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ON THE PROJECT

The future development of the European Union will be determined by two processes: the accession of thirteen or even more countries, and the ongoing process of internal reform and deepening of European integration, known as Agenda 2000. Both processes are closely linked and will change the face of the Union in the 21st century.

T.E.P.S.A. – Institutes in the 15 EU-countries and the four associated partner institutes from Central and Eastern Europe initiated this semi-annual stock-taking in order to monitor the main features and problems of the accession and negotiation process as well as positions and bargaining strategies of the actors involved. A standardised questionnaire was used by all institutes. Due to the specific position of the applicant countries, country reports from the Czech Republic, Hungary, Poland and Slovenia are presented in a separate section of this survey.

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This survey was conducted on the basis of a questionnaire, sent out in May 2002. Most institutes replied between August and mid-October 2002. Issues of Enlargement-Watch are available on the World Wide Web (<http://www.tepsa.be>) and on the homepages of the T.E.P.S.A.-Institutes. The current issue covers the time period between January 2002 and September 2002.

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Introduction

This issue of *Enlargement/Agenda 2000-Watch* covers the run up of the EU and the candidate countries to the „endgame“ of accession negotiations. Leftovers from the overall successful Spanish Presidency were the financial aspects of the difficult chapters. These concerned Common Agricultural Policy, notably direct payments to farmers from the new member states, the level of allocations for structural operations under the regional policy chapter and the contributions of the new members to the EU budget and the need for temporary compensations. These open questions were finally settled at the recent European Council in Brussels (24/25 October 2002). Now the EU-15 are in a position to transmit common negotiating position on all outstanding issues to the twelve candidates.

Proposal by the European Commission for the Financial Framework for Enlargement 2004-2006 30 January 2002 (€bn, 1999 prices)

Scenario: Accession of 10 new Member States in 2004	2004	2005	2006	total
Commitment appropriations				
Agriculture	2048	3596	3933	9577
<i>thereof:</i>				
direct payments	-	1173	1418	2591
market organisation	516	749	743	2008
rural development	1532	1674	1781	3455
Structural actions	7067	8150	10350	25567*
Internal policies	1176	1096	1071	17631
Administration	503	558	612	1673
Total commitment appropriations	10794	13400	15966	40160
<i>Total commitment appropriations (Berlin 1999 scenario)</i>	<i>11610</i>	<i>14200</i>	<i>16780</i>	<i>41833</i>
Payment appropriations (Enlargement)	5686	10493	11840	28019
<i>Payment appropriations (Berlin 1999 scenario)</i>	<i>8890</i>	<i>11440</i>	<i>14220</i>	<i>34550</i>

* The Brussels European Council of 24/25 October 2002 decided to reduce the means provided for structural actions to a total of 23 billion €

Source: Common Financial Framework 2004-2006 for the accession negotiations, Information note by the European Commission, SEC(2002) 102 final, 30 January 2002

Admittedly, the outcome of the endgame-negotiations is still open. However, the EU, spurred by the Commission (see table above), responded positively to key financial and political interests of the future member states. At the same time defenders of the status quo of the EU-15 won the day. Those countries, that originally wanted to take decisive reform steps (namely on the CAP), under the pressures of enlargement achieved little more than summit rhetoric on future budgetary discipline. The Agenda 2000, as concluded in March 1999, is still an important reference point with regard to the ceiling for expenditure on enlargement in the period 2004-2006. However, what will happen thereafter and with a view to the next financial framework 2007/2013 is wide open. Then 25 countries will have to agree on the future financing and policies of the EU.

The 17 country reports collected in this issue outline the specific interests of EU member states and four acceding countries (Czech Republic, Hungary, Poland and Slovenia) in the accession negotiations. They highlight domestic political constellations in the countries and discuss trends and priorities with regard to enlargement policy. Moreover, they inform about the still critical development of public opinion in the EU member states and candidate countries. However, compared to the information given in the last issue of *Enlargement/Agenda 2000-Watch*, which has been based on Eurobarometer data from spring 2001, net support for enlargement increased by two percentage points. Last but not least, the rather unspectacular role of representatives from candidate countries in the convention on the future of the European Union is evaluated in the country reports.

After the positive result of the Irish referendum and the decision of the Brussels summit to complete negotiations with ten countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia), the EU of 25 members is now within reach.

The case of membership of a divided Cyprus is still a concern for many EU countries, but the issue will not block enlargement. The EU reassures Bulgaria and Romania, the two countries not included in the first round of enlargement, that they will gain more assistance for catching up. 2007 is named as a probable target date for their membership. How to treat Turkey in the context of enlargement is deferred to the Copenhagen summit. Today, bureaucratic politics and the routine of enlargement negotiations on the part of the EU cover up the dramatic leap from a EU-15 to a EU of 25. However, scene change from how to enlarge to how to govern the enlarged EU effectively is underway.

Thus it is widely expected – despite a reluctant or indifferent public opinion in many member states – that the Danish Presidency will complete the circle from Copenhagen (1993) to Copenhagen in December 2002.

*Barbara Lippert
Berlin, October 2002*

MAIN EVENTS FROM JANUARY 2002 TO OCTOBER 2002

- 1 January 2002** Beginning of the Spanish EU-Presidency. According to its work programme the Presidency will mainly focus on the following issues: The enlargement negotiations should go forward towards a possible completion with up to ten candidate countries by the end of 2002. The EU-15 will have to come up, by the end of June 2002 at the latest, with final common negotiating positions on the remaining difficult chapters for which the EU has not yet taken official negotiating stance: Agriculture, regional policy and structural instruments, financial and budgetary provisions, and institutions. Emphasis is put on an effective implementation and enforcement of the Community acquis is to be enforced by the candidates in all areas.
- 30 January 2002** The European Commission presents an information note titled “Common Financial Framework 2004-2006 for the Accession Negotiations”, which is meant to serve as a basis to agree on the financial implications of the “difficult chapters” agriculture, regional policy and budget. The Commission proposes a phasing-in of direct payments for farmers in the new member states until 2013. The proposal respects the expenditure ceilings of the Agenda 2000 with regard to the total amount of approximately 40 billion € (appropriations) for 10 acceding countries over a three year period.
- 12 February 2002** Meeting of EU finance ministers (EcoFin-Council). The EU net payers Germany, UK, Austria, Sweden and the Netherlands oppose the financial package proposed by the Commission as too costly. They want to phase out direct payments after 2006 for all members.
- 28 February 2002** Opening of the Convention on the Future of the European Union in Brussels. The Convention consists of 105 Members including representatives of the heads of state or government of the member states, of the national parliaments, of the European Parliament, of the European Commission, of the governments and national parliaments of the 13 candidate countries.
- 1-8 March 2002** The Commission completes bilateral arrangements with each of the twelve negotiating candidates aimed at implementing a new 250 million Euro “Action Programme” to help the future entrants set up the required administrative, institutional and judicial capabilities for implementing EU legislation after accession.
- 21 March 2002** Deputy-level negotiating meeting with ten of the twelve candidate countries (all except Slovenia and Latvia) in Brussels.
- 11 April 2002** In a joint statement Commissioner Verheugen and the Czech Prime Minister, Milos Zeman, reassure that a series of post-World War II decrees depriving mainly Czechoslovak Germans (Sudetendeutsche) of their citizenship and property (the so-called Benes Decrees) belong to the past, and will not affect the Czech Republic's EU accession.
- 19-22 April 2002** Deputy-level negotiating meeting with the twelve candidate countries in Brussels.
- 7 May 2002** The Commission proposes a joint external border control in an enlarged Union. By 2007, control management of the EU's external frontiers should become a joint EU responsibility and lead to a “European Corps of Border Guards” in charge of monitoring the external borders.
- 10-11 June 2002** A negotiating meeting at ministerial level is held with the twelve candidate countries in Luxembourg.
- 21-22 June 2002** European Council in Seville. The European Council reaffirms that, if the present rate of progress in negotiations and reforms is maintained, the EU is determined to conclude the negotiations with Cyprus, Malta, Hungary, Poland, the Slovak Republic, Lithuania, Latvia, Estonia, the Czech Republic and Slovenia by the end of 2002. The principle of differentiation must be fully complied with until the end of the negotiations. It emphasises

that the first Treaties of Accession could be signed in spring 2003. The objective remains that these countries should participate in the elections to the European Parliament in 2004 as full members.

- 28 June 2002** Deputy-level negotiating meeting with all candidate countries in Brussels.
- 1 July 2002** Beginning of the Danish Presidency. Denmark aims to conclude negotiations with up to ten candidate countries at the European Council in Copenhagen in December. To complete the enlargement circle “from Copenhagen to Copenhagen” is the priority of the Danish Presidency.
- 10 July 2002** In the context of the CAP mid-term review, European Agriculture Commissioner Franz Fischler presents a proposal aimed at major changes of the Common Agricultural Policy of the EU. Both the planned entry of new EU members in 2004 and the forthcoming talks on trade liberalisation in the WTO should be prepared, while bringing the CAP closer to the needs of consumers and tax-payers. In a major shift towards rural development, direct aid to farmers should be annually trimmed by 3 for the next seven years and the money spent on rural measures. This transfer would concern 20% of direct aid funding. Payments should be dependent on stricter criteria related to environment, food safety and animal welfare. Aid to larger farms would be capped at 300.000 euros a year. The CEECs give cautious welcome to the Fischer plan while member states are divided.
- 15 July 2002** The EU Agricultural Ministers hold a council meeting in Brussels. A discussion of the mid-term review of the Common Agricultural Policy (CAP), as presented by the Commission on 10 July, shows differences between the member states, mainly with regard to the time-table of reform; nevertheless, the Council demonstrates that broad support exists for the reinforcement of the second pillar of the CAP (rural development).
- 29-30 July 2002** Deputy-level negotiating meeting with all twelve candidate countries in Brussels.
- 5 September** The prime ministers of the “Visegrad countries” Poland, the Czech Republic, Slovakia, and Hungary reiterate at a meeting in Krynica Gorska their determination to continue and strengthen their regional co-operation, not only in the last phase of EU accession but also in their position as future EU members – following the example of the Benelux countries and countries from the Nordic Council. The four premiers agree that the most likely period for holding referendums on joining the EU in their countries is from April to June 2003.
- 18 September 2002** The Commission proposes new measures to be applied to Russian citizens, when travelling to and from Kaliningrad to Russian mainland passing through the future EU-member state Lithuania. A “Facilitated Transit Document” delivered by the Lithuanian authorities and only valid for direct trips might be introduced.
- 1 October** A negotiating meeting at ministerial level is held with ten candidate countries in Brussels (no meetings were held this time with the Czech Republic and Lithuania).
- 18 October** Deputy-level negotiating meeting with the twelve candidate countries in Brussels.
- 19 October** The second Irish referendum on the Nice Treaty ends up with a Yes vote at 62.89 per cent and a No vote at 37.11 per cent. Thus, the EU has now “paved the way for the European Council in Copenhagen to conclude the accession negotiations and welcome the first new Member States”, according to Anders Fogh Rasmussen, chairman of the Danish EU presidency.
- 24-25 October 2002** European Council in Brussels. The heads of state and government agree that direct payments equivalent to 25 per cent of the present system would be introduced in new member states from 2003 onwards. The EU grants that after accession no candidate will be situated financially worse than in the last year before EU-entry. The cohesion funds will be endowed with 23 billion. Euro between 2004 and 2006 (approximately 2.5 billion €less than proposed by the Commission). Based on this agreement, Common Negotiating Positions on all open chapters can be transmitted to the applicants in early November and the negotiations be completed at the Copenhagen Summit in December 2002.

LIST OF ABBREVIATIONS

CAP	Common Agricultural Policy
CEEC	Central and Eastern European Countries
CFSP	Common Foreign and Security Policy
CIS	Community of Independent States
ECOFIN	Economic and Finance Council (of ministers)
ECJ	European Court of Justice
EMU	European Monetary Union
EP	European Parliament
ESDP	European Security and Defence Policy
EU	European Union
FRY	Federal Republic of Yugoslavia
GD	General Directorate
GDP	Gross Domestic Product
IGC	Intergovernmental Conference
IMF	International Monetary Fund
ISPA	Instrument for Structural Policies for Pre-Accession
MTR	Mid-Term Review (of the Common Agricultural Policy)
NATO	North Atlantic Treaty Organization
NGO	Non-Governmental Organisation
OECD	Organization for Economic Co-operation and Development
PCA	Partnership and Co-operation Agreement
PHARE	Poland and Hungary: Action for the Restructuring of the Economy
PM	Prime Minister
QMV	Qualified Majority Voting
SAA	Stabilisation and Association Agreement
SAPARD	Special Accession Programme for Agriculture and Rural Development
US	United States
WTO	World Trade Organization

ANALYTICAL SURVEY BY EU-COUNTRIES

1. With regard to the accession negotiations and the enlargement of the European Union, which are the likely positions of your country (Government, political parties, pressure groups, wider public academia/think tanks) in view of

?? **Common Draft positions:** In the course of the last months, the current member states had to agree on common draft positions in the field of CAP, structural policy and budget. Against the background of the existing Agenda 2000 settings which are the main positions of your country with respect to the substance and the financial aspect of the Common Draft Positions in these fields, or, in the case of candidate countries, what are the reactions respectively?

?? **Reforms and “Agenda 2007”:** Given the need to reform CAP and structural policy and to agree on a new financial framework for the period 2007/2013 which reform elements and financial considerations are the most important for your country? In terms of the timing and sequence of reform steps which are key dates or elements to kick off the debate (European Council Copenhagen signal for reform?; mid-term review CAP 2002; cohesion report 2003? ; new EP/Commission in 2004/05 or others?)?

?? **Time-table for the accession negotiations:** As foreseen by the European Council, the accession negotiations with the most advanced countries shall be concluded by the end of the year 2002. The “endgame” will probably happen at the Copenhagen summit in December 2002. Is there an expectation in your country for the end of negotiations at a later stage? What seem to be major obstacles?

?? **Outcome of the accession negotiations:** With regard to the preliminary transition periods that

have already been agreed so far and with regard to the performance of the candidates in light of the Copenhagen criteria which effects on the enlarged Union are expected in your country? Which problems, constraints and weaknesses can be named in particular?

?? **Effects of enlargement:** With the accession of ten or more new members within the next few years is there a new impetus or rather stagnation expected as far as some policy fields (environment, social policy, ESDP) or regions and countries (Mediterranean, Eastern Europe, USA, Russia) are concerned?

?? **Public Opinion:** Which sensitivities with a view to public opinion and pressure groups must be taken into account by the government of your country with regard to the Common Draft positions on CAP, structural policy and the new financial framework? How did support for enlargement/accession also in view of sensitive chapters of negotiations develop over the last months in your country?

