment, poverty, terrorism, and organised crime and maintaining peace and security in Europe.
- Support for enlargement is continuing to grow, with support at an average of 79% among the countries joining next year, up 4 percentage points since the spring. Among the 13, average support has risen to 78% from 72%.
- Support for joining the euro has risen to an average of 72% in the acceding states, up 3 points from the spring.
- On average, 74% of those polled in the acceding countries support a

Common Foreign and Security Policy. Support for a European foreign minister averages 70% in the acceding countries, up 9 points since spring.

- Support for common defence policy averages 84% in the countries joining next year, up by 4 points from the spring. 80% of those polled in the acceding states backed the idea of an EU rapid military reaction force. More people believe the EU should take decisions on European defence than individual governments or NATO.
- The poll also revealed growing support for ideas such as a common EU asylum policy, an EU seat on the United Nations Security Council, and the need for EU foreign policy to be independent of the US.
- People in the acceding and candidate countries increasingly believe the EU will come to play a more important role in their lives in 5 years time. Two thirds say they would like the EU to play a greater role in their lives.

Malta's farmers can win if they are ready for enlargement

Malta "obtained results that no other candidate country obtained" in agriculture, Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries, told his audience on a visit to Malta this month. "The EU clearly recognised the unique circumstances of Maltese agriculture", he said. "For the years 2004 to 2006, Maltese farmers can count on € 24 million for rural development measures and € 4 million for agricultural market support". In addition, Malta may use special temporary state aids in sensitive sectors to support agricultural producers. For tomatoes, the EU granted Malta reference quantities that go far beyond its current production, and in the wine sector, Malta obtained specific planting rights to increase the present 500 ha of vineyards to 1000 ha. The country also won unique exemptions in rural development, due to its limited size and the special context of its agriculture. And an ad-hoc measure designed to assist Maltese farmers adjust to dismantling of import levies has also been created. But, he stressed, Malta must continue its preparations for membership. "It is of paramount importance that Malta not only continue, but accelerate its efforts to strengthen the administrative capacity in agriculture. Let there be no mistake. Weaknesses in running the Common Agricultural Policy would not only prevent Malta from benefiting fully from membership. It would also mean that the EU would have to claw back EU subsidies which have not been properly spent", he warned.

Enlargement Mini-Briefs

- The faster possible finalisation of privatisation and the return of properties are among the most efficient instruments to fight corruption, Romania's prime minister Adrian Nastase told last week's summit on "Expanding the European investment frontier" in Bucharest. He listed the actions taken recently by his government to cut corruption in Romania, including new anti-corruption legislation, tacit approval procedure and electronic auctions.
- The Association of the Polish Aviation Industry has joined the European Association of Aerospace Industries as a full member. Its representatives will from now on take part in AECMA's working parties and committees, and Miecyslaw Majewski, president of APAI, will become a member of the AECMA board. AECMA secretary general Roger Hawksworth said: "We very much welcome the decision of APAI to join AECMA. The enlargement of Europe is of high importance for our industry and the whole aviation sector. New members such as Poland can make a significant contribution to our industry." The Polish aviation industry employs around 11,000 in 21 companies and provides products and services in all sectors - airframe, engine, equipment - to the global market.
- The Slovak government organised an informal meeting in Bratislava last week between the acceding states and the European Commission on the impact of enlargement on overseas development assistance. Hosted by Slovakia's secretary of state of the foreign

affairs minister Józef Berényi and attended by European Development Commission Poul Nielsen, the meeting allowed some exchange of experiences the opportunities for the future member states in development co-operation after they join the EU.

- The mayor of Prague said in Brussels last week: "We look to the future with many questions, a few fears and a great many expectations". He was speaking at the end of an "Open Days" initiative organised by the EU's Committee of the Regions, bringing together Brussels representations of towns and cities in the enlarged EU.
- The European Commission's **Enterprise** directorate general has published an update of its "Pink Book", listing the EU legislation it is responsible for managing. And with a view to EU enlargement, the list includes sections on the free movement of goods, processed agricultural products, industrial policy, and small and medium-sized enterprises.
- Latvia's minister of finance, Valdis Dombrovskis, has signed the financial memorandum for the Phare 2003 National Programme for Latvia, which allocates assistance of € 45,649,600 for a total of 24 projects. This is Latvia's last share of the Phare programme - which has delivered some € 405 million for annual programmes since 1991. Said Dombrovski: "We received this assistance while still a candidate country, which testifies to EU support for us and demonstrates its confidence that Latvia's integration process will continue and conclude successfully. This is an historic day, as it is the last time we will be signing a contract as a candidate country. Future financial assistance from the EU will be given to us as a member state."
- Speaking in Prague last week, Franz Fischler, EU Commissioner for Agriculture, Rural Development and Fisheries, commended "the excellent co-operation between the Czech authorities and the Commission in the run up to the Czech accession", and congratulated the Czech Republic for its uptake of Sapard funds. "This will allow the Czech agricultural sector to prepare for accession", Fischler said. But he also urged the Czech Republic to speed up preparations. "The Czech Republic needs to prepare its administration. We are concerned about the Czech Paying Agency in agriculture. Its effective functioning of this Agency is of paramount importance. The bulk of support to the agriculture sector will have to flow via this agency. The potential financial consequences would be severe, if the relevant EU Regulations on Paying Agencies were not satisfactorily implemented on time", he stressed.
- Regions and public institutions from the acceding states figure prominently among the applicants for funding under latest call for proposals in the EU's INTERREG III C, which makes some €300 million co-funding available to public bodies at local and regional levels across Europe and the acceding states to form partnerships and learn from each others' experience in regional development. According to Walther Stöckl, of the INTERREG management, the fact that acceding states are eligible for EU structural funds from 1 January 2004 has motivated many EU regions adjoining acceding states to submit projects involving their partners across the borders. The funding decisions will be taken in January 2004.

