

# EU Enlargement

## State of play and issues ahead

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**Günter Verheugen**

*Member of the European Commission, responsible for EU Enlargement*

### **Ladies and Gentlemen,**

It is a pleasure to be invited here today and exchange views with you at the Fifth European Conference of the European Institute of Public Administration. The functioning of the European Union and indeed the success of Enlargement rely to a large extent on efficient public administration at all levels of government.

The Commission therefore encourages initiatives such as this conference today, which aim to bring together public sector decision-makers and contribute to good and solid working relations between them and the countries they represent. Enlargement will only succeed – in the sense of being a *lasting* success – if it has the democratic support of Europe's citizens.

Moreover, public administrations in both the Member States and the candidate countries have a key role to play in helping the population adjust to an enlarged European Union, and to ensure a successful transformation process.

### **2002 is a decisive year for the European Union**

On January 1st, the Euro became a day-to-day reality for 300 million European citizens. Just a few days ago, the Convention on the future of Europe has started working at concrete proposals to make the EU more efficient, transparent and democratic. However, the EU's top priority – and this is not only the view of the Enlargement Commissioner (!), but also the view of the entire Commission and all the Institutions – remains Enlargement.

I have noted with satisfaction that the topic of this year's conference "Enlargement - last lap or last chance" reflects a view which I have repeatedly expressed to

political decision makers in recent months: We have long passed the point of no return and Enlargement must now be pursued as a matter of urgency. We must keep the momentum, which has been achieved, and we certainly cannot afford any substantial delays. This would threaten, if not erode, our carefully balanced accession strategy.

Our aim remains to see the accession of up to 10 new members mentioned at the Laeken European Council in time for the European elections in 2004. The Commission is 100% committed to this ambitious task and is convinced that Enlargement will strengthen, not weaken European integration.

But in order to achieve this aim, important and fundamental decisions need to be taken in the course of this year.

Before looking at some of main issues in the negotiations, it is worth reminding ourselves of the historic opportunity that lies before us and the chance for lasting stability and security in Europe which is at stake:

- The current Enlargement process has already resulted in the extension of democracy and the rule of law to the former communist countries of Central and Eastern Europe. In that sense Enlargement has already fulfilled a historic task.

Moreover, with half a billion consumers - more than the populations of Japan, Australia, Canada and the US combined, the enlarged EU will become the world's largest single market. And, most important since September 11th 2001, closer co-operation in the areas of police, security and defence will make an enlarged EU better equipped against international terrorism and organised crime. Enlargement therefore means first and



*Günter Verheugen, EU Commissioner responsible for Enlargement.*

foremost: increased economic and political stability and increased security for Europe and its citizens.

### ***Continued evaluation of candidate countries***

The results of the Commission's Regular Reports on the candidate countries presented last November indicate that the adoption of the "acquis" is, in general, making good progress. However, the administrative and judicial capacities in the candidate countries need to be raised to EU's standards and the Commission has therefore proposed a specific action plan to help increase institutional efficiency.

At the end of *this* year, the Commission's Regular Reports will assess whether the "candidates for 2004" have an adequate administrative capacity to transpose and implement the acquis by the time of accession.



*Günter Verheugen, speaking at the Conference.*

For that purpose we have set up Action Plans for Administrative and Judicial Capacity with each of the candidate countries.

We will not propose the final accession of any candidate until we are firmly convinced that it is properly prepared and meets all membership criteria - political, economic and legal.

One of our most important tasks this year therefore remains the adoption of the EU's legal framework and the actual enforcement of EU legislation in the future Member States.

### ***State of play of the negotiations***

At present, between 26 and 20 chapters have been provisionally closed with the ten countries in question.

With Bulgaria, 14 chapters have been closed provisionally, nine with Romania.

The progress achieved so far shows that our principles of differentiation (i.e. each country is evaluated individually on the basis of its merit) and catching-up not only look good on paper, but have actually worked in practice!

Following the roadmap for the Spanish presidency, our aim is to see the presentation of the remaining EU Common Positions (agriculture, regional policy, financial and budgetary provisions, institutions and "other") by the middle of the year and to open all remaining chapters with Bulgaria and Romania in the course of 2002.

The information note on regional policy that the Commission submitted to Member States in late 2001, and the financial framework package we presented on 30 January is intended to allow Member States to discuss all chapters with important budgetary implications in a common framework. I will return to this in more detail in a moment. The Spanish presidency also

aims to provisionally close as many "left-over" chapters from previous presidencies as possible.

With a view to the Seville European Council on 21 and 22 June, the Commission will present a report on the action plan for administrative and judicial capacity, including the monitoring of commitments made by candidates in the negotiations.

A few days from now, work on drafting the Accession Treaty will begin. A Drafting Group is being set up for this purpose in the Council. The preparatory work for this (identification of necessary technical adaptations

to the acquis and inventory of agreed transitional measures) is already underway in the Commission services.

### ***Financial framework***

Let me now turn to the topic, which has been hitting

the headlines in recent week: the financial package and the cost of Enlargement:

On 30 January the Commission presented an information note on the budgetary aspects of Enlargement. This sets out the global approach we intend to take in the Draft Common Positions in the areas of agriculture, structural actions and the budget.