Austria

Common Draft positions

In a statement drawing a balance of Austrian foreign policy efforts of recent months, Foreign Minister Ferrero-Waldner declared that the points in her government’s programme concerning EU enlargement had been wholly achieved (‘1:1 abgearbeitet’).¹

Generally, the planned reform of the EU’s Common Agricultural Policy (CAP) – as put forward by EU Commissioner Franz Fischler in the mid-term review presented on 10 July 2002 – was received warmly in Austria, in

¹ People’s Party (ÖVP) press statement, 31 July 2002, www.oevp.at.

particular because it was claimed that it would benefit small farms, which constitute 80% of Austrian agriculture.² Broadly speaking it is fair to say that there is a consensus that the CAP must be reformed.³

Thus for example the Social Democratic Party (SPÖ) welcomed Fischler's reforms. In particular it welcomed the possibility to move from – as it sees it – a highly subsidised policy of mass production to a more environmentally friendly agricultural policy with an emphasis on quality rather than quantity; further to put a ceiling on individual payouts, thus restricting the amount going to large farms to €300.000; and to cut direct payments by 20% in the next six or seven years. At the same time the SPÖ criticized heavily what it sees as lobbying in favour of large farms and the 'agro-industry' by Minister of Agriculture Molterer.⁴ However, voices within the Social Democratic Party suggested that a serious debate on reform of the CAP could only begin after German federal elections in September 2002.⁵

The Austrian Federation of Industry declared itself in principle in agreement with the CAP reform suggestions put forward by Commissioner Fischler, stating that it was necessary to have a transitional strategy with which to deal with the accession of new members and a future, more substantial reform of the CAP. The Federation's emphasis was decidedly on the *transitional* nature of this strategy, because in its assessment the CAP cannot be continued in this form. In the long run it would be necessary to invest a greater amount of the EU budget into the so-called Lisbon Process, meaning the areas of education, research and development and infrastructure, General Secretary Lorenz Fritz stated.⁶

However, it was also reported that representatives of the Austrian farming lobby had made attempts to block any change.⁷

As regards members' contributions to the EU budget, Foreign Minister Ferrero-Waldner stated that the Austrian government was committed to a national contribution of 'more or less' 1.1%.⁸ The Freedom Party (FPÖ) maintains that the EU should not make use of its right in principle to raise the level of national contributions to the EU budget from 1.1% to the maximum amount 1.27%. In this vein, FPÖ Member of the European Parliament Ilgenfritz put forward a motion to fix the maximum level of contribution at the current level of 1.1%.⁹

The Federal Chamber of Labour claims that the EU has only concerned itself with the costs of enlargement for the period 2004-2006, and not thereafter. It demands clarity over who will bear the costs and rejects that this should be the workers of the EU (and Austria in particular). Concerning the EU budget, the Chamber criticizes it for being out-of-date and having a too strong emphasis on agriculture (over 50% of the budget, according to its calculations). It demands that the majority of the future budget will instead be applied to measures boosting employment and education. According to the Chamber of Labour, as things stand, Austria would only benefit from EU payments in the agricultural sector, thus putting an unfair burden on non-agricultural workers. Hence, reform of the CAP is urgent and necessary, and the Chamber of Labour supports in essence the reform suggestions put forward by Commissioner Fischler, demanding a move away from the high subsidisation of large farms and the end of direct payments.¹⁰

Reforms and "Agenda 2007"

There are fears that the Austrian Bundesland *Burgenland*, which will receive 'Objective 1'-area structural assistance for the period 2000-2006.¹¹ will no longer qualify for assistance

² 'Die Presse' (Austrian Daily Newspaper), 4 July 2002.

³ 'Die Presse', 16 July 2002.

⁴ See the statement by SPÖ representative Josef Cap, SPÖ press statement, 17 July 2002.

⁵ Statement by SPÖ representative Hannes Swoboda, SPÖ press statement, 22 June 2002.

⁶ Austrian Federation of Industry press statement, 11 March 2002, www.iv-net.at.

⁷ 'Die Presse', 16 July 2002.

⁸ People's Party (ÖVP) press statement, 31 July 2002.

⁹ Freedom Party (FPÖ) press statement, 15 May 2002, www.fpo.at.

¹⁰ Federal Chamber of Labour press statement, 19 June 2002, www.arbeiterkammer.at.

¹¹ This assistance is for EU regions whose GDP per capita is below 75% of the EU average. The Burgenland is in the far Southeast of Austria, borders on Slovakia, Hungary and Slovenia, and

after enlargement and that it will lose out by underprivileged regions within the new member states. Thus, the period leading up to 2006 and the conclusion of a new financial framework for the period 2007-2013 may be said to be of crucial importance for Austria.

As regards dates to kick off the debate, the CAP mid-term review is widely considered as being a major impetus for the debate on the necessary reforms with a view to enlargement. According to a source in the Ministry for Foreign Affairs, 'Austria is interested to strengthen the model of a multifunctional agriculture, to guarantee sustainability, to improve food quality and food safety, to strengthen the international competitiveness of European agriculture and to stabilize the economic position of the farmers. On the other hand Austria's position as a net contributor in the EU is certainly an element that will also shape the discussion process on the reform of CAP in 2006 as well as the new orientation of the structural policy after 2006'¹².

The same source envisages the beginning of negotiations for a reform of CAP and the new financial framework for 2007-2013 as starting in 2005/2006, i. e. after accession.¹³

Time-table for the accession negotiations

In principle the Austrian government considers it possible to stick to the timetable for accession as declared at the Laeken summit in December 2001 and confirmed at the Seville summit of June 2002. Accordingly, ten countries of Central and Eastern Europe and the Mediterranean will complete accession negotiations in 2002. Therefore, the Austrian government expects the 'endgame' to take place at the Copenhagen summit in December 2002, and the new members to join on 1st January 2004. Statements made by the Federal President Thomas Klestil¹⁴ and the Minister for Economic Affairs Martin Bartenstein¹⁵ in July

2002 confirm this. Most political parties and pressure groups share this view.¹⁶

However, from the Austrian perspective various issues continue to loom on the horizon and may well represent obstacles to the successful completion of accession negotiations and subsequent ratification of the accession treaties. These can be divided into external, foreign policy and domestic stumbling blocks.

Externally, German federal elections are to be held on 22 September 2002. It is perceived that further debate and decisions on EU enlargement will not proceed until this event and might thus delay negotiations with the accession countries. Other countries holding elections in the autumn of 2002 are Sweden, Slovakia and Turkey, the latter being relevant to the political debate in Cyprus. Developments in these countries also have the potential to further delay accession negotiations.¹⁷

In terms of foreign policy, firstly, the unresolved issue of the so-called 'Benes decrees' remains a potential stumbling block. The People's Party (ÖVP), the Social Democratic Party (SPÖ), the Green Party (Grünen), as well as Federal chancellor Wolfgang Schüssel, Federal President Thomas Klestil¹⁸ and the President of the Lower House of Parliament (Nationalrat) Heinz Fischer¹⁹ have declared several times that enlargement is more important than these issues, but the fact is that they remain unresolved. In contrast, the so-called 'Avnoj decisions' of Slovenia – essentially a similar issue²⁰ – have vanished from the public debate because the Slovenian government – largely under pressure from the EU – has taken a very pragmatic line over resolving the matter.²¹

thus for many years suffered by bordering on the 'iron curtain' Cold War division of Europe.

¹² Interview with an official of the Ministry for Foreign Affairs, September 2002.

¹³ Interview with an official of the Ministry for Foreign Affairs, September 2002.

¹⁴ 'Die Presse', 4 July 2002.

¹⁵ 'Die Presse', 12 July 2002.

¹⁶ See for example Social Democrat Hannes Swoboda's statement of June 2002, SPÖ Press statement, 13 June 2002, www.spoe.at; or the position paper by the Federal Chamber of Labour 'Die Erweiterung der Europäischen Union', 1 February 2002.

¹⁷ 'Die Presse', 25 July 2002.

¹⁸ 'Die Presse', 4 July 2002.

¹⁹ SPÖ press statement, 16 July 2002.

²⁰ As reported in Enlargement/Agenda 2000 Watch 3/2000, p. 66.

²¹ 'Die Presse', 8 August 2002.

In contrast, the Czech government and authorities have continuously been perceived by Austrian politicians as being stubborn in their insistence that these issues are non-negotiable. Hopes were raised that the Czech elections in June 2002 would bring a government to power more willing to make concessions over these issues, but these hopes were dashed when a new government under Prime Minister Vladimir Spidla and Foreign Minister Cyril Svoboda was elected and immediately made statements about the willingness to talk, but upheld a firm denial of the possibility to negotiate.²²

Secondly, the issue of nuclear safety in accession candidate countries has long been a concern for Austria.²³ Progress has been made on these issues, and Austria welcomed the closure of nuclear plants in Bohunice (Slovakia), Kosloduy (Bulgaria) and Ignalia (Lithuania).²⁴ At the Seville summit and in the so-called Brussels agreement, a common EU position was found, which should guarantee common standards and practices in the nuclear power field and specifically as regards the Temelin nuclear power station close to the Austrian border in the Czech Republic – which, since the last report, has started operation. This, if implemented successfully, should satisfy Austria's concerns. Austrian Foreign Minister Ferrero-Waldner confirmed on 31 July 2002 in a press conference that the Austrian government would be closely monitoring the new Czech government's actions and would ensure that it implements the Brussels Agreement.²⁵ The new Czech Foreign Minister Cyril Svoboda, in an interview with the Austrian press, subsequently confirmed that his government would be keeping to this agreement.²⁶ If this is true, the issue of Temelin should thus finally have been overcome and no longer represent a hurdle to enlargement. Closure of the plant – long debated – no longer seems an option. As reported in the last issue of *Enlargement/Agenda 2000-Watch*,²⁷ a petition

on the closure of Temelin was indeed held in January 2002 and was signed by more than 900.000 Austrians. Though this is not binding on the Austrian government, it has an impact on the debate.

Having said all of the above, the recent massive flooding of Central Europe, including Austria and the Czech Republic, may perhaps influence this situation. At the annual 'Forum Altbach' – a top-level unofficial gathering of politicians and business leaders – the Austrian Federal Chancellor Schüssel and Foreign Minister Ferrero-Waldner met the Czech Foreign Minister Svoboda and declared a general spirit of cooperation and sympathy amongst these states.²⁸ This atmosphere might conceivably lead to a softening of positions, especially as the EU has already put forward suggestions for a European fund to deal with natural catastrophes,²⁹ which would of course also benefit future members like the Czech Republic.

Thirdly, there is the continuing issue of transport/transit through Austria, specifically regarding the treaty on transit traffic with the EU. As reported in *Enlargement/Agenda 2000-Watch*,³⁰ this treaty, which contains an elaborate framework for limiting transit traffic through a system of eco-points, will expire at the end of 2003. The Austrian government has demanded a continuation of the agreement in principle – thus enabling itself to limit trans-Austrian heavy traffic – but considers itself bullied by the EU Commission to concede over this matter.³¹

At the same time, which complicates the issue, and makes a rapid solution seem less likely, the EU Commission and the Austrian government continue to argue over the exact number of journeys counted (and the system of counting them). Perceived by the Austrian government as increasingly confrontational, the EU Commission decided in late July to release in one go the entire eco-point allocation for the rest of 2002.³² This led the Austrian

²² 'Die Presse', 25 July 2002.

²³ See *Enlargement/Agenda 2000 Watch* 4/2002, p. 26.

²⁴ See *Enlargement/Agenda 2000 Watch* 3/2000, p. 11.

²⁵ 'Die Presse', 1 August 2002.

²⁶ 'Die Presse', 20 August 2002.

²⁷ *Enlargement/Agenda 2000 Watch* 4/2002, p. 26.

²⁸ 'Die Presse', 26 August 2002.

²⁹ 'Die Presse', 26 August 2002.

³⁰ *Enlargement/Agenda 2000 Watch* 4/2002, p. 26.

³¹ 'Die Presse', 2 July 2002.

³² 'Die Presse', 25 July 2002.

government to the threat of taking the issue to the European Court of Justice.³³

Meanwhile, the Austrian Minister for Infrastructure, Mathias Reichhold, recently declared his pessimism with respect to the continuation of the treaty on transit traffic with the EU. A transition agreement was formulated in 2001, pending a longer-term solution, but is already being criticized by other EU members. Thus he anticipates a 'showdown' in the next couple of months, as the pressure of enlargement will naturally boost an agreement. A new strategy foresees collaboration with Germany and Italy, which the Minister intends to cement at a summit in Vienna in November, thus hoping for support within the Commission and in the enlargement negotiations. This strategy also takes into account a new North-South tunnel in the Brenner region.³⁴

Domestically, while it is fair to say that most of the political classes, think tanks and indeed an increasing percentage of the population of Austria (see below) are generally in favour of enlargement, there is the potential for a significant crisis within the current government coalition.³⁵ The People's Party is consistently in favour of enlargement, its coalition partner, the Freedom Party (FPÖ), is not. While formally the declaration, which the coalition partners were compelled to sign by Federal President Thomas Klestil prior to forming a government in February 2000 commits the coalition to enlargement,³⁶ the FPÖ nevertheless continues to periodically threaten

to veto accession either directly (by voting against ratification of the accession treaty in Parliament) or indirectly by petitions such as the one held regarding the Temelin nuclear plant (see above). As recently as 27 August 2002, FPÖ Vice-Chancellor Riess-Passer declared on Austrian Television that the issues of Temelin and the Benes decrees as well as transit/transport questions needed to be resolved before her party could agree to the accession of the Czech Republic.³⁷

Given that successful and on-time negotiations and the eventual ratification of the accession treaty depend upon agreement between the two coalition parties, any crisis within the government could well delay the process. Many observers and politicians consider such an understanding as fundamental to the coalition, and it is often speculated that a crisis over accession could cause the coalition's fall.³⁸ This would necessitate a new coalition or parliamentary elections. In any case, Federal elections must be held before autumn 2003, so there is considerable time pressure, as the timetable for accession foresees successful agreement on the issue before that time.³⁹ It seems reasonable to assume that EU enlargement will be one of, if not *the* leading topic within these elections. While the situation remains unchanged, the Freedom Party continues to threaten to veto accession over the outstanding issues,⁴⁰ while it remains unclear what the other parties' stance would be in an unchanged situation.

It is rarely stated in the public debate, but it is worth pointing out that it is legally impossible for current EU members to veto accession of *individual* states. After general agreement in the Council of Ministers about which states shall be allowed to join, the treaty that will be drawn up will contain *all* future member states. Consequently, when it comes to signature by the Foreign Ministers and subsequent ratification by the national parliaments, it is either all or none.

³³ 'Die Presse', 14 August 2002.

³⁴ 'Die Presse', 23 August 2002.

³⁵ Note by the author: On 8 September 2002 the growing crisis in the Freedom Party (FPÖ) culminated in the sudden resignation of party leader and Vice-Chancellor Susanne Riess-Passer and two other FPÖ cabinet members. This led on 9 September to the break-up of the federal governing coalition with the People's Party (ÖVP) and leaves open the possibility of new elections for the lower parliamentary chamber, perhaps as early as November this year. As the deadline for this report was 9 September it was not possible to incorporate the effects of this political crisis on the Austrian debate on EU enlargement.

³⁶ 'Declaration of responsibility for Austria – Future at the centre of Europe' signed in February 2000, in which it is stated that 'The future of Austria lies in the deepening of the integration and the enlargement of the [European] Union...'. See also Enlargement/Agenda 2000 Watch 3/2000, p. 65.

