Enlargement : Weekly Newsletter: 11 March 2003

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	MALTESE PEOPLE SAY YES			
	Malta, the smallest of the new member states, was also EU accession. In a closely-fought contest, with 92.5% of			

the polls, 52.8% of the population voted on Saturday positively in answer to the question, "Do you agree that Malta should become a member of the European Union in the enlargement that is to take place on 1 May 2004?". 45.7% said they did not agree, while 1,5% of votes cast were invalid.

Romano Prodí, President of the European Commission, welcomed the vote "with special satisfaction". It was, he said, "a positive signal for the ratification process of this enlargement", and "a historic choice which will have a lasting impact for the future of Malta for generations to come". Malta will, stressed Prodi, participate with equal rights and equal obligations in European decision-making. "The European Union is a Union of minorities, where no country has a majority".

* For more information on the referendum timetable, see http://europa.eu.int/comm/enlargement/negatiations/ accession process.htm

CAUTIOUS OPTIMISM FROM VERHEUGEN

Addressing UK members of parliament last week, European Enlargement Commissioner Günter Verheugen carefully balanced his views of the impending enlargement between optimism and realism. "Assuming the ratification goes as planned", and that "everything goes well", he said, in less than 14 months ten new members will enter the EU". But he insisted that it was no time for Europe to drop its guard over the challenges it now faces on the eve of enlargement.

There was no doubt in Verheugen's mind about what had been achieved so far: "The reforms of the societies in Central and Eastern Europe have been impressive. The peoples in those countries have embarked on a unique transformation. Modern democracies based on rule of law and modern administrations have been built ... Bankrupt centrally planned economies have been restructured into competitive market economies. Over a relatively short time span most of the future Member State had mastered this process to such an extent that their integration into the European Union is possible." And, by way of reassurance, he emphasised the meticulous nature of the mechanisms set up for enlargement: they safeguard "a smooth phasing in of the new member states into the policy areas that make up the EU"; they take account of "the constraints they have in meeting the investment-heavy legislation, be it in environment or energy"; they provide for "a substantive and increasing transfer of funds from the old members to the new, a transfer that will make the Marshall plan look modest"; but at the same time the Accession Treaty also "meets perceived and real concerns in the present member states, be it the consequences for the labour market or safeguards in respect of food safety."

But he recognised the difficulties that had arisen in getting so far: "I must admit that there were times when we all despaired" - even if "through determined action and a strong political will we did get through." And he openly admitted that even if the process is well on track, "there is no room for slippage" - spelling out, as he did so, the monitoring exercise the Commission is already conducting to make sure the new member states are in shape to join by next year.

He also saw the exercise as a continuing - and challenging - process. "Peace, security and prosperity is unfortunately not something that will come about by itself", he said. "There is no alternative in order to create peace and stability in this large area of Europe but to extend the structures of European integration towards the East, the Northeast and the Southeast. This is what the enlargement of the EU is all about."

Verheugen was broadly confident about the prospects for positive votes in national referendums in the candidate countries: "Support for enlargement is stable and increasing in the candidate countries. Overall there are support levels at around 60% or above. In Poland for instance the support is close to 70%." But he was cautious here too: "Although this looks reassuring, we should not take it for granted. Last week's rather heated dialogue on the approach towards Iraq resulted in a drop in the support in Poland", he noted. And as far as ratification of enlargement in the present member states was concerned, he said, "I don't foresee any major problems". But, he acknowledged, "there could be some difficult discussions during the parliamentary ratification". There has been very little public debate on enlargement in the present member states, he said, anticipating fears being raised about immigration, criminality, jobs going east, and costs.

GETTING EUROPE INTO SHAPE FOR THE YEAR OF ACCESSION

A clear strategy for 2004 - "the year of accession" - was agreed last week by the European Commission. Its "Annual Policy Strategy Decision for 2004" sets out a political and financial planning framework for 2004, hinged on the work of an enlarged Union. This strategy will now have to be discussed with the European Parliament and the Council of Ministers.