In parallel, an agricultural issue paper was presented.

This is more technical than the budget information note and addresses in detail the complex underlying calculations for the agriculture proposals. As regards structural policy, the Commission already presented a horizontal paper at the end of last year.

The most important feature of these proposals is that they are fully in line with the expenditure ceilings agreed in Berlin for the period until 2006. Our aim is to reach an agreement on terms acceptable for all concerned.

The recent discussions in Caceres and during the last ECOFIN Council provided the necessary guidance for the Commission to present these Draft Common Positions in the course of this month and April.

In preparing the DCPs, the Commission will keep to three basic principles:

- First, that the global Berlin ceilings must be respected, even though we are accepting 10 new Member States out of an envelope for 6;
- Second, that new Member States should take part in all common policies, even though in some areas certain transition periods may be required;
- Third, that negotiating positions should be without prejudice to future reforms, but that the negotiations and the reform debate are two separate issues.

We therefore take the view that the package can only be an end point, not a starting point for negotiations. We cannot afford to give rise to further concerns in the

candidate countries that they will not be treated as equal partners. It is for precisely this reason that I also believe new Member States should not see their net budgetary position deteriorate upon accession, which would be politically unacceptable.

#### **Let us look at these issues in more detail**

Regarding agriculture, it is true, no specific provision was made for direct payments at Berlin until 2006. But neither was it ruled out. Politically, it is clear that there can be no two-tier CAP in the medium term *and*, this is equally true, direct payments are part of the existing *acquis*.

In order not to jeopardise the restructuring necessary in these countries, direct payments should be introduced gradually and rural development policy reinforced. The support proposed for rural development makes up more than 50% of the agricultural package.

Our proposal promotes restructuring and rural development and, through a long phasing-in for direct payments, creates a social safety net to prevent large-scale emigration from the rural countryside.

The proposals do not prejudge the future shape of agricultural support in the EU. Enlargement and CAP reform may proceed in parallel, but linking them would risk serious delays of Enlargement. Member States have already agreed that there can be no new preconditions for Enlargement.

For Structural and Cohesion Funds, Berlin offered a 5-year phasing-in. We now only have a 3-year period, so that a compromise is necessary.

Compared to the Berlin framework, 2002-2004, the Commission actually proposes an increase in spending only for the Cohesion Fund, and not for Structural Funds. By focusing the increase on Cohesion Fund expenditure, we facilitate absorption since Candidate Countries are becoming well acquainted with ISPA measures. It also allows to focus activities on environmental and transport infrastructure projects, where we see the main needs in the Candidate Countries.

The amounts proposed for structural, cohesion and rural development measures make up some 76% of the total package. The Commission's proposals have been specifically designed so that the new Member States can build on the experience and the management structures of SAPARD.

#### **A further question is budgetary compensation**

New Member States will have to pay full contributions to the EU budget upon accession, some 5 bn Euro per year. Since there is a real possibility that initially a number of them could temporarily find themselves in a worse position in net terms than in the last year of pre-accession, we suggest to agree on a lump sum payment that should not exceed the payments ceiling foreseen at Berlin. We think this is a better solution than starting

new membership with a reduction on new members' budget contribution.

Finally, our package makes certain supplementary provisions, including measures to help ensure a high level of Nuclear Safety by decommissioning old nuclear power plants in Lithuania and Slovakia and a new Transition Facility for Institution Building to improve administrative capacity in the future Member States.

Finally, reflecting our aim to help resolve the Cyprus problem, we propose new support measures for the northern part of Cyprus.

All in all, I think this is a balanced package, both politically speaking and in terms of its content. Apart from the financial question, several other issues still need to be resolved:

- As regards Cyprus, we welcome the recent improvement of relations and continue to give our full support to the UN initiatives to come to an overall solution. I am personally fairly confident this can be achieved in the required timeframe.
- We also encourage Turkey to continue efforts towards complying with the economic and political accession criteria, emphasising in particular the issue of human rights. The European Council has endorsed the Commission's recommendation that the pre-accession strategy for Turkey should move into a new stage, with the detailed scrutiny of Turkey's legislation and preparation for alignment with the *acquis*.

#### ***Ratification of the Nice Treaty***

The Treaty of Nice, which sets out the essential institutional conditions for Enlargement, has already been ratified by 10 Member States. Apart from fairly lengthy ratification procedures in Belgium and Greece, the "no" vote of the referendum in Ireland in June last year requires further attention. The Irish government is organising a national convention to clarify the issues related to the Treaty as part of a wider forum on the relations between Ireland and the EU.

This might lead to a second referendum in the second half of 2002.

The Commission hopes that all Member States will complete the ratification process as planned by the end of the year.

#### ***Ladies and Gentlemen,***

it is essential that we continue the negotiations in accordance with the timetable of the roadmap. The Commission is determined to proceed on this basis and to provide all necessary proposals in due time.

We are ready to meet our commitments and I would ask you to lend us your support in this truly historic process.

Thank you for your attention. □