³⁷ ORF 2 (Austrian State television channel 2), 'Sommergespräche', 27 August 2002.

³⁸ 'Die Presse', 13 June 2002.

³⁹ 'Die Presse', 25 July 2002.

⁴⁰ Statement by FPÖ Member of European Parliament Daniela Raschhofer, FPÖ press statement, 12 June 2002.

Thus, while (as stated at the beginning of this section) leading politicians and parties consider enlargement to be possible according to the foreseen time-table, there have been individual statements about the possibility of a delay of the whole process, leading to a postponement of the Autumn Council of Foreign Ministers to January 2003, and a postponement of the completion of accession negotiations from the December Copenhagen summit to April 2003.⁴¹

Outcome of the accession negotiations

As one of the Eastern frontier states of the current European Union (Austria has the longest border with accession candidates - some 1.300 km⁴²) and given its historical, cultural and economic ties with Central and Eastern Europe, many argue that Austria stands to benefit most from EU enlargement into these countries. The People's Party even claims that enlargement will enable Austria to rise to become one of the 'top three' economically within the EU.⁴³ Studies have shown that Austria has already benefited more than any other EU country from the opening of markets to the East, Austrian GDP having risen and jobs having been created.⁴⁴

The Austrian Federal Economic Chamber claims specifically that the opening of Eastern markets from 1989 to 1997 alone raised Austrian Gross Domestic Product by 3.3% and led to the creation of 57.000 new jobs. Further, the percentage of Austrian exports to the ten CEE accession candidates was 13.4% (approximately € 10 billion) in 2001, representing a four-fold growth since 1989. Thus Austria, which represents only some 2% of the entire EU population, generated some

8% of the entire EU foreign trade with the CEE countries.⁴⁵ In general, the Federal Economic Chamber sees great potential in the strengthening of the political, legal and economic stability in the accession countries, leading to their continued economic growth and thus representing important markets for Austria and substantial opportunities for investment. Of interest is also a study produced by the Austrian Institute of Economic Research for the Federal Economic Chamber concerning the effects of *non-enlargement* ('The Costs of Non-Enlargement'),⁴⁶ which projects a slower economic growth rate (by 0.8%, i.e. about € 1.66 billion) and the loss of 8.000 jobs in the next six years.

At the same time, and for the same reasons, Austrians fear enlargement more than other EU members. Of particular concern is the issue of cross-border commuters in border regions who will not be restricted by the transition agreement. In this context, the political parties and pressure groups demand strong governmental action and programmes to prepare the Austrian workforce and border regions for enlargement.

In July 2002, the Austrian Trade Union Federation published a memorandum in which it claims that the 7-year transition period is not sufficient.⁴⁷ It demands a stronger inclusion of trade unions of both current and future member states in negotiations, specifically as regards what it considers a lack of emphasis on the 'social' aspects of enlargement. Projecting that accession states' economies will catch up only in the long run (i.e. longer than 7 years), it demanded a longer-term perspective and securities, fearing in particular unfair competition for Austrian jobs. The Trade Union Federation also points out in this memorandum that the currently high Austrian unemployment level (4.1% in June 2002⁴⁸) is not showing any sign of improvement and,

⁴¹ 'Die Presse', 25 July 2002.

⁴² Ministry for Foreign Affairs website, www.bmaa.gv.at.

⁴³ ÖVP position paper 'Die Europäische Union erweitern – Österreich gut darauf vorbereiten', 24 January 2002.

⁴⁴ ÖVP position paper 'Die Europäische Union erweitern – Österreich gut darauf vorbereiten', 24 January 2002;

Federation of Austrian Industry (IV) position paper 'Europa wächst zusammen – Viele Chancen', June 2002;

Vienna Chamber of Labour press statement, 24 March 2002, www.akwien.or.at.

⁴⁵ Austrian Federal Economic Chamber position paper, 'EU-Erweiterung. Chancen und Risiken aus Sicht der österreichischen Wirtschaft', July 2002, <http://portal.wko.at/>.

⁴⁶ Austrian Federal Economic Chamber position paper, 'EU-Erweiterung. Chancen und Risiken aus Sicht der österreichischen Wirtschaft', July 2002, p. 14.

⁴⁷ Austrian Trade Union Federation, 'Europa-Memorandum', July 2002, www.oegb.at.

⁴⁸ 'The Economist', 17-23 August 2002.

given current projections of growth, does not give much reason for hope.

The Federation also demands stronger efforts to curb illegal employment in Austria, fearing its growth due to enlargement. Understandably, it focuses particularly on Austrian border regions and emphasises its – from its perspective – successful cooperation with Unions in the neighbouring accession countries. Furthermore, it calls for ‘massive investments’ in infrastructure and transport, with a particular emphasis on rail transport and a general emphasis on environmentally friendly policies in these sectors.

The Federal Chamber of Labour also demands a greater emphasis on the social aspects of enlargement, claiming that studies have shown that some 150.000 people from the accession countries will probably try to find work in Austria in the first five years.⁴⁹

Effects of enlargement

Up to now one of the smaller EU member states, geographically on the fringe, and one of the three countries to join in the last round of enlargement in 1995, the planned enlargement will change Austria’s position significantly. Geographically, Austria will become a central member within the EU, and with regard to population, it will be one of the medium-sized members, being for example larger than the Baltic states, Slovakia and Slovenia, and significantly wealthier than its other immediate neighbours, namely the Czech Republic and Hungary. Combined with significant historical, cultural and economic ties to large parts of Central and Eastern Europe, Austria and its government clearly hope to play a significant role in the enlargement process itself, and to be a player with increased influence after enlargement.

It is in this light that one must assess the ‘regional partnership’ with Austria’s immediate neighbours (Czech Republic, Slovakia, Hungary & Slovenia) as well as the so-called ‘cultural neighbour’ Poland launched by Foreign Minister Ferrero-Waldner on 6

June 2001.⁵⁰ The declared aim is to define a common position on topics concerning the six states such as domestic security; border and asylum questions; culture; high technology; infrastructure and the improvement of information about the enlargement process and thus to form a powerful lobby in the new Union of 25 members⁵¹ along the lines of the Benelux countries or the Scandinavian countries and thus to gain extra leverage for itself within the EU.

It can be assumed that Austria is therefore expecting a new impetus in these areas after enlargement, particularly as Austria considers itself a natural choice for leader of this group, but whether the other members agree with this assumption remains to be seen. Meanwhile, the ‘regional partnership’ is, according to the press, ‘gently falling asleep’⁵².

As regards border issues, Interior Minister Strasser made an interesting statement concerning the Kaliningrad enclave, in which he declared that there could be no exceptions to the Schengen agreement.⁵³ The enclave, which is Russian sovereign territory, will be completely encircled by EU territory (apart from its coastal territory bordering on the Baltic Sea), and the EU demands that Russian travellers to and from the enclave will have to apply for an EU transit visa.

While Austria itself is neutral and therefore not a NATO member, some of the accession states are already members of NATO (Czech Republic, Hungary & Poland) and many others hope to join soon. Sooner or later Austria will also be confronted with the need to make decisions about the European Security and Defence Policy (ESDP). Inasmuch, Austria can be assumed to expect stagnation in this area.

There has not been any noticeable debate within the government, the media or the public about policy fields concerning the Mediterranean, the USA or Russia and affected by enlargement.

⁴⁹ Federal Chamber of Labour position paper, ‘Die Erweiterung der Europäischen Union’, 1 February 2002.

⁵⁰ Reported in Enlargement/Agenda 2000 Watch 4/2002, p. 10.

⁵¹ Statement by Foreign Minister Ferrero-Waldner regarding ‘Regionale Partnerschaft’ on the website of the Austrian Foreign Ministry, www.bmaa.gv.at.

⁵² ‘Die Presse’, 9 April 2002.

⁵³ ‘Die Presse’, 25 July 2002.

Public Opinion

Regarding the first half of the question, see comments to the questions above.

Concerning support for enlargement/accession, the last bi-annual Eurobarometer survey held in April 2002 recorded that Austrian support for enlargement has remained constant at around 45% in favour of enlargement, 36% against and 20% who are undecided. This puts Austria below the EU-15 average of 50% in favour, 30% against, and in a group with Germany, France and the United Kingdom⁵⁴ but represents a considerable rise since the last Enlargement/Agenda 2000 Watch, in which it was reported that 33% of the Austrian population were in favour of enlargement and 49% against.⁵⁵

The Eurobarometer results correspond with a poll by the Austrian Society for European Politics of July 2002, which shows that 45% of the Austrian population is in favour of the four neighbouring applicants (Czech Republic, Slovakia, Hungary & Slovenia) joining. Interestingly, the same study reports that 66% do *not* want a referendum on these four neighbouring countries joining (and 31% do).⁵⁶

Belgium

Common Draft positions

The Belgian government supports the Commission's approach regarding the budgetary and financial aspects of the Common Draft Positions. This includes support for the phasing-in system for direct income support for the farmers of the new member states, and the budgetary arrangements.

⁵⁴ Eurobarometer 57, First Results, Spring 2002, chapter 7,

http://europa.eu.int/comm/public_opinion/.

⁵⁵ Enlargement/Agenda 2000 Watch 4/2002, p. 27.

⁵⁶ Austrian Society for European Politics 'Die Einstellung der Österreicher zur Erweiterung der Europäischen Union', July 2002, <http://cms.euro-info.net>.

Reforms and "Agenda 2007"

On the Agriculture Council of 15 July 2002, the Belgian Federal Minister in charge for Agriculture, Annemie Neyts, stated her regret that the CAP reforms the Commission proposed come too soon.⁵⁷ She sees no reason why the reforms should take place before 2006, when the financial agreements of Berlin come to an end. On the whole, the Belgian point of view she defended was negative but balanced.

Mrs. Neyts had to put forward the position of the two regional Ministers for agriculture. The regions (which are since the latest constitutional reform the competent authorities in the area of agricultural policy) criticised the CAP reforms. They pay much attention to the protection of the family character of agriculture. They don't want the enlargement to be used as an excuse to proceed with reforms on a big scale, which go a lot further than the mid term evaluation agreed on in 1999.⁵⁸ Further the regions are in favour of keeping production quota, and against the 3 % cut in direct income subsidies foreseen by the proposal of Commissioner Fischler. The position defended by the regions largely coincides with the positions taken by the two main farmers unions. (*Ibid.*)

When dealing with agricultural reforms, the differences between Flanders and Wallonia should be taken into account, because of the different character of agriculture in both regions. The 3% cut in income-subsidies proposed by the Commission would have a negative effect on one third of Flemish farms, but on more than half of Walloon farms.⁵⁹

This situation has led to criticism from the part of the Walloon regional Minister for agriculture (Mr. Happart), who complained that the point of view defended by Neyts was 'too Flemish'.⁶⁰ It is more than likely that in the future the differences of opinion between the Walloon and Flemish Ministers of agriculture

⁵⁷ Bernard BULCKE, "Lanbouwhervorming komt voor de meeste EU-leden te vroeg. Happart hoorde te veel 'Vlaamse' accenten van Neyts", in *De Standaard*, 16-07-2002

⁵⁸ (Bernard BULCKE, "Belgische regio's kraken voorstel EU-landbouwhervorming", in *De Standaard*, 12-07-2002)

⁵⁹ Bernard BULCKE, *o.c.*, 16-07-2002.

⁶⁰ *Ibid.*

will become more pronounced, and will cause problems in negotiations at European level.⁶¹

As far as the structural policies are concerned, Belgium does not belong to the countries that benefit most from these funds. However, the effects of a reform will be felt disproportionately according to region. Wallonia, which receives 2/3 of all structural funds going to Belgium, will be much more affected than Flanders.⁶² All Objective I subsidies go to the Walloon province of Hainaut (30% of the total structural funds Belgium receives). This province benefits from transitory measures during the period 2000-2006. After the enlargement, there will most likely be no more possibility of renewal, and this province will stop receiving Objective I subsidies. It is foreseen that this will have a negative effect on Walloon economy, since it is feared that the region has not been able to build a solid economic basis with the subsidies it received.⁶³

Time-table for the accession negotiations

All seems to indicate that the Belgian government is optimistic that the original timetable will be kept too. In a speech on May 8th 2002, Prime-Minister Verhofstad expressed his regret that the accessions had to take place in one "big bang" instead of integrating smaller groups of candidate countries, each at their own pace.⁶⁴ Doing it this way would have had the advantage of making accession to the European Union easier, and it would diminish the risk of its immobilisation. But he went on to state that now the decision has been taken to enlarge with ten candidate countries at the same time, it is important that the EU should conclude the negotiations on schedule, since this has an important stabilising effect on the region.

⁶¹ KV, "José Happort haalt Belgisch rolmodel onderuit", in *Financieel Economische Tijd*, 15-10-2002.

⁶² Henri CAPRON, "De Structuurfondsen", in J.VANDAMME and L. VANDEPOELE (eds.), *De Uitbreiding van de Europese Unie: uitdagingen en mogelijkheden*, Brussel, 2002, pp. 148-159.

⁶³ *Ibid*, p.155.

⁶⁴ Guy VERHOFSTAD, *Europa en de nieuwe wereldorde*, Maastricht, 8 mei 2002, http://premier.fgov.be/topics/speeches/n_speech117.html.

Very recently however, there has been some discussion and disagreement about the wishfulness of a rapid enlargement. In an interview published the first week of October Deputy Prime Minister Johan Vande Lanotte questioned the official government position. This happened during a campaign week of the Flemish Socialist Party of which Mr. Vande Lanotte is a member. In the interview, he stated that as long as there is no agreement about how to run the EU with 27 member states, it is unwise to go ahead with the enlargement. He criticised the principle 'yes' the Belgian government is saying to enlargement. He said he wanted to use the enlargement negotiations as an opportunity to stop a new wave of liberalisation and to promote a more social Europe. "This is no longer our Europe" he went on.⁶⁵

Mr. Vande Lanotte has been gravely criticised by the opposition, his coalition partners in the government and even within his own party. Both the Prime Minister and the Minister of foreign affairs reacted that the timetable for the enlargement cannot be changed anymore, since this would give a very negative signal to the candidate countries. The opposition, and some members of his own party accused Vande Lanotte of populism. In light of the start of the new electoral campaign (which is already slowly starting for the elections of June 2003), Vande Lanotte said that she wants to exploit the fears the general public opinion has about enlargement to his own electoral benefit.

Very recently the Belgian government has agreed fully with the Commission proposals from the beginning of October regarding the timetable for the enlargement. Only a couple of nuances were made. The Belgian government does not wish to make the first of January 2004 a strict deadline. The candidates should become full members somewhere in the first half of 2004, before the next European elections, depending on their ratification procedures. The Belgian government is asking the Commission for more clarity concerning the foreseen monitoring of the candidate-countries.⁶⁶

⁶⁵ (own translation after Johan CORTHOUS, "SP.A oogst protest met aanval op Europa", in *De Morgen*, 04-10-2002)

⁶⁶ "België 'honderd procent akkoord' over uitbreiding", *De Standaard*, 17-10-2002.