European Commission President Romano Prodi said: "We have set out important measures to prepare for the new member states to join the European Union next May". He highlighted plans to "manage the accession process correctly, develop stability at the borders of the European Union and beyond, and to ensure the foundations are in place for sustainable growth". For Budget Commissioner Michaele Schreyer, the strategy "provides an excellent framework for the preparation of the Preliminary Draft Budget". She described it as an important step towards a fully-fledged budget for 25 member states. And she marked out clearly the Commission's specific needs: "We will be asking for 780 posts to manage the accession process, in addition to the 500 auxiliary posts granted for 2003", she said. The need arises because from 1 May 2004 onwards the new member states will participate in all EU-funded programmes, and the implementation of the entire acquis communautaire must be ensured. "These are the challenges awaiting the EU in 2004 and this is our central priority. Resources necessarily follow priorities", the Commissioner insisted.

For the central "accession" priority of the strategy, additional financial resources will be required not only to finance the extension of EU programmes to the enlarged Union, but also to finance specific transitional measures agreed at the Copenhagen European Council, including the Schengen evaluation mechanism, support for nuclear safety in the new member states, and continued support to reinforce their administrative and institutional capacity. It will also mean increasing funding for Turkey, Romania and Bulgaria over the period 2004-2006.

The new staffing requirements are mainly aimed at reinforcement in 2004 in the fields of regional policy, transport and energy, justice and home affairs and the linguistic services. Altogether, the strategy identifies the need for 1,500 posts within the Commission to support enlargement - but 500 auxiliary posts are already agreed for 2003, and a further 250 posts are being filled by internal reallocation of existing staff.

NB: For details of the financial conclusion of the Copenhagen Council, see http://europa.eu.int/comm/enlargement/negotiations/chapters/

□AND FINANCING THE ENLARGED UNION BEYOND 2006

Strategic thinking on European Union finances beyond 2006 - for an EU with 25 or more members - is also now being developed within the European Commission. Last week an initial framework was agreed by the Commission, with a focus on broad themes rather than specific policies: peace, freedom and European citizenship, freedom and sustainable prosperity, solidarity, administration, and resources. Over the course of the next year the Commission will develop more concrete proposals on expenditure and financing in the future EU financial framework. The planning will also have to take account of the forthcoming Intergovernmental Conference, and to prepare for any future enlargements.

According to European Commission President Romano Prodi: "This work is above all a question of defining the community project for the enlarged and reformed Europe. It aims at preparing the ground for the future development of the EU." And European Budget Commissioner Michaele Schreyer said: "After 2006 the Union will face new challenges. The Union's budget needs to be adequate for our priorities and accepted by the citizens. It should ensure we achieve our goals for external policies, quality of life, enhancing sustainable growth and solidarity".

This broad approach is a response to the complexities of the task. As the Commission pointed out last week, translating the political project of the enlarged EU into financial terms "requires an examination of the nature of the enlarged European Union, its values, its identity, its ambitions, and what policies are needed to deliver the agreed policy goals in particular those requiring public expenditure at the Union level." And this conceptual work needs to start early, because the work that must follow, to agree concrete financing plans among the member states and between the EU institutions, is likely to be more of a challenge than usual. "With 25 member states in the decision-making process, negotiations risk being even more complicated", the Commission remarked.

There is an added incentive to be fully prepared in time, since a number of specific EU programmes due to expire in 2006 will require early decisions on further financing, too: structural actions, research, Trans-European networks, education and training, and culture and media. As Commissioner Schreyer pointed out in late February, when speaking in Finland of the overall timetable: "If the preparations and programming for the new multi-annual programmes, in particular the Structural Funds, are to be completed in time, that is by the beginning of 2007, the necessary legal bases will need to be in place by the beginning of 2006 at the latest. This means that the financial framework in its turn will have to have been adopted preferably in the first half of 2005. It would then be the enlarged Council and the enlarged new elected European Parliament who negotiates and decides with the new enlarged Commission."