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
October 2003	

- Sunday 19 -
Wednesday 22
- OLAF Anti-Fraud Communicators Network training seminar for anti-fraud communicators in candidate countries, Bucharest
- 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
 - EU Council of Ministers working group on enlargement meets, Brussels
 - ECJ ruling on access of Turkish workers to the labour market in the transport sector, Luxembourg
- Wednesday 22
- European Parliament foreign affairs committee discusses the "Wider Europe" dossier, Strasbourg
 - Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries, meets Poland's agriculture minister Wojciech Olejniczak, Strasbourg
 - European Council President-in-Office Silvio Berlusconi and Commission President Romano Prodi report to the European Parliament plenary on the outcome of the EU summit of 16 and 17 October and the state of play at the IGC; Strasbourg
 - EU Council of Ministers information group on the Western Balkans meets, Brussels
- Thursday 23
- Accessing states and candidate countries take part in EU Council of Ministers working party on immigration, Brussels
- Thursday 23 -
Friday 24
- European Economic and Social Committee-Bulgaria meets, Bulgaria
 - European Regional Affairs Commissioner Michel Barnier visits Cyprus, and meets President Tassos Papadopoulos, foreign affairs minister George Iacovou, interior minister Andreas Christou, finance minister Marcos Kyprianou, and Parliament Speaker Demetris Christofias, and delivers a speech on "Paving the way for the EU's future cohesion policy".
- Thursday 23-
Saturday 25
- European Regional Affairs Commissioner Michel Barnier visits Cyprus
- Friday 24
- European Commission President Romano Prodi visits Lausanne and meets the President of the Swiss Confederation, Pascal Couchepin
- Monday 27
- Environment Council, Luxembourg
- Tuesday 28
- Member of the Commission responsible for Enlargement and the "Wider Europe", 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
 - Ecofin Council, Brussels
- 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
 - **European Enlargement Commissioner Günter Verheugen presents monitoring reports on the acceding states and regular reports on Romania, Bulgaria and Turkey, European Parliament, Brussels**
- Thursday 6
 - European Economic and Social Committee-Poland joint consultative committee, Brussels
 - European Economic and Social Committee-Estonia joint consultative committee meets, Brussels
 - Justice and home affairs Council, Brussels
- Monday 10
 - Member of the Commission responsible for Enlargement and the "Wider Europe", Günter Verheugen and External Relations Commissioner Chris Patten visit Ukraine
 - European Enlargement Commissioner Günter Verheugen and European External Relations Commissioner Chris Patten visit Ukraine
- Monday 10 -
Tuesday 11
 - 13th EU-Lithuania Joint Parliamentary Committee, Brussels
 - Competitiveness (internal market, industry and research) Council, Brussels
- Thursday 13 -
Friday 14
 - European Economic and Monetary Affairs Commissioner Pedro Solbes visits Slovenia
- Monday 17 -
Tuesday 18
 - European Parliament plenary discusses the "Wider Europe" dossier, Brussels
 - European Economic and Social Committee-Romania joint consultative committee meets, Brussels
 - General Affairs and External Relations Council, Brussels
 - Agriculture and Fisheries Council, Brussels
- Monday 17 -
Thursday 20
 - European Parliament plenary session, Strasbourg
- 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
- Thursday 20
 - Transport, Telecommunications et Energy Council, Brussels
- Thursday 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
 - European Economic and Monetary Affairs Commissioner Pedro Solbes visits Poland
- Friday 21
 - Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries visits Bulgaria
 - Consumer policy informal Council, Rome
- Monday 24 -
Tuesday 25
 - 20th EU-Poland Joint Parliamentary Committee, Brussels
 - Ecofin Council, Brussels
 - Education, Youth and Culture Council, Brussels
- Thursday 27 -
Friday 28
 - 16th EU-Romania Joint Parliamentary Committee, Romania

- European Economic and Social Committee-Slovakia joint consultative committee meets, Brussels
- Justice and home affairs Council, Brussels
- Thursday 27
 - 20th EEA Joint Parliamentary Committee, Romania
 - EU-European Economic Area joint parliamentary committee meets, Brussels
 - Competitiveness (internal market, industry and research) Council, Brussels

December 2003

- Monday 1 - Tuesday 2
 - 12th EU-Estonia Joint Parliamentary Committee, Romania
- 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

- 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

- 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 General Affairs Council, 18.11.02)
 - 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 - Sunday 13
 - Elections to the European Parliament in 25 member states.

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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TOP ↗