While communicating this point of view, much emphasis was put on the fact that this is the official position of the entire government.⁶⁷ The incident between the SP.A (Vande Lanotte) and the other coalition partners regarding the enlargement seems to be closed for now.

Outcome of the accession negotiations

In a recent study ordered by the Ministry of Economic affairs about the economic effects of enlargement, a quite positive view on the effect for Belgium was described.⁶⁸ Although this study only reflects the academic point of view of the authors, and is not endorsed as the official government position, the study was positively received by the Minister of Economic affairs. The enlargement is mainly seen as opening lots of investment opportunities for Belgian firms in the new member states. The immigration wave sometimes feared in public opinion, is not expected to happen, since mobility will remain relatively low, and the enlargement is thought to soon have a positive effect on the new member states economies, thereby taking away some of the causes of emigration.⁶⁹

The Belgian government, however, is in favour of the monitoring mechanisms proposed by the Commission early October. Ecological and social factors should however also be monitored, and the monitoring mechanism itself still needs a lot of clarification.

The Belgian government is also in favour of the idea of extra (including financial) support for Bulgaria and Romania, although it only sees these two states becoming EU members after 2007.

⁶⁷ Bart EECKHOUT, "SP.A slikt kritiek op Europese 'big bang' in", in *De Morgen*, 17-10-2002.

⁶⁸ J. VAN GINDERACHTER, "Algemene Conclusies" in J.VANDAMME and L. VANDEPOELE (eds.), *De Uitbreiding van de Europese Unie: uitdagingen en mogelijkheden*, Brussel, 2002.

⁶⁹ See also the speech of the Prime Minister on May 8th 2002, *o.c.*.

Effects of enlargement

It is expected that the enlargement will undoubtedly give a new impetus on the foreign policies of the Union; one of the effects of enlargement that is seen as an advantage is the extra 'weight' it will give the EU in world politics. The Belgian government certainly is in favour of a new structured policy towards the new neighbour states of the enlarged EU. One of the current problems the Belgian government shows concern for is the question of Kaliningrad. A solution will have to be found to grant the access of Kaliningrad citizens to their home country, without going back on the Schengen-obligations the new memberstates have to accept. Regarding this matter the Belgian government favours a pragmatic solution, such as the one the Commission is considering.

Less clarity exists on the effect the enlargement might have on particular policy fields. The remark of Prime Minister Verhofstad mentioned above, that a slower enlargement might have helped to avoid the risk of immobilising the Union, does suggest that a certain stagnation in some policy-fields is feared.

Public Opinion

According to the most recently published Eurobarometer, today 49% of Belgians are in favour of enlargement.⁷⁰ Compared to the last survey of Eurobarometer, a negative shift is noticeable: the opposition against enlargement has increased. Concerning the timing of EU-enlargement procedures 64 % answer that it should stay as it is. Again compared to the last survey, significantly fewer Belgians think the process should speed up.

It should be noted however that according to the same Eurobarometer, about 78 % of surveyed Belgians claimed not to be well informed about the enlargement. Public opinion in general seems not all that occupied with the enlargement. Public opinion seems to be somewhat concerned about the consequences enlargement might have on immigration, crime and employment. As was mentioned in the previous Enlargement Watch

⁷⁰ Eurobarometer, Report Number 56, http://europa.eu.int/comm/public_opinion.

edition, public opinion remains very ill informed about the enlargement process.

Controversial issues as the reform of CAP and the structural funds is bound to excite heavy reactions from certain pressure groups, especially in the areas that will be most affected by these reforms. Both the reforms in agricultural and in structural policies will have more consequences in the region of Wallonia than in the rest of Belgium, which is already used by some politicians to criticise the Belgian federal governments position as being 'too Flemish'.⁷¹ (

During a project linked to the Belgian presidency, the Belgian youth expressed a more favourable opinion towards enlargement. They called for a speedy reform of CAP and the cohesion and structural funds.⁷²

As far as the Trade Unions are concerned, these are not against enlargement in principle, but they do seem to think the overhasting of the accession might has a negative effect on employees, both in the member states and in the candidate countries. They ask for a more democratic way of dealing with enlargement, and want to be more actively involved in this process.⁷³

Denmark

Common Draft positions

Since the last issue of Enlargement/Agenda 2000-Watch, Denmark has changed its government, but not its EU policy or position on enlargement. Denmark is (still) a staunch supporter of enlargement, and the overall goal of the current Danish Presidency is to close accession negotiations in December 2002. To quote the opening lines of the Danish presidency programme *One Europe*: "The Danish Presidency's main priority is to conclude the enlargement negotiations with up

⁷¹ Bernard BULCKE, "Landbouwhervorming komt voor de meeste EU-leden te vroeg. Happart hoorde te veel 'Vlaamse' accenten van Neyts", in *De Standaard*, 16/07/2002. See also question one.

⁷² <http://www.expeditieeuropa.be>

⁷³ G. HAAZE, National Chairman ACLVB, Speech of 24 April 2002.

to 10 new member countries. It was in Copenhagen in 1993 that the conditions for accession to the EU were defined, and the negotiations for enlargement can now be completed in Copenhagen in 2002."⁷⁴

The aim to complete "the circle from Copenhagen to Copenhagen" overshadows any other priority or Danish policy view this autumn. In practice, this implies that Denmark has played down several other policy goals (such as CAP reform), which could otherwise have played a role. Denmark has taken on the role as mediator, and thus refrains from making too strong statements on the European Commission's issue paper and information note on the financial framework (January 30th 2002).

Unlike the German-French statement from Schwerin (July 2002) setting December as deadline, the ambition of the Danish government is to have an EU-15 agreement on a common position on the budget and CAP chapters already by early November. The Danish Presidency is of the opinion that the Commission's various proposals are good starting points for the discussion. In order to obtain an agreement, which satisfies both France and Germany, the Presidency will try to forge agreement on some "markers" for future CAP reform in Copenhagen.

The large majority of parties in the parliament and the interest organisations concur with the government on these subjects. The president of the Danish Agricultural Council, Peter Gæmelke, has called the Commission's proposal "a very elegant model". In the long term, the Danish Agricultural Council wishes to phase out the direct support. Furthermore, they firmly support EU enlargement. According to Gæmelke,⁷⁵ the Commission's model accommodates both these goals

Reforms and "Agenda 2007"

The Danish government has – as previously described – been reluctant to present national views on the mid-term review of the CAP in order not to link it to the ongoing accession

⁷⁴ *One Europe, Programme of the Danish Presidency of the EU, Second Half of 2002*, p.4.

⁷⁵ Danish daily *Berlingske Tidende*, 31 January 2002, p. 13.

negotiations. This was expressed in very frank terms by the minister for agriculture Mariann Fischer Boel: "I keep my objections to myself. My job as EU-president is to facilitate compromise, so we shall not create further complications by stating our own position." At the same time, the minister was positively surprised that the Commission's proposal was more ambitious than expected.⁷⁶ Prime Minister Anders Fogh Rasmussen has also on several occasions made clear that: "No-one should take enlargement hostage in the reform of the common agricultural policy... Reform of CAP and membership are two different things, which should be treated on two different tracks. We cannot accept the fact that the Common Agricultural Policy is made another precondition for enlargement."⁷⁷

The Danish agricultural lobby was very positive about the Commission's mid-term review: "There are a lot of good things in the midterm review. To decouple support and production is a step in the right direction. But the timing is problematic," Peter Gæmelke said with reference to EU enlargement, but also with a view to the fact that too early reform could weaken the EU's hand in the forthcoming WTO-negotiations.⁷⁸

To sum up, Denmark's position is the following: CAP reform should take place after enlargement. Once enlargement has been agreed Denmark is generally in favour of phasing out direct support. Reform of the structural reforms has not really entered the Danish debate. In general, the new Danish government is keen on streamlining the regional policy. Before entering into government with the Conservative People's Party, the liberal party issued a proposal, where it argued that in the future mainly Central and Eastern European countries should be eligible for structural funds. In the same proposal the party also took the view that the

budget should not be increased in the next budgetary period.⁷⁹

Time-table for the accession negotiations

The goal of the Danish Presidency (and one which is shared by all major political parties) is above all to end accession negotiations with "up to 10 countries" in Copenhagen in December 2002. The ambition of the Danish government is to have a decision on the final group of countries that will be invited to join the EU at the EU summit in Brussels (24-25th of October). A marathon-enlargement council is pencilled in for the 9-10th of December. If no agreement is reached here, the ambition is to close accession talks at the European Council meeting in Copenhagen, 12-13 December.

There is no doubt that the Danish presidency will go to great lengths to accomplish this goal. First of all, enlargement has been the top priority of all Danish governments since 1993, and secondly there is a certain amount of national prestige linked to closing the circle from "Copenhagen to Copenhagen"⁸⁰.

Prime Minister Anders Fogh Rasmussen has portrayed December 2002 as a "now or never moment" for enlargement: "I fear that a modest delay of the enlargement process can lead to a very long postponement"⁸¹. If member states are not willing to compromise, they run the risk of postponing enlargement. Delay could simply feed delay, especially since the forthcoming EU agenda is very crammed: 2003 will be devoted to the EU Convention, 2004 to the Intergovernmental Conference and the elections to the European Parliament, and much of 2005-6 will focus upon establishing the framework for the next budget period of 2007-2013.

To quote Rasmussen: "All experience shows that the EU is at its best when addressing one major task at a time." Member states toying with the idea of demanding special guarantees

⁷⁶ Danish daily *Morgenavisen Jyllandsposten*, Erhverv, 11 July 2002, p. 7.

⁷⁷ *Uniting Europe*, 1st July 2002, p. 1.

⁷⁸ The Danish Dairy Board and the Danish Bacon and Meat Council were also largely satisfied with the proposal. *Morgenavisen Jyllandsposten*, 11 July 2002, p. 6.

⁷⁹ *Folkenes og Borgernes Europa*, p. 14, www.eu-vision.venstre.nu.

⁸⁰ "From Copenhagen to Copenhagen" has together with the "three E's" become the unofficial slogans of the Danish Presidency. *Uniting Europe* 193 17/2002. The official slogan is "One Europe".

⁸¹ Danish daily *Berlingske Tidende* 27/5 2002.

and side payments as a condition for enlargement should therefore think twice.⁸²

Prime Minister Rasmussen has pointed at three obstacles – the issues related to the budget, the Irish Referendum and the Cyprus situation. On the budget, Denmark maintains a low profile in order to fulfil its role as mediator in the upcoming negotiations. Asked about the outcome of the budget negotiations, the prime minister says: “I’m optimistic, because I refuse to believe that European leaders will be short-sighted enough to let this fraction of money block a necessary, historic decision”⁸³. As concerns the Irish referendum, the prime minister supports Commissioner Verheugen’s statement that there is no plan B, if the Irish vote “no”⁸⁴. On Cyprus the message is that “the Cyprus conflict will not be allowed to block enlargement, but the EU will be uneasy about letting in an unsolved border problem”⁸⁵.

Outcome of the accession negotiations

Again, as the focus is strictly on completing the enlargement negotiations, there has not been very much debate on what happens after Copenhagen. In fact, judging from the focus on the Copenhagen Council one could start to wonder whether there is indeed a “life after Copenhagen”. However, if one scrutinizes the Danish presidency programme, it is possible to discern one topic related to enlargement that has the attention of the present government; the need to step up police and criminal justice co-operation to fight cross-border crime. “An EU with a number of new Member States will also need enhanced cooperation on border control” the programme continues. “To intensify cooperation, major effort will be made during the Danish Presidency to extend

the electronic Schengen Information System (SIS II)”⁸⁶.

Effects of enlargement

Since Denmark is focusing 100% on getting a deal in December 2002, the debate on the future is extremely limited. Future initiatives backed by the Danish government will probably relate to the new borders of the Union. Hence, the Danish presidency has asked the Commission to submit its communication on EU’s relations with its new neighbours in October. This “New Neighbour” initiative is launched “to secure that enlargement does not give rise to new lines of division in Europe” says Danish Foreign Minister Per Stig Møller. He also foresees that “the enlargement will make especially Russia an even more important partner for the EU and strengthen the need for the Northern Dimension within the EU”⁸⁷.

As regards the position of Turkey, the Danish government has been fairly open to the idea of Turkey opening negotiations with the EU, when they fulfil the Copenhagen political criteria. However, it should be said that the Danish foreign minister recently backed Commissioner Verheugen’s statement that Turkey will most likely not get a date in Copenhagen.⁸⁸

Public Opinion

According to opinion polls⁸⁹ conducted in the Spring of 2002, public support for enlargement is among the highest in the EU-15, namely around 68%. Compared to a similar poll in the fall of 2001, support has gone up by around 18 %.⁹⁰ Demographically distributed, the very young and voters over 70 are the most insecure about enlargement, while voters between 20-39 are overwhelmingly for and those between 40-49 generally more against than the rest of the

⁸² The above is cited from an article by Lykke Friis, Research Director, the Danish Institute of International Affairs (DUPI) in *European Voice* 4 July 2002. By the same author see “All the Money on One Horse – The Three E’s of the Danish Presidency”, www.theepc.be.

⁸³ *Uniting Europe* 192 24/6/2002.

⁸⁴ *Uniting Europe* 193 1/7/2002.

⁸⁵ Prime minister Rasmussen quoted in *Uniting Europe* 192 24/6/2002.

⁸⁶ Programme of the Danish presidency June 2002: 14.

⁸⁷ *Uniting Europe* 189 3/6/2002.

⁸⁸ Danish daily Politiken 29 August 2002.

⁸⁹ The latest Eurobarometer (57) lists the support around 68%. This figure is confirmed by a Danish poll conducted in the period between 19-26 July 2002 by Vilstrup Research.

⁹⁰ Comparison of Eurobarometer number 55 and 57.

population. Distributed on political parties, the voters on the far right and far left are the most sceptic.

Furthermore, the public does not seem to think that there are negative consequences of Enlargement. In fact, 50% tend to agree that enlargement is an advantage for Denmark.⁹¹

The Danish government does not foresee a considerable expansion of the EU budget in connection with enlargement. However, as the Danish public is firmly behind enlargement, it has been possible for the government to make clear that the accumulated Danish contributions to the EU budget will increase.

Finland

Common Draft positions

The government of Finland supported the compromise on the question of direct payments and the Commission's idea of phasing-in periods. The Common Draft Positions formulated on the basis of the Commission's proposals were seen as being compatible with the budgetary framework of Agenda 2000. In addition, Finland has maintained that the enlargement negotiations should be kept separate from the internal reforms of the union, including the CAP mid-term review. Finland has also sought to keep the financial package intact and hopes to settle all remaining questions related to it by early November 2002, well before the Copenhagen summit.

The Finnish government has defended the Commission's CAP proposals also publicly. For example, according to the new Foreign Trade Minister, Jari Vilén,⁹² the Commission's proposal suited Finland very well – at least for the time being – and that “nothing alarming for a Finnish tax-payer would emerge before 2006” when the current budgetary period will come to a close. He did, however, voice a concern, that in the future possible national

⁹¹ Vilstrup Research July 2002: Asked about the enlargement would have positive effects for Denmark 50% of the interviewed said “yes”, 32%, “no” and 17% “don't know”.