EU's FUTURE CITIZENS "BACK THE CAP AND CAP REFORM"

Citizens in the future member states have high expectations of what the European Union is going to do for agriculture and the countryside. According to a recent EU survey, most of them expect that the common agricultural policy will be favourable for farmers, for consumers, for the food industry, and for the environment in the countryside. The survey, conducted by Eurobarometer, assessed opinion in all thirteen countries formally in line to join the EU over coming years, and revealed wide support too for the direction that EU agriculture policy is taking.

Responses gave top priority to using the CAP to ensure safe, healthy food, and to provide support for improving rural life. More than two thirds of respondents explicitly favoured the direction that the CAP is taking, with less subsidy for agricultural products and more funds for the development and protection of the rural economy together with direct support to farmers. In this respect, the survey produced results very similar to another one taken in the EU last year.

Franz Fischler, Commissioner for Agriculture, Rural Development and Fisheries, noted: "Safe and healthy food is clearly a priority for all European citizens, as this survey shows. Concerns for the environment and the need to support a vibrant rural economy from all points of view are shared by citizens in both the current and future member states, and these concerns are being thoroughly addressed in the CAP reform proposals made by the Commission this January."

But the poll disclosed some anxieties too, especially in the Czech Republic and Slovenia, that the introduction of EU-level agricultural policies will be more unfavourable than favourable for farmers. And the European Commission has concluded that a lot still has to be done to provide public information in the new member states about the concept and aims of the CAP. The best informed are the Polish and the Slovenes - but even there only a third of respondents felt they were sufficiently informed.

For the full report, see <u>http://europa.eu.int/agriculture/survey</u> /cc/index_en.htm

TURKEY "NEEDS TO CHANGE" TO JOIN THE EU

Despite Turkey's "impressive" progress in reform, "there continue to be important restrictions in light of the Copenhagen political criteria", European Enlargement Commissioner Günter Verheugen stated unambiguously last week. He cited limitations on freedom of association, freedom of speech, freedom of religion, and the role of the military. "And it concerns implementation such as the suppression of torture", he went on.

The Copenhagen political roadmap provides a chance for Turkey, said the Commissioner. "If the political criteria are fulfilled by the end of 2004, accession negotiations will begin without delay". This, he said, is the same chance as all

the other candidate countries were given and took advantage of. "The sequence is clear, first the political criteria and then negotiations".

Although his recent visit to Ankara demonstrated to him that there is what he called "a new atmosphere", and "impressive determination in meeting the political road-map" among political leaders, "the time is short and there is no room for delays", said Verheugen.

The Commissioner also urged early reflection within the EU on the future change in relationships with Turkey. "On our side we need to start to seriously discuss what the EU with Turkey as a member would imply. Even though a Turkish accession is far from imminent - the negotiations will take several years - public opinion in the EU as well as in Turkey needs to be prepared", he said. "On two things we can be sure: the Turkey that will join the EU will be different from the Turkey of today, and the EU that Turkey joins will have to be different from the EU of today too".

For further information on Turkey and the EU, see: <u>http://europa.eu.int</u> /comm/enlargement/turkey/links.htm

Enlargement news in brief

Gently does it into EMU

European Enlargement Commissioner Günter Verheugen last week added his voice to recent Commission calls for prudence over the speed at which new member states should aim to adopt the Euro. "We can expect that the new member states want to join the Euro area as soon as they are ready", he said. The earliest theoretical date is 2006, after two years in ERM 2 - and, he noted, "this date may very well be the actual target date for several of the new member states". Hungary, Slovenia, Estonia and even Poland are already close to meeting the Maastricht criteria, the Commissioner conceded, and they are better off than Spain, Portugal, Greece and Italy were three years before they introduced the Euro. "But that being said, the future member states are well advised to take the time necessary and not rush the process. They will in the coming years have to stretch their budgets. They need to make heavy investments in the environment and infrastructure. Joining prematurely risks being negative both for the new member states and for monetary union", he counselled.