⁹² Vilén replaced Kimmo Sasi as the Foreign Trade Minister in January 2002.

farm subsidies should be crafted in such a way as not to lead to distortions on the common market.⁹³

The Central Union of Agricultural Producers and Forest Owners (MTK) has greeted the long phasing-in period with satisfaction. According to its President, Esa Härmälä, full amounts of subsidies might result in serious distortions in the economic development of the countries. This is mainly due to the low level of economic development in the applicant countries. It would also result in the elimination of small farms and the emergence of a large-scale farming industry instead – a trend that, according to Härmälä, cannot be seen as beneficial for the European consumers.⁹⁴

Härmälä has also voiced some concerns regarding the end-game of the accession negotiations. According to him, it is vital that the negotiations are not being politicised but that they are played according to the “objective criteria”. Therefore, any candidate should not be taken in if it cannot meet the EU standards and obligations in full.⁹⁵

By contrast, the Minister for Agriculture and Forestry, Raimo Tammilehto, has sought a reassuring stance, insisting that enlargement can be beneficial for the Finnish farmers as well. According to Tammilehto, enlargement opens up new markets in Central and Eastern Europe for Finnish producers. In addition, Finland can also expect to have new allies in the negotiations over the future form of the CAP.⁹⁶

Reforms and “Agenda 2007”

As was mentioned earlier, the government position is that the enlargement negotiations and the possible reform of the Common Agricultural Policy must be conducted as

⁹³ *Helsingin Sanomat* (HS), 9 February 2002.

Unless otherwise specified, the answers are based on information from the Finnish Ministry for Foreign Affairs.

⁹⁴ *Pitkä siirtymäaika EU:n hakijamaille on perusteltua* („The long phasing-in periods for the applicants are justified“), <http://www.mtk.fi/tiedote.asp?path=2918:50:9790:9985>. Downloaded 10 September 2002.

⁹⁵ *Optio*, No. 21/2001, 13 December 2001, p. 31.

⁹⁶ *HS*, 5 March 2002.

separate processes. In addition, the larger reform of CAP should only be discussed when decisions are taken about the next financial framework (2007-2013). Therefore, the Commission's communication on the mid-term review of CAP envisages a wider reform than what was originally foreseen by Finland. The government has, nevertheless, voiced its readiness to participate in a discussion about the future Common Agricultural Policy, even if a preliminary examination of the Commission's paper has revealed a certain number of issues that are deemed as being problematic for Finland.

Concerning regional and structural funds, Finland has implemented a two-track strategy: on the one hand solidarity has been expressed to the great needs and existing disparities in the applicant countries: the government has stated that the least developed regions should be the main objective of EU cohesion policy, and the priority of financing should gradually shift towards the new member states. On the other hand the needs of especially eastern and northern parts of Finland have also been emphasised. This strategy was well reflected in, for example, Prime Minister Lipponen's speech in April 2002 when he stated that EU structural policies should in the future apply to all member states alike, be they old or new. However, due to special circumstances of Finland, such as long distances, low population density and harsh climate, the poorest regions of the country should be entitled to the highest compensations also after 2006.⁹⁷

The Central Union of Agricultural Producers and Forest Owners (MTK) has lashed out against the Commission's proposals for CAP mid-term review. According to MTK, the proposals would be harmful for Finland as they would basically cement the current skewed policy of subsidising the most beneficial EU regions over those that are not equally well endowed. In addition, according to MTK, Finland should be entitled to grant national subsidies to the most difficult regions of Finland also in the future. Otherwise, the future of Finnish agriculture could be in jeopardy.⁹⁸

⁹⁷ Speech at Lieksa, 8 April 2002.

⁹⁸ *Komissio ehdottaa tarkastelun sijaan radikaalia uudistusta: Sementoisi nykyiset, EU:n parhaita alueita suosivat tuet* („Instead of a review, the

Time-table for the accession negotiations

The government position is that Finland supports the Danish Presidency in its efforts to conclude negotiations at the Copenhagen summit with the ten most advanced countries. The most difficult issues to solve relate to the resolution of the financial issues, including agricultural subsidies. Other issues that will undoubtedly draw attention to themselves during the coming months before Copenhagen, are the efforts to find a solution to the Cyprus question, Turkey's aspirations to proceed towards membership negotiations, the Kaliningrad transit and visa issue, and the Irish referendum on the Nice Treaty.

However, in Finland's view, these questions must not necessarily have to have an adverse effect on the timetable for the negotiation process. The trickiest question could be Cyprus, which should, however, be decided according to the principles already outlined in the Helsinki European Council Conclusions in December 1999.

What comes to the actual accession negotiations, Finland does not expect any serious problems. As was explained in the previous issue of "Enlargement Watch", Poland was previously seen as a potential problem.⁹⁹ During late 2001/early 2002, the assessment has, however, changed in Finland. For example, Jan Store from the Finnish Foreign Ministry has noted that the Prime Minister of Poland, Leszek Miller, has improved the country's pace in the negotiations. Therefore, Store was confident that Poland could, together with the other nine front-runners, make it in at Copenhagen.¹⁰⁰

Also Prime Minister Lipponen and State Secretary Antti Satuli have remained optimistic that all ten frontrunners could be taken in at Copenhagen.¹⁰¹ By contrast, the Foreign Minister Erkki Tuomioja has adopted

Commission proposes a radical overhaul: It would cement the current subsidies that favour the most beneficial regions"), <http://www.mtk.fi/tiedote.asp?path=2918:50:9790:13463>. Downloaded 10 September 2002.

⁹⁹ See *Enlargement Watch* 4/2002 (January 2002), pp. 32-33.

¹⁰⁰ *Kaupapolitiikka*, 5/2001, p. 16.

¹⁰¹ *HS*, 4 May 2002.

a slightly different stance. He has warned that it is possible that not all ten countries will make it in by 2004. He has also criticized the term “Big Bang” by arguing that it would be a surprise if all the ten actually made it in at the end of the day. However, according to Tuomioja, this does not need to be a serious tragedy, as it could result in a slight delay of one or two years only.¹⁰²

Some politicians, especially from the major opposition party, the Center party, have put forward somewhat tougher tones. For example, in February 2002, MEP Paavo Väyrynen suggested that Finland should call for major improvements in its agricultural subsidies as a pre-requisite for enlargement.¹⁰³ The Vice-Speaker of Eduskunta (Finnish Parliament), Sirkka-Liisa Anttila, repeated the call in July 2002, and took a step further by suggesting that Finland should threaten to freeze the enlargement process until appropriate agricultural subsidies were granted to Finland.¹⁰⁴

However, both the Minister for Agriculture and Forestry Jari Koskinen and the Foreign Trade Minister Jari Vilén rushed to dismiss Anttila’s proposition as “irresponsible”.¹⁰⁵ However, it is important to take note that both the calls of Väyrynen and Anttila have gone largely unnoticed in the Finnish debate. Therefore, rather than reflecting a radical new departure in the Center party’s policy on enlargement, these comments can be seen as attempts at raising the profile of the leading opposition party prior to the forthcoming general elections in March 2003.

Indeed, the new chairperson of the party, Anneli Jäättenmäki, has not at any point hinted that freezing enlargement might be a feasible option for Finland. Instead, in a major speech in August, she said that under no circumstances should enlargement be delayed, as in the future the price of such inaction could be unbearable for both the political stability and economic prosperity of Europe.¹⁰⁶ However, on another occasion she has insisted that the financial burden of enlargement should

be carried by all Europeans and not only by the (Finnish) farmers.¹⁰⁷

Outcome of the accession negotiations

The government line is, that the enlargement of the Union will contribute to political stability and economic well-being in Europe. The expanded internal market is seen as providing impetus for further economic growth. As a result, the current enlargement round is seen as benefiting Finland’s economy by increasing the economic integration of the countries in the Baltic Sea region.

Officially, Finland does not expect any serious problems to arise from the entrance of new members into the Union. In the case of the free movement of workers, Finland has opted for keeping in place the current national measures for two years after the accession of the new members,¹⁰⁸ after which the situation will be reviewed. Also in the chapter on transportation, Finland will implement a gradual opening of the national road haulage market in order to avoid market disturbances.

Certain other sectors of the Finnish economy might be sensitive to the enlargement of the internal market. This applies especially to the food industry and agriculture as well as construction industries. Other sectors, such as textiles and clothing, may lose some of their market position to the future new member states regardless whether they become members of the Union or not.

Despite the government’s optimism, the question of free movement of labour has remained a burning one. As has been already noted in the previous issues of „Enlargement Watch“, the topic has been a subject of heated debate as well as numerous reports and analysis.¹⁰⁹ This trend has continued. An especially active participant in the debate has been the Central Organization of Finnish Trade Unions (SAK). Its Vice-President Matti Viialainen has voiced his concerns on numerous occasions.

¹⁰² *Ilkka*, 11 February 2002.

¹⁰³ *HS*, 11 February 2002.

¹⁰⁴ *Forssan Lehti*, 23 July 2002.

¹⁰⁵ Jari Koskinen replaced Raimo Tammilehto as the minister in June 2002. *HS*, 23 and 27 July 2002.

¹⁰⁶ *HS*, 29 August 2002.

¹⁰⁷ *HS*, 24 July 2002.

¹⁰⁸ The first phase of the so-called 2 + 3 + 2 compromise. See *Enlargement Watch* 4/2002 (January 2002), pp. 33-34.

¹⁰⁹ Cf. *Enlargement Watch* Nice Update to 3/2000 (March 2001), p. 48.

According to Viialainen, it is to be feared that after enlargement many Estonians could come over the Gulf of Finland in search of employment on daily basis while residing and consequently paying their taxes in Estonia.¹¹⁰ In May 2002, SAK published an estimate according to which some 55.000 Estonians could seek employment in Finland after enlargement.¹¹¹ However, the figure can be considered small compared to the initial and very controversial figure of 400.000 immigrant workers from Estonia presented by SAK in 2000.¹¹²

The Finnish trade unions organized a joint seminar in February 2002 where the effects of enlargement were widely discussed. The question of free movement of labour surfaced once again, as calls for common labour codes in the EU were made. Especially fears of social dumping and unfair competition were voiced.¹¹³ Other concerns related to enlargement aired during the recent months in Finland have ranged from differences in food VAT and timber and wood industries, to increased competition in road transportation between Finland and Estonia.¹¹⁴

During the recent months, the question of Estonian taxation has gained prominence in the Finnish debate. Especially SAK has raised the concern that in the future Estonia could become a tax haven for Finnish companies. At the moment, the differences in taxes are indeed rather striking: corporate tax 0 per cent in Estonia and 29 per cent in Finland, VAT 14 per cent and 22 per cent, respectively. Also in income tax the difference is clear: Estonia has a flat rate of 26 per cent whereas in Finland the progression can go as high as to 60 per cent.

SAK has accused the Finnish government of missing an opportunity for not demanding a minimum level for taxation in the EU during the accession negotiations. Foreign Trade Minister Jari Vilén has, however, flatly rejected these claims, arguing that the transition periods in, for example, free movement of labour are sufficient to protect

the Finnish economy. Also the Confederation of Finnish Industry and Employers has noted that a mass exodus of Finnish companies to Estonia is highly unlikely.¹¹⁵

SAK has not, however, eased on the pressure. In July 2002 it published a 100-page report on the likely impact of enlargement on Finland. In the report, SAK argued, among other things, that Finland should use the full transition period of seven years (2 + 3 + 2) concerning the free movement of labour.¹¹⁶ By contrast, the Finnish government has sought to continue its conciliatory tone in the matter. For example, Jan Store of the Finnish Foreign Ministry has stressed that Finland does not expect any great influx of labour and that the 2 + 3 + 2 transition arrangement is relevant only in „psychological and political terms“.¹¹⁷

Effects of enlargement

The debate on the effects of enlargement has largely revolved around the financial costs and the amount of immigrant workers that Finland is likely to receive after enlargement. However, during the recent months there have been signs that a broader discussion of the effects of enlargement is emerging. This has been reflected in the emergence of new topics, such as the question of Kaliningrad as well as the arrival of EU's new eastern neighbours (Belarus, Moldova and Ukraine), to the Finnish debate.

The most concrete manifestation to date that Finland is preparing for the “post-enlargement era” was the visit of Prime Minister Lipponen to Estonia in August 2002. In Tallinn Lipponen, together with his host Prime Minister Siim Kallas, announced that the countries would establish a “group of wise men”, which should deliberate on the future course of Finnish-Estonian relations after enlargement.¹¹⁸ At the time of the writing of this report, the mandate of the group is still, however, to be announced.

¹¹⁰ HS, 17 December 2001.

¹¹¹ HS, 30 May 2002.

¹¹² See *Enlargement Watch* 3/2000 (November 2000), p. 68.

¹¹³ HS, 6 February 2002.

¹¹⁴ HS, 12 July 2002, 26 July 2002, and 22 August 2002.

¹¹⁵ HS, 25 July 2002.

¹¹⁶ *Itälaajentumisraportti*. The report is available at <http://192.194.218.18/sak/pdf/itaraport.pdf> (in Finnish only).

¹¹⁷ *Kaupppolitiikka*, 5/2001, p. 17.

¹¹⁸ HS, 30 August 2002.

Public Opinion

As was mentioned earlier, the costs and the likely amount of foreign workers are decisive factors for the future development of public opinion on enlargement in Finland. Because of the proximity of Estonia to Finland, the Estonian membership negotiations have been of particular interest to the Finnish public and the interest groups.

In February 2002, the Centre for Finnish Business and Policy Studies (EVA) published a large survey of Finnish EU attitudes.¹¹⁹ According to the survey, Finns see the impact of enlargement mainly in negative colours: three quarters expect the direct costs of membership to rise, and 70 per cent of respondents fear an influx of foreign labour force. Also 66 per cent of respondents think that the EU decision-making will become increasingly difficult after enlargement. Another survey published in May 2002, however, revealed that only 14 per cent of Finns oppose the enlargement altogether. The figure had decreased three percentage points from 17 per cent in 2001.¹²⁰

Germany

Common Draft positions

With regard to the difficult negotiation chapters on CAP, structural policy and the budget the German government finds the financial or budgetary implications most crucial. There was no detailed reaction to the financial framework as proposed by the European Commission in January 2002. Its overall attitude was, however, critical. This concerns first of all the sum earmarked for the years 2004-2006 of approximately €40 billion. The government recognizes that this total amount is for ten and not – as foreseen in the Agenda 2000 – for six countries and acknowledges also that the Commission's

¹¹⁹ *Suomi, EU ja maailma – Suomalaisten EU-kannanotot 2002*. The report is available at http://www.eva.fi/julkaisut/raportit/eu_kannanotot_2002/eusisallys.htm (only in Finnish).

¹²⁰ *HS*, 30 May 2002.

proposal stays within the limits foreseen in the Agenda 2000. It argues however, that in the Agenda 2000 a slower gradual phasing-in of candidate countries was envisaged due to the absorption capacities of the new members. Moreover, in a medium-term perspective based on these figures, a considerable increase in resources would be predetermined.¹²¹

The government's principal argument is that Germany as the biggest net-contributor to the EU budget and the country that still has to bear costs of German unification shall not be "overburdened".¹²² Notwithstanding the strong commitment for EU enlargement and solidarity among the EU members, the German government points at the financial and economic limits of Germany. That is a clear signal that Germany is not prepared to accept expensive package deals in return for agreement on common EU positions.

The German government's positions as to the chapters with financial implications is still based on the Agenda 2000 agreement which was achieved under the German Presidency in March 1999. Therefore, Schröder/Fischer have insisted on not extending direct payments to new members from Central and Eastern Europe up to the elections in September 2002. In spring, chancellor Schröder explicitly took up this most contested element of the Commission's proposal for a financial framework. He argued in a much noticed article¹²³ that Germany alone would have to bear costs of about €2 billion annually for direct payments in the EU of 25 which would be equivalent to a quarter of the total cost. He emphasized that given the Maastricht criteria and the prescription of achieving a balanced budget by the year 2004, these costs could not

¹²¹ Cf. Wolfgang Quaisser, *Kosten der EU-Erweiterung – Neue Vorschläge der Europäischen Kommission und ihre Implikationen für die nächste Finanzperiode, Kurzanalysen und Informationen* No. 1/2002, Osteuropa-Institut München, February 2002.

¹²² So e.g. foreign minister Joschka Fischer in Caceres, 9-10 February 2002, cf. Judy Dempsey, *Paying for a bigger Europe*, in *Financial Times*, 11 February 2002; Cf. also Gerhard Schröder, *Die Erweiterung muss bezahlbar sein*, in *Frankfurter Allgemeine Sonntagszeitung*, 16 June 2002.

¹²³ Gerhard Schröder, *Die Erweiterung muss bezahlbar sein*, in *Frankfurter Allgemeine Sonntagszeitung*, 16 June 2002.

be taken over by Germany. He also pointed out that proposals of the opposition parties CDU/CSU to extend direct payments to the new members but to have them co-financed from national budgets would be totally unrealistic. First of all because this would lead to a substantial conflict with the French government, but also because the candidate countries could hardly finance the payments through their national budgets. However, the Schröder government tabled this proposal of co-financing during the Agenda 2000 negotiations in 1999 when this option was fundamentally rejected by France and also other member states.¹²⁴

The German government co-initiated the statement in the conclusions of the Seville European Council that early in November an agreement on the Common position should be passed to the candidates. Given that there was no change of government as a consequence of the September elections in Germany, also the second Red-Green cabinet will keep to this timetable.¹²⁵ There is room for a compromise which could be based on the principle of “no phasing-in without phasing-out” which means that the gradual granting of direct payments to new member states should go hand-in-hand with a phasing-out of direct payments for all member states and CAP reforms.¹²⁶ A solution along these lines could also tune down concerns about a two-class EU, which were strongly voiced in Warsaw and other CEEC capitals.¹²⁷ However, chancellor Schröder had to acknowledge the French position that CAP reform shall not take place before 2006.¹²⁸ Thus, from the point of view of the German government, a political declaration on the cornerstones and principles for policy reform

¹²⁴ Cf. the contributions in *Enlargement/Agenda 2000-Watch*, No. 1/1999, June 1999.

¹²⁵ Cf. Treffen von Bundeskanzler Schröder mit Staatspräsident Chirac, press release, Presse- und Informationsamt der Bundesregierung, 15 October 2002.

¹²⁶ Cf. Brüssler EU-Gipfel droht Scheitern, in *Frankfurter Allgemeine Zeitung*, 23 October 2002.

¹²⁷ Cf. e.g. *Uniting Europe* No. 173, 4 February 2002; see also Schröder: EU-Beitritt verzögert sich nicht, in *Frankfurter Allgemeine Zeitung*, 15 June 2002.

¹²⁸ Cf. Treffen von Bundeskanzler Schröder mit Staatspräsident Chirac, press release, Presse- und Informationsamt der Bundesregierung, 15 October 2002.

should be issued at the Copenhagen summit. Overall, the government is interested in a decrease of the CAP budget.¹²⁹

The position of the German government on reform of Common Agricultural Policy is in principle widely supported in academic literature which points at the extreme demand for fundamental reform¹³⁰ of this overly costly policy that as a result even leads to poor quality food and disadvantages for third world countries. This critical position vis-à-vis the current CAP is also shared by large parts of the *Federal Confederation of German Industry* (Bundesverband der Deutschen Industrie, BDI) and other interest groups. The farmers' lobbies are however in favour of the extension of the acquis including direct payments to the new members from Central and Eastern Europe.¹³¹ On the other hand, they refuse spending more money on development of rural areas and the limitation in direct payments to large farms.¹³² Like the CDU/CSU they think that fundamental reforms shall be envisaged only after 2006.¹³³ In the media, the quarrels around the common draft position on CAP is in the first place discussed as a conflict between Germany and France, between the old and the

¹²⁹ On this background the Franco-German „deal“ on CAP and the decision of the European Council in Brussels in October 2002 are far below the original goals and little more than a face-saving operation.

¹³⁰ Cf. e.g. Christian Weise et al., *Die Finanzierung der Osterweiterung der EU*, Baden-Baden 2002: Nomos; see also Barbara Lippert/Wolfgang Bode, Enlargement and the EU Budget: the Battles Ahead, in *Intereconomics*, March/April 2002, pp. 68-71; Wolfgang Quaisser, Kosten der EU -Erweiterung – Neue Vorschläge der Europäischen Kommission und ihre Implikationen für die nächste Finanzperiode, *Kurzanalysen und Informationen* No. 1/2002, Osteuropa-Institut München, February 2002.

¹³¹ Cf. *Enlargement/Agenda 2000-Watch*, no. 4/2002; cf. also *EU-Osterweiterung scheitert nicht an Agrarpolitik*, press release by the German Farmers' Association, 18 June 2002, download: <http://www.bauernverband.de>.

¹³² EU Observer, 10 July 2002, *German Criticism of CAP proposal may delay enlargement*.

¹³³ EU Observer, 10 July 2002, *German Criticism of CAP proposal may delay enlargement*; see also CDU/CSU, *Positionspapier zur Agrarpolitik*, 1st August 2002, download: http://www.cdu.de/politik-a-z/landwirtschaft/positionspapier_agrarpolitik2.pdf.

new members and as a conflict between the German government and the European Commission. Moreover, the dangers of second class new members are highlighted.¹³⁴

On the chapter on regional policy the German government claims to reduce the sum earmarked for the new members from approximately 25 to 21 billion € for the period up to 2006.¹³⁵ The government also criticised the proposed lump sum which the Commission wants to give to new members because of cash flow problems caused by the re-imbusement rules of the EC.

From the point of view of the German government and also the opposition, the outcome of this endgame about financing enlargement will be path-setting in view of the next financial framework for the years 2000 – 2006. That also explains why Germany which finds itself together in a group with the Netherlands, Sweden and Great Britain¹³⁶ follows a tough negotiation style.

Germany takes for example a special interest in protecting its national transport market. It takes a firm stance vis-à-vis the neighbour Czech Republic as far as cabotage is concerned. This position will hardly change after the elections.

Reforms and “Agenda 2007”

The Schröder government develops its position towards the Agenda 2007 from the experiences but also the general trend that was initiated by the Agenda 2000 package. With regard to the general financial framework, the Red-Green government demands that the general ceiling of 1.27 per cent of the EU GDP shall be sustained and that the expenditure should considerably fall below this ceiling. Moreover, it expects a fair burden sharing among all EU members. Although this is a well-known formula, which could already be found in the 1994 coalition agreement of the CDU/CSU and FDP government, critique is clearly directed

¹³⁴ Cf. e.g. Angst vor der Zweiklassengesellschaft, in *Frankfurter Allgemeine Zeitung*, 8 February 2002.

¹³⁵ Cf. Brüssler EU-Gipfel droht Scheitern, in *Frankfurter Allgemeine Zeitung*, 23 October 2002.

¹³⁶ Gerhard Schröder, Die Erweiterung muss bezahlbar sein, in *Frankfurter Allgemeine Sonntagszeitung*, 16 June 2002.

towards other net-payers and relatively strong economies in the EU, notably France and the UK which should take their full share in financing the EU budget and enlargement in particular. Germany's problems in staying within the limits of the Maastricht criteria with regard to a balanced budget and the annual deficit spending of no more than 3 per cent as well as costs for the building-up of infrastructure in East Germany after the floods and the ongoing structural change in East Germany and other regions makes this general guideline the basic negotiation position of Germany. With regard to regional policy, the German government demands that a further concentration of resources to the poorest regions or countries in the EU should be increased.¹³⁷ It expects however that comparable regions in the EU-15 should be treated equally. This would mean that in particular with an eye on Eastern Germany, which is currently objective-one region, a negative discrimination among the old members should be prevented. However, the government is quite aware that Germany will receive less from structural funds than under the current Agenda 2000 framework. Therefore, it will support more flexibility as far as a state aid as an element of national structural policy is concerned.

As far as the CAP is concerned, the government stands up for a fundamental reform.¹³⁸ Principles should be sustainability, WTO compatibility and the interests of consumers. Measures like price support, export compensation and state intervention for surplus production that cannot be sold on the world market would all distort competition and market functioning. The government claims to reduce these policy measures consequently. Moreover, a gradual total disjuncture of direct payments from the production and of incentives for surplus production are envisaged. These proposals as well as the support for a strengthening of the second pillar of the CAP (rural development) are very much in line with the mid-term review of Commissioner Fischler from 10 July 2002. The

¹³⁷ Cf. Christian Weise et al., *Die Finanzierung der Osterweiterung der EU*, Baden-Baden: Nomos.

¹³⁸ Cf. here and in the following also *Erneuerung – Gerechtigkeit – Nachhaltigkeit*, coalition agreement of the red-green government, Berlin, 16 October 2002, in particular pp. 47-50, p. 81.

government supports a future CAP of the European Union which integrates economic, social and ecological principles in a balanced way. A special concern are the comparatively big farms in East Germany which should not be discriminated through the definition of ceilings for direct payments as envisaged by the Commission. If, as foreseen in the Commission's proposal, no agricultural plants were in the future promoted with an amount exceeding 300.000 € 20 per cent of all farmyards in Eastern Germany would have to suffer from far-reaching income losses.

Generally, the share of CAP in the EU budget shall be reduced.

On this background, the midterm review on CAP of July 2002 was welcomed and some can be expected for further planned interim assessments and reports which can serve as starting points for reforms. From the point of view of the German government, this reform agenda should be pursued parallel to the enlargement agenda without making reforms a precondition for a conclusion of the enlargement negotiations. For successfully driving through a reform agenda, the German government would need to influence the Commission more strongly in preparing its future proposals on CAP structural policy and the next financial framework for the years from 2007/2013 and finding a viable understanding with France on the essentials of reforms.

Time-table for the accession negotiations

The government is fully prepared to work within the proposed time-table envisaging the endgame in Copenhagen. It is felt that the small time window would also have a positive effect of concentrating efforts to find a viable compromise.

The biggest obstacle for enlargement could probably arise from the Irish referendum of the Nice treaty. Other objective problems which accompany negotiations like the Cyprus problem are taken seriously but are not thought to have the potential to stop enlargement. There is a broad coalition of political parties as well as forces of interest groups and the media that all expect to end the negotiations in time. The topic of the Beneš decrees as a probable obstacle for the accession of the Czech

Republic occurred throughout 2002 and also the election campaign. Traditionally, the CDU/CSU and Stoiber as CSU-chairman back positions of the so-called "Landsmannschaften" and also welcomed the statements of Prime Minister Orbán vis-à-vis the Czech government. The media interest and political attention for the several advisory opinions by legal experts on the compatibility of the Beneš decrees with EU membership is quite high.¹³⁹ SPD and Greens are less engaging in this debate. They focus more on a constructive "implementation" of the German-Czech Declaration of 1997. They agree with the position of the Commission, that the Beneš decrees do not oppose membership, however they encourage a self-critical and fair view on the history and pre-history of the expulsion of the Sudeten Germans to get a complete picture of the situation in the first post-war years.¹⁴⁰ These different attitudes towards the Beneš decrees among representatives of political parties, interest groups and media in Germany have no potential to block the future ratification of the accession treaties.

Outcome of the accession negotiations

Quite little has been said on the quality of the negotiations so far. There is some concern regarding the administrative and judicial capacities of the new members. These weaknesses could become a long-term problem for the wider EU and the proper implementation and enforcement of EU legislation. Till now, there are no concerns voiced with regard to a probable renegotiation of chapters in the post-accession period which would go beyond technical adaptations and maybe even prolongations of transition periods (as was the case with the East German Länder). Other problems which concern the full implementation of Schengen and the all-

¹³⁹ Cf. e.g. Europa kann mit den Benes-Dekreten leben, in *Frankfurter Allgemeine Zeitung*, 12/13 October 2002.

¹⁴⁰ Cf. e.g. Andauerndes Beben, in *Frankfurter Allgemeine Zeitung*, 8 March 2002; for a more detailed statement see the speech of Interior Minister Otto Schily on the occasion of the meeting of the Sudeten German Landsmannschaft, Nürnberg, 18 May 2002, download: http://www.bmi.bund.de/dokumente/Rede/ix_8070_5.htm

embracing control of the EU's external borders according to these rules but also the entry into the Euro zone are regarded as decisions that will have fundamental implications for the European Union. However, these decisions will be taken at a later stage after accession and in the light of the experiences with the new members in the EU. These and other safeguard measures and transition arrangements strengthen the feeling that enlargement and its consequences are a controlled process, which leaves some leverage for steering the consequences of enlargement.

The number of expected new members and also the multitude of technical and also more substantial transition periods all add to the impression that the European Union will barely need a period of consolidation after this first big bang enlargement.

Effects of enlargement

Looking into the future of the European Union, there is an overall consensus of the political forces in Germany that the deepening of European integration has to keep pace with an enlargement from 15 to 25. Therefore, the move towards a European Constitution as currently prepared by the Convention and completed through a Intergovernmental Conference probably in 2003 is a cornerstone of German EU politics. The most important interest that is connected with a European Constitution (whatever the name of the final document will be) is to make the EU capable of governing a Union of 25 members. Therefore, the horizontal and vertical division of powers should be renovated to achieve a more effective government of the EU.¹⁴¹ It is also widely expected that the enlarged EU should have more competences in the field of CFSP and ESDP as well as justice and home affairs.¹⁴² The EU will need a global world view and strategy. This is mostly characterised

¹⁴¹ See for example SPD and Bündnis 90/Die Grünen parliamentary groups, *Motion*, Printed Paper 14/9047, German Bundestag, 14 May 2002.

¹⁴² *Ibid.*; cf. also *Europäische Herausforderungen zwischen Integration und Erweiterung und Deutschlands Verantwortung mitten in Europa*, speech by Foreign Minister Joschka Fischer, Weimar, 10 April 2002, download: <http://www.auswaertiges-amt.de>.

as a “growing role and responsibility”¹⁴³ of Europe in world politics and as the ambition to become a shaping actor on the international stage. With regard to other policy fields like CAP and structural policy, a concentration of efforts and a full appreciation of the principle of subsidiarity is envisaged. After enlargement, the new neighbours on the Eastern borders of the EU and the Mediterranean including the Middle East will certainly gain in importance. The German government is paying close attention to these regions and supports initiatives in particular as far as the new direct neighbours in Eastern Europe and the Middle East is concerned. Up to the Brussels special summit, neither the government nor the traditionally more sceptic opposition parties had taken the initiative to propose a date for opening accession negotiations with Turkey.