EU still supporting Cyprus settlement

"The efforts to reach a settlement on the unification of Cyprus will continue right up to the signing of the Accession Treaty on April 16", said European Enlargement Commissioner Günter Verheugen last week, and "We hope that it will be a united Cyprus that we will welcome as a member". The UN proposal on the table would benefit all Cypriots, he underlined, and would bring peace and stability to Cyprus and the whole region. The failure to reach a settlement "would lead to continued economic decline and isolation for the northern part. We can also expect that the affluent Turkish Cypriots will leave the island. The massive demonstrations we have seen over the last weeks show the concern in the Turkish Cypriot community", said Verheugen: "The parties should therefore seize this unique opportunity. It will not come back". But, he insisted again, "With or without a settlement Cyprus is expected to accede to the EU by 1 May 2004". The Commissioner also reminded Turkey that it would also be "well advised to reflect over the consequence of a non-settlement for its EU aspirations". Without a settlement, the situation could arise after 1 May 2004 where Turkey does not recognise one of the EU member states. "It is difficult to see how it would be possible to start accession negotiations under such circumstances", said

Verheugen.

Financing the Kaliningrad transit system

An agreement was signed in Vilnius at the end of February to provide Lithuania with € 12 million for implementing the new system of facilitated transit procedures of Russian citizens through Lithuania to and from Kaliningrad. The deal, signed by minister of finance Dalia Grybauskaite and head of the European Commission Delegation Michael Graham, is the EU's delivery on its pledge to cover any additional costs to Lithuania of fulfilling the relevant provisions of the Schengen Acquis and the EU-Russia Joint Statement of November 2002. As an exception to the usual EU rules for funding under its Phare programme, the EU will pay for 100% of the project, which aims to guarantee proper control of transit of passengers. The Facilitated Rail Transit Documents/Facilitated Transit Documents scheme is intended to be operational by the beginning of July. The money will support the necessary administrative tasks, as well as improving border security at Kena and Kybartai border crossing points, where transit trains enter and leave the territory of Lithuania. It will also help control of trains crossing Lithuania to prevent any unauthorised disembarkation or illegal unloading or dropping of goods during transit.

Monitoring the acceding states

"This enlargement is different from previous ones in that it not only concerns commitments given at the negotiation table. This time we have also put substantial efforts into supporting and monitoring that the commitments are implemented", said European Enlargement Commissioner Günter Verheugen last week. His services have already compiled an extensive initial assessment of the extent to which candidate countries are meeting their commitments. "The scrutiny of the candidate countries is far reaching", he said. "It concerns everything from hygiene standards in slaughterhouses to the computerisation of customs. We will present a comprehensive report on the situation in October. If despite all efforts it turns out that there are deficiencies by accession we have, and we will apply, safeguards", he insisted.

Observers in the European Parliament

The new member state will not be able to send directly elected representatives to the European Parliament until after the European elections of 10-14 June 2004, but Parliament has decided to invite 162 observers from the ten new countries to take part in its work after the Accession Treaty has been signed next month. So temporarily, the number of Members of the European Parliament will rise from 626 to 788, until the June 2004 elections, when most of these observers will likely become full MEPs. As the representatives from the acceding countries will, until 1 May 2004, have a national mandate without formal status within the European Parliament, they will have only limited rights to participate in Parliament's work. They will be able to attend plenary sessions and have a seat in the Chamber, but without the right to speak or vote. However, within Parliamentary committees they will have the right to speak - although again not to vote. They will also be able to submit documents to a parliamentary body in whose work they are taking part through the chairman. The observers from the future Member State will only be able to claim travel expenses actually incurred plus a daily allowance. They will not be able to claim other allowances. .