Public Opinion

It is only recently that the enlargement of the European Union is backed by a relative but nonetheless thin majority of the German population. In comparison to the information given in the last issue of *Enlargement/Agenda 2000-Watch*, which contained Eurobarometer data from spring 2001, the net support doubled from 7 to 14 percentage points. Whereas in April/May 2001 rejection clearly prevailed,¹⁴⁴ data from spring 2002 show that a slight majority supporting enlargement has since developed: 43 per cent of the population are for, 36 per cent against enlargement. 22 per cent did not know. Nevertheless, Germany finds itself well below the EU-average, together with France, the United Kingdom and Austria. Only the two former countries show figures that fall short of the German ones.¹⁴⁵ In

¹⁴³ *Ibid.*

¹⁴⁴ 35 per cent of the German population supported enlargement of the European Union to the East, 42 per cent were against (23 per cent had no opinion on the issue); thus, the net support for enlargement accounted for -7 per cent. In comparison, the EU-average was 43 per cent for and 35 per cent against enlargement, 22 per cent did not know; cf. Eurobarometer No. 55, October 2001, see also *Enlargement/Agenda 2000-Watch* No. 4/2002, January 2002, download: <http://www.iep-berlin.de/publik/enlargement-watch/index.htm>

¹⁴⁵ The respective results for the EU-15 are 50 per cent in favour of enlargement, 30 per cent against

addition, these figures are even more alarming, if one bears in mind that German support for enlargement decreased by 4 percentage points compared to data from autumn 2001.¹⁴⁶

To go further into the question for the causes of this high level of citizen's reservation vis-à-vis the enlargement of the Union, a national survey of January 2002 shows that nearly two thirds (61 per cent) of the Germans expect an aggravation of their individual living standards, whereas only 18 per cent hold an opposite view.¹⁴⁷ These figures comply with latest Eurobarometer data:¹⁴⁸ 53 per cent agree with the statement "The more countries there are, the more unemployment there will be in Germany". This clearly exceeds the average figure for the EU-15 (41 per cent). Another case where major differences between Germany and the EU-15 average occur, is the statement "Once new countries have joined the European Union, Germany will receive less financial aid from it". Here the figures for agreement are 57 per cent for Germany while only 49 per cent for the EU-15. Moreover, these results are backed by a more recent survey carried out by the European Commission in September 2002.¹⁴⁹ 50 per cent of the German population expect more unemployment after enlargement, which is well above the EU-15 average of 40 per cent. Only the populations of Greece and Portugal attach more importance to this statement (56 and 58 per cent respectively). At the same time, a decrease of the standards of social welfare is expected, with 51 per cent being the highest figure amongst all current member states (the EU-15 average amounts to 39 per cent).

Overall, in the first place it is fears related to social standards and financial implications that explain German reservation vis-à-vis enlargement. This might relate to a series of statements given by German politicians and

interest groups that emerged particularly since December 2000, when chancellor Schröder started the debate about transitional arrangements as regards the free movement of labour and the future of regional policy.¹⁵⁰ During the 2002 election campaign, it was in particular the Christian Democratic opposition that pointed to the need of sufficiently long transitional periods in order to prevent the migration of large quantities of Eastern European workers to Germany.¹⁵¹

Greece

Common Draft positions

The more technical aspects of the backdrop to accession negotiations, such as Common Positions, have little attention in public discussion in Greece. In that context it appears that the Agenda 2000 consensus – especially insofar as the Structural Funds and their financing are concerned – has acquired in Greece a sort of "acquis" status; all preparatory work towards enlargement is commented only in that context, i.e. how far it might curtail current structural spending, or radically alter future perspectives of Structural Funds interventions in Greece.

More recently, the mid-term review of the Common Agricultural Policy (CAP) had much exposure to public discussion, due to the fact that it coincided with significant cuts in production subsidies such as for cotton. The fact that CAP reform was closely bound not only to WTO negotiations, but also to enlargement preparations brought about enhanced pressure for future government positions.¹⁵² Agricultural organisations such as

and 20 per cent who had no opinion; cf. Eurobarometer No. 57, October 2002.

¹⁴⁶ Still in October/November 2001, 47 per cent of the population supported enlargement, 35 per cent were against and 19 per cent did not know; cf. Eurobarometer No. 56, April 2002.

¹⁴⁷ Infratest dimap, Deutschlandtrend, January 2002.

¹⁴⁸ Cf. Eurobarometer No. 57, October 2002.

¹⁴⁹ Cf. Flash Eurobarometer 132/1, *Enlargement of the European Union*, September 2002.

¹⁵⁰ Speech of chancellor Gerhard Schröder at the occasion of the Upper-Palatinate regional conference, Weiden, 18 December 2000; cf. also Enlargement-Watch No. 4/2002.

¹⁵¹ Cf. e.g. *Leistung und Sicherheit. Zeit für Taten*, manifesto 2002/2006 of CDU/CSU, p. 65, download: <http://www.regierungsprogramm.de>.

¹⁵² The change in attitudes concerning agricultural policy is visible when comparing earlier assessments (see N. Bellos, EPILOGI, May 2002, p. 28) with later ones (see the overview of the changes in CAP, in ECONOMICOS

PASEGES and GESASE, but also opposition parties (from the conservative Nea Dimocratia to communist KKE) have supported rallies and sit-ins in order to block any step backwards in Greek agriculture. The rallying cry of the Eighties “*Let’s have (agricultural) prices fixed in Athens and not in Brussels*“ has been heard again. Government circles flirted with such an approach, to recoil in horror once it was understood that such a position was leading to CAP denationalisation.

Reforms and “Agenda 2007”

The Greek position for the post-2007 financial framework is based on the desire to adhere as closely as possible to the status quo: thus an incentive to delay reform decisions, if not intra-EU negotiations. The same interest exists to postpone the refocusing of Structural Funds, at least after the mid-term review of the funds in 2003. But at the same time, the special Greek interest in the accession of Cyprus as soon as possible (and, at any rate, together with the first wave of eastern enlargement) places emphasis on the need to come to binding decisions at Copenhagen. It is uncertain which priority will prevail.

Time-table for the accession negotiations

The question of Cyprus’ accession, which constitutes a pre-eminent priority for Greece, makes it most important for enlargement to be concluded at the Copenhagen summit. But, at the same time, the thorny issue of a political settlement of the Cyprus problem, as well as the extremely fluid political situation in Turkey might hamper to keep with the foreseen time-table.

Changed policy options subsequent to German parliamentary elections, the impact of a global economic slump, as well as on-going tensions over the Iraq question might form important obstacles to a conclusion in Copenhagen. In Greece it is feared that they could serve as false pretences in order to justify a postponement of the “endgame”. Scenarios are being prepared in the Ministry of Foreign Affairs for the case such a delay would occur,

TACHYDROMOS, ed. C. LATIFIS, 30/8/2002, p. 61 ff.).

but the implications of such a turn of events for public opinion cannot be assessed.¹⁵³

Effects of enlargement

The stagnation or at least a radical decrease of Structural Funds payments to Greece has been indicated early enough as the major negative effect of enlargement. More recently the impact of CAP reform has gained attention, especially insofar as re-equilibrating against Mediterranean products as well as products quasi-limited to Greece (tobacco, cotton) are concerned.¹⁵⁴

Public Opinion

Until mid-2001 support for enlargement has been highest in Greece, compared to all other EU member states¹⁵⁵. Increasing public discussion about structural payments or agricultural policy reform as well as negative comments in the media about the implications of enlargement have been eroding such support. Still, a really radical change in public opinion on enlargement may at any time occur

¹⁵³ One of the most explicit presentations of MFA scenarios is a piece by Anny Podimata, in TO VIMA of 9/6/2002, eloquently titled “The European Nightmare of C. Simitis”. It reviews eventual blocking of the Cyprus accession due to (a) a general deceleration of enlargement procedures (b) a negative vote over Nice Treaty in Ireland, (c) a negative decision in Dutch Parliament, (d) Turkish aggressiveness. For a more critical approach, saying that the Helsinki package was flawed from the very beginning, see A.D. Papayannides “We’re stuck!” at TO VIMA 21/7/2002.

¹⁵⁴ The issues raised by clandestine immigration are mainly viewed in a wider, EU context. The relative stability of Greek positions concerning the efforts of enlargement is revealed in the successive analysis pieces of St. Eustathiadis in TO VIMA 13/3/2002, 16/5/2002, and 23/6/2003, based on discussions with Ministry of Foreign Affairs officials.

¹⁵⁵ Support for enlargement has been close to 75 per cent in Greece, compared to an EU-15 average of around 45 per cent; Only Italy and Spain reached similar support rates (about 60 per cent), whereas less than 40 per cent of the population backed enlargement in Germany, France or the United Kingdom.

where a feeling that “games are played around Cyprus accession” will develop.

In an evident effort to prepare public opinion for a possible derailment of the enlargement process and/or for blocking moves concerning the Cyprus accession, Prime Minister Simitis included in his state-of-the-country address at the Salonica Fair (September 7) several warnings:

“These latest months a situation has been formed in Europe and in world affairs which raises doubts about the main goals of Europe, but also of Greece. Reservations are being voiced concerning enlargement, based on economic considerations. But there are also hesitations about Cyprus accession to the EU without a prior political solution to the Cyprus issue. The behaviour of the Turkish Cypriot leadership has shown lack of a will to find real solutions based on U.N. resolutions; tactical moves may be expected to impede Cyprus participation to the enlargement process.

In this context the lack of a stable leadership in Ankara, also to be expected in the months to come, makes all discussions and decisions more difficult. Turkey’s objective to have obtained until the Copenhagen Summit a starting date for accession negotiations, given the visible hesitation of some Member States to accept such a decision, may lead to tensions [...] Our positions are clear and I would like to reiterate them for all concerned parties:

?? Enlargement is for us the utmost priority, with Cyprus joining in the first wave of ten accession countries. This priority is reflected in many EU decisions, including the Helsinki decision.

?? A solution to the political Cyprus issue is also a priority for us. [U.N. assisted] talks have shown the clear responsibility of the Turkish Cypriot side. Cyprus cannot be held hostage by either Mr. Denktash or Ankara.

?? It is clear that a solution to the Cyprus issue cannot be considered a prerequisite to the accession of Cyprus, as decided in Helsinki. Thus, enlargement has to start by including also Cyprus [...]

We also support a European future for Turkey. But our neighbour must leave behind the era of enmity. International law should be the basis of our mutual relations. The conditions for such a future are known, the Helsinki decisions are crystal-clear”.

In a wide-ranging press conference (of September 8th) the Prime Minister reiterated these positions, adding that “Turkey has stated that it will react in case Cyprus accedes to the E.U. Some have said that the Turkish-Cypriot part of the island will be annexed, others that there is going to be integration to the Turkish economy. I do not consider such positions serious; it is just an effort to create impressions. But I do understand that there may be pressures to the EU to that effect”.

Speaking to the same audience on 13 September, the leader of the opposition C. Karamanlis, although generally very critical to the government positions and policies (due to nearing local and regional elections), was quite supportive to the Simitis analysis concerning enlargement, the Cyprus question and Turkey.

Ireland

Common Draft positions

In January 2002, the European Commission produced a schema of proposals operating within the Berlin perspectives on the existing Agenda 2000 settings. The Spanish Presidency had a difficult task of drawing up common draft positions on CAP, structural policy and the budget, as it has a particular interest in Cohesion and Structural Funds. Although many of the net contributor countries have taken issue with them, the reaction of the Irish government has been broadly supportive. Cohesion is not a major issue for Ireland as it will become a net contributor in 2006/7. The most controversial issue is that of direct payments to candidate countries under the CAP. Ireland supports the Commission proposals on direct payments and although officials have expressed certain reservations in that regard, the consensus is that the

Commission proposal is the best that can be put forward at this stage.

Ireland intends to remain within the parameters of Agenda 2000 and to ensure that whatever is agreed does not upset the balance achieved at Berlin. The Irish government accepts that Ireland will no longer be a net beneficiary after 2006 and is more concerned about fairness in the distribution of funds rather than in the manner in which the funds are used for the candidate countries. Officials are aware that many of the candidate countries feel that they are getting a poor deal. There are two main concerns: firstly, the amount which will be paid from day one (the candidate countries want more than 25% of current direct payments to EU farmers); second, the proposed period of 10 years or less – which is contested. However, the margin for manoeuvre is limited and reform of the CAP has political implications.

The Irish view is that it is unlikely that the common negotiating positions will be adopted. The net contributor countries argue that there was no formal commitment to direct payments in Berlin, but in reality they were neither ruled in nor ruled out. Hence any deal agreed is likely to have some element of direct payments.

Reforms and “Agenda 2007”

The key reform elements and dates for Ireland are the mid-term review of the CAP and the new Commission in 2005. One concern expressed in relation to the Copenhagen summit is that net contributors have indicated that they would like a formal signal in relation to CAP reform before they sign up to enlargement. Ireland would favour a minimal reform – if at all. From an Irish perspective, the best time would be after the new elections to the European Parliament in 2004 when the candidate countries will already be member states. Another key factor is the WTO round of negotiations in 2004/5. Irish officials stress that it will be important to know what the cuts will be and how big the concessions will be in the negotiations. There is a sense that the status quo is acceptable and that if the EU were to make any concessions, the US should follow suit.

Time-table for the accession negotiations

The Irish view is that with continued good will it will be possible to reach the endgame at the Copenhagen summit. The major obstacles are of a political nature. There may be difficulties in Hungary, where former PM Orban is arguing a nationalist position which could make accession more difficult. Elections in Slovakia could also change the complexion of events. There is a political imperative in meeting the deadline for the candidate countries who may otherwise feel that the EU acted in bad faith. On the other hand, for many of the candidate countries an equally important issue is NATO accession. It is expected that 10 new members will accede. The ratification of the Nice treaty could be an obstacle, particularly if there was a failure to ratify it in Ireland.

Outcome of the accession negotiations

There are fewer transition periods foreseen for this enlargement than was the case with Spain and Portugal. All the candidate countries must sign up to the *acquis communautaire*. The onus is on the EU itself to avoid negative effects on the Union at large. There is a perception that the EU may already have slowed up business developments by insisting on a 7-year maximum transition period for free movement of people and cabotage. There is absolutely no evidence that Ireland will have a problem with the free movement of workers. The biggest weakness in the candidate countries is their administrative capacity which will have to be built up over time. A balance will have to be established between adopting a patient stance towards mistakes which will inevitably be made and close monitoring of the candidate countries lest standards slip and a *laissez-faire* attitude develops.

Effects of enlargement

The Irish view is that there will be a new impetus in some policy fields such as environment and social policy. There has already been a certain amount of development in regard to environmental policy in the Northern Dimension strategy, particularly in relation to pollution of waterways and safety of nuclear energy.