Enlargement Mini-Briefs

- Estonia faces some weeks of coalition building after its March 2 general election failed to give any party a clear majority. However, there are few EU concerns on the attitude that the new government will take towards accession: there is a strong consensus among the key winners in the poll over Estonia's European destiny.
- Tayyip Erdogan is set to become Prime Minister of Turkey, after winning a parliamentary by-election at the weekend. Now he has a seat in the parliament, the leader of the ruling AK Party can also legally become Prime Minister.
- The lowest wage rate in the acceding states is in Latvia, at € 2.42 an hour, and in Lithuania, at € 2.71, according to the latest Eurostat statistics. The highest rate is in Cyprus, at € 10.74 an hour, and Slovenia, at € 8.98. Taking the candidate countries altogether, the spread is even wider, since in Bulgaria the rate is € 1.35 and in Romania € 1.51.
- Former Czech Prime Minister Vaclav Klaus has been elected President of the Czech Republic, in succession to Vaclav Havel. Senior EU sources officials welcomed his election, and said they looked forward to co-operating with him.
- Poland is facing its upcoming referendum on EU accession with a minority government, following the collapse of the ruling coalition. Prime Minister Leszek Miller fired his junior Peasant Party partners - some of the most outspoken critics of the EU accession terms, particularly on agriculture - after repeated disputes over voting.
- The Commission's Directorate General for Enlargement is allocating some € 5 million to inform specific groups and networks of civil society (general public, young people, vulnerable groups, rural population and enterprises) on the issue of the enlargement of the EU. The Commission welcomes proposals submitted by partners from at least 3 EU Member States, with the possibility of involving additional partners from candidate countries. For further information and application forms, see the enlargement web site at

http://europa.eu.int/comm/enlargement/communication/#call civil society

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.

Date March 2003	Event	
Tuesday 11	**	European Commission President Romano Prodi presents to the European Parliament the Commission's annual policy strategy and 2004 budget, particularly including funding for enlargement; Strasbourg
		The European Parliament discusses voting arrangements in the European Central Bank governing council when new member states join the eurozone, Strasbourg.
	***	European Parliament debates support for agriculture in the applicant countries, Strasbourg. European External Relations Commissioner Chris Patten makes a statement on the neighbours of an enlarged Europe: a new framework for relations with the EU's neighbours to the east and south, European Parliament, Strasbourg
Thursday 13		European Enlargement Commissioner Günter Verheugen visits Paris and speaks at the 'Institut Français des relations Internationales (IFRI) European Court of Justice gives its Opinion in the case seeking annulment of the 2001 Council

		Decisions on agreement with Bulgaria and Hungary for carriage of goods by road and the promotion of combined transport.
Friday 14		Central Moravia presentation, Brussels Viviane Reding, European Commissioner in charge of Education and Culture, speaks on language, culture, learning and social progress in an enlarged Europe, Paris.
Friday 14- Saturday 15		Greek Economic and Social Committee conference on consumer protection and enlargement, Thessaloniki
Friday 14- Sunday 16	***	VIVATUR 2003 tourism, sport, and leisure exhibition, Vilnius,
Tuesday 18th		General Affairs and External Relations Council, Brussels
Wednesday 19		European Economic and Social Committee forum on Northern Dimension, Brussels
Friday 21st		European Council, Brussels
Sunday 23rd		Referendum in Slovenia on EU accession
Saturday 29	*	European Enlargement Commissioner Günter Verheugen visits the Czech Republic
Sunday 30th		Referendum in Cyprus on the UN plan (to be confirmed)
Monday 31- Tuesday 1 April		European Enlargement Commissioner Günter Verheugen visits Hungary.
April 2003		
Thursday 3 - Friday 4		Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries visits Hungary
Saturday 12th		Referendum in Hungary on EU accession
Monday 14th		General Affairs and External Relations Council, Luxembourg
Wednesday 16th		Signature of the Accession Treaty, Athens European Conference, Athens
May 2003		
Friday 2nd		Informal foreign affairs ministers meeting, Greece
Saterday 10th - Sunday 11th		Referendum in Lithuania on EU accession
Friday 16 and Saturday 17th		Referendum in Slovakia on EU accession
Monday 19th		General Affairs and External Relations Council, Brussels
June 2003		
Sunday 8th		Referendum in Poland on EU accession
Sunday 15th and Monday 16th	*	Referendum in the Czech Republic on EU accession
Tuesday 17th		General Affairs and External Relations Council,

3/11/2003

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

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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