European Security and Defence Policy is also likely to develop as the number of EU member states who are member of NATO will increase after enlargement. Social policy will be important in terms of dealing with the movement of people from the land or from the old to the new industries.

Apart from extending its policy reach Ireland predicts a policy of extending the geographical scope of EU activities to cover relations with Belarus, the Ukraine, Moldova and Russia while perhaps in compensation, the Mediterranean will also be an area on which attention will be focused.

Stagnation or institutional sclerosis is a possible danger with regard to the development of EU policy but there are expectations that the Convention on the future of Europe may be helpful in this regard.

Public Opinion

The main sensitivities in Ireland refer to reform of the CAP. There has been no real pressure from the Irish Farmers Association, although they want to protect the CAP into the future. There is an acceptance that political interests and economic configurations may change before the new budget in 2006. There is concern also with the democratic deficit.

ESDP is also particularly sensitive in view of Ireland's stance on neutrality. The latter policy area has been widely discussed in the context of the Nice referendum and the Seville declarations have contributed to allaying concerns in this regard. It has also surfaced as an issue in the National Forum on Europe.

The National Forum on Europe was set up in October 2001 and is chaired by Senator Maurice Hayes. The Forum is held in public session in Dublin Castle and includes representatives of all political parties in the Oireachtas (the Irish parliament) including independents, and has an observer pillar which includes more than 30 NGOs across a wide spectrum of interests. To date the Forum has held 20 plenary sessions in Dublin. In addition, nine mini-fora were held in different venues around the country to facilitate a broad discussion on Ireland's membership of an enlarging Union and to tap into public opinion

on the future of Europe. Fourteen further sessions have been organised in the run up to the second referendum on the Nice Treaty in the autumn. The first tranche of the work of the Forum was dedicated exclusively to enlargement and the focus of the second tranche is the debate on the future of Europe. In the conclusion of the chairman's report on the proceedings of the Forum, Senator Hayes stated that there was a wide measure of common ground amongst all participants in the Forum on the moral and political imperative of enlargement.

Recent Eurobarometer figures indicate some interesting facets to Irish public opinion: 60% of Irish people favour enlargement in contrast to a European average of 51%, while only 17% oppose it. Only 22% of Irish people feel well informed about the EU, corresponding to the European average. Irish people feel that an EU with more member states will have greater importance on the world stage. They regard respect for human rights and the importance of being ready to implement measures in the field of justice and home affairs as the most important issues in the EU at present and that enlargement is the least important. Malta is seen as the favourite candidate country in Ireland and in other member states.

Italy

Common Draft positions¹⁵⁶

Some member States, which are net beneficiaries of the CAP, seem to be reluctant towards any kind of reform in this field whilst others, which are net contributors to the CAP and the general EU budget, call for a drastic revision of the agricultural policy and a general reform of the EU budget. The Italian position largely coincides with the Commission's proposals and can be considered as lying somewhere in the middle, particularly referring to CAP¹⁵⁷.

¹⁵⁶ This section is based upon interviews in the Italian MFA, September 2002.

¹⁵⁷ The Italian Minister of Agriculture, Gianni Alemanno, refused to sign a letter of protest against reform of the CAP.

Reforms and “Agenda 2007”¹⁵⁸

The Italian government is in favour of reform of the CAP, especially reducing direct aid payments to farmers. This would contribute to lowering the prices of products to the level of world market prices and to a more competitive European agriculture. Italy supports the Commission’s “phasing in” proposal to give candidate countries’ farmers only 25% of direct payments the first year after accession and to increase that percentage gradually to 100% by 2013.

Concerning structural funds, the Italian Government believes that the allocation of resources should take into account not only the EU regions’ GNP but also their unemployment rate. This would allow Italy’s poorest regions to continue to benefit from EU financial transfers.

In addition, the Italian Government believes that the current budget sharing (45% of the resources goes to CAP, 35% to structural policy) would be unfair if applied after enlargement. It therefore proposes a national co-financing of the CAP.

Finally, according to the Italian Government the final decision on direct aid payments and the CAP should be taken by December 2002.

Time-table for the accession negotiations¹⁵⁹

The European Commission announced last 9 October that 10 out of the 13 candidates are ready to join the European Union¹⁶⁰ and assured that the “endgame” would take place at the Copenhagen summit in December 2002. The Italian Government does not expect any slipping of this date. In its view, the major problems for the enlargement process are the Irish referendum on the ratification of the Nice Treaty¹⁶¹ and the uncertainty concerning the reform of the CAP¹⁶².

¹⁵⁸ This section is based upon interviews in the Italian MFA, September 2002.

¹⁵⁹ This section is based upon interviews in the Italian MFA, September 2002.

¹⁶⁰ See *Corriere della Sera*, 10/10/2002 pag.12, „Promossi 10 candidati, via libera all’Europa a 25“.

¹⁶¹ See *International Herald Tribune*, 11/10/2002, „Irish referendum may halt expansion“.

¹⁶² See *Il Sole 24 Ore*, 16/10/2002, pag.8, „Allargamento, è già rischio rinvio“.

Outcome of the accession negotiations¹⁶³

Italian Government experts believe that the main effects of enlargement will come from the broadening of the Single Market. However, there is a widespread perception that the low cost of labour in the candidate countries could result in new imbalances in the European labour market, a loss of the current member States’ competitiveness and, the increasing delocalization of some production branches towards the future member states.

By contrast, the Government is convinced that there will be no particular effect on the cross-border movements of people in the enlarged Union. The migration flows from candidate countries to the current member States are expected to remain stable within the next few years.

Effects of enlargement

The accession of ten new members foreseen for 2004 will probably strengthen the need for stronger coordination of economic policies and, as a result, closer cooperation in the field of social policy. The Italian Government also believes that the candidate countries should conform their environmental standards to those in force in the EU area as soon as possible and thinks that an enlarged Union should play a more effective role in international relations¹⁶⁴.

About ESDP, in particular, the Government supports the creation of stronger European defense capabilities suitable to the importance of a “re-unified” Europe in the world. This should represent one of the main goals of Europe’s integration process¹⁶⁵.

In the opinion of the Government a wider Union should strengthen its links with neighbouring partners, especially Russia, the former Soviet states and the Mediterranean countries.

In October 2002, the Italian Prime Minister Silvio Berlusconi reaffirmed his view that

¹⁶³ This section is based upon interviews in the Italian MFA, September 2002.

¹⁶⁴ This section is based upon interviews in the Italian MFA, September 2002.

¹⁶⁵ See the speech by the Italian Deputy Prime Minister, Gianfranco Fini, at the plenary session of the European Convention, 11/7/2002.

Russia should join the European Union in the future.¹⁶⁶

According to the Italian Government, an enlarged Europe could also contribute to reinforcing transatlantic relations with the United States¹⁶⁷.

*Public Opinion*¹⁶⁸

The overwhelming majority of Italian public opinion is in favour of the enlargement process, which is widely seen as an historical opportunity for a union of all of European countries. Early completion of the negotiations with 10 candidate countries is considered a crucial target for the European integration process.

The Italian government also insists that special attention should be paid to the other candidate countries, especially Bulgaria and Romania, whose economic potential is perceived as being increasingly promising. There is however fear of a possible loss of competitiveness in some sectors of Italy's economy, particularly in agriculture.

¹⁶⁶ See *La Repubblica*, 18/10/2002, pag.22, „Berlusconi apre alla Russia: Un nuovo Trattato di Roma“.

¹⁶⁷ See the speech by Gianfranco Fini at the meeting on „The International Role of the European Union“ held in Bologna on 12/10/2002.

¹⁶⁸ This section is based upon interviews in the Italian MFA, September 2002.

*Netherlands*¹⁶⁹

Common Draft positions

The main position of the Dutch government concerning the Common Agricultural Policy (CAP) and the Structural Policy is that these policy areas need to be reformed before the completion of the current enlargement round in 2004. The government's major concerns are on the one hand the financial implications of not reforming the CAP before enlarging the

¹⁶⁹ After the national elections of May 15th of this year, the Dutch political landscape has dramatically changed. The “Purple” coalition (named after the combination of the three colours of the concerning political parties), composed of social democrats (Labour Party: PvdA), liberal-democrats (D'66) and liberals (VVD) was replaced by a centre-right coalition, composed of Christian Democrats (CDA), liberals (VVD), and a new populist party (LPF, named after its assassinated leader Pim Fortuyn). This change of government in July has had an impact on the Dutch governmental viewpoints concerning the European integration process and the upcoming enlargement in particular. The new Dutch government stated its opinion on European integration for the first time in its “Strategisch Akkoord – Werken aan vertrouwen, een kwestie van aanpakken” (freely translated: Strategic Agreement – Building to regain confidence, a matter of action”). In this political document the government stated that the future of the Netherlands is irreversibly linked with the future of the European Union. Investing in a vital Europe, means putting effort in our own future. The upcoming enlargement of the European Union is a new step in the direction of stable economic and democratic relations within Europe. However, the accession of new members must be based on a strict implementation of the Copenhagen criteria. This applies to all applicant states (Translated from “*Strategisch Akkoord – Werken aan vertrouwen, een kwestie van aanpakken*” [Strategic Agreement of Dutch Government], p. 26, July 3rd 2002). However, after 87 days the newly elected centre-right government has already resigned. The internal struggles within the populist LPF made the CDA and VVD to withdraw from government. Therefore, new elections will be held on 22nd January 2003.

The authors have decided to use the official policy documents of the leaving government as a starting point. It is very likely that the new government will have a centre-right orientation as well. Therefore, no dramatic changes are expected concerning the Dutch short-term policies on the European integration process.

European Union. Therefore it does not agree with the Commission's proposal to grant direct income support to farmers of new member states from a level of 25 per cent in 2004 up till a level of 100 per cent in 2013 as put forward in its Common Financial Framework (CFF) in February 2002.¹⁷⁰ A major concern is that the European Commission does not take into account the limited absorption capacity of the ten applicant states and tends to use the whole space under the expenditure ceiling as it was agreed in Berlin in March 1999.¹⁷¹ The Dutch argue that direct income support does not comply with the provisions of Agenda 2000, namely to compensate new member states via rural development support instead of granting direct payments. As a result, at the European Council in Seville a joint proposition of the Netherlands, Germany, the United Kingdom and Sweden successfully led to delay any decision on this issue till autumn 2002 when the other chapters with serious financial implications (regional policy and budget) will be discussed.¹⁷² If however during the negotiation process it would be decided to grant direct income support to applicant countries, the Dutch government will support a gradual participation into the system of direct payments on condition that a parallel process of reducing the overall direct income support

¹⁷⁰ De staat van de Europese Unie (*The state of the European Union*), vergaderjaar 2002-2003, 28 604, nr.1, p. 8 and the government's position on 'De financiering van het gemeenschappelijk landbouwbeleid na uitbreiding van de Europese Unie' (*Financing CAP after enlarging the European Union*) based on 'het interdepartementaal beleidsonderzoek (IBO)' (*the interdepartmental policy research*) and the letter of the State Secretary for Foreign Affairs to parliament 'Uitbreiding van de Europese Unie, Common Financial Framework 2004-2006 for the Accession Negotiations' and 'Negotiations on Chapter 7 (Common Agricultural Policy) Issues paper' (4 February 2002), Kamerstukken 27 912, nr. 1 en 27 913, nr. 1.

¹⁷¹ Letter to parliament of the State Secretary for Foreign Affairs 'Uitbreiding van de Europese Unie, Common Financial Framework 2004-2006 for the Accession Negotiations' and 'Negotiations on Chapter 7 (Common Agricultural Policy) Issues paper' (4 February 2002), Kamerstuk 27 913, nr. 1.

¹⁷² De staat van de Europese Unie (*The state of the European Union*), vergaderjaar 2002-2003, 28 604, nr.1, p. 10.

will be started as well.¹⁷³ On the other hand, a central concern of the government is the performance of the applicant states in the area of food safety. During the negotiations it insisted on strict and controllable guarantees for food safety. It intends to closely observe the monitoring of the Commission as well as the developments on this issue in the candidate countries.¹⁷⁴

With regard to the common position on structural policy the Dutch government stressed that the agreed distribution of means for new member states can only be applied till 2007, when the current EU policy on structural funds has to be revised. The definitive amounts of support per country will be decided during the final phase of the accession negotiations.¹⁷⁵

Reforms and "Agenda 2007"

The government of the Netherlands deems it of utmost importance that simultaneously with the conclusion of the negotiations (not later than in Copenhagen) the necessary further steps will be taken to ensure an efficiently operating and financially sound European Union after enlargement. In the first place the government is referring to the needful policy reforms of the Common Agricultural Policy. In this regard it stresses that these reforms are not to be seen as a new conditionality in the accession negotiations, but to be considered as a parallel process. However at the same time the result of the negotiations should not hamper these required policy reforms. In 2002 the government is determined to pursue an agenda in line with the agreements of Berlin and mentions in this respect the importance of the mid-term review (MTR) of the CAP in 2003.¹⁷⁶ The MTR is perceived as an important opportunity to push for agricultural reforms

¹⁷³ Letter to Parliament, Directorate Integration Europe, MFA. 'Uitbreiding van de Europese Unie, Common Financial Framework 2004-2006 for the Accession Negotiations en Negotiations on Chapter 7 Common Agricultural Policy issues paper' 4 February 2002.

¹⁷⁴ De staat van de Europese Unie, p. 10.

¹⁷⁵ De staat van de Europese Unie (*The state of the European Union*), vergaderjaar 2002-2003, 28 604, nr.1, p. 12.

¹⁷⁶ De staat van de Europese Unie (*The state of the European Union*), vergaderjaar 2002-2003, 28 604, nr.1, p. 15.

within the current financial framework. In this respect the government supports the Commission's proposal to reduce income support over 7 years with annually 3 per cent and to use those means for rural development support. The proposal to decouple income support from production and to link it to animal welfare, food security and environment can count on Dutch support as well. However, the government stresses that these proposals are just a step in the right direction, but will not lead to cost reduction since gradual income support and obligatory co-financing of rural development support are still part of it. The government foresees an increase of EU and national expenditures especially after 2006 and is arguing persistently for downgrading direct payments over time. The ultimate goal is an equal Common Agricultural Policy both for old and new member states. With respect to structural policy, the Netherland's government states that these funds should be granted to new member states, but rich EU member states should refrain from using structural funds with an exception for cross border projects with an added European value.¹⁷⁷

Time-table for the accession negotiations

Concerning the final phase of the accession negotiations, the government states that each applicant state will be individually judged according to its own merits and that a big bang is not to be decided in advance. In this respect the government will operate in close co-operation with the parliament before and after the European Council in Brussels on 24-25 October 2002, leaving all options open and taking into consideration all relevant factors. As soon as it is decided which candidate countries have been qualified for enlargement, the accession negotiations with those countries will be definitely concluded. In the first place this will concern the financial package in which the financial-related questions of agriculture, regional policy and budget will be dealt with in a coherent and consistent manner for all new member states.¹⁷⁸ The conditions

¹⁷⁷ Regeringsnotitie 'Verantwoord Uitbreiden' § GLB en structuurfondsen (*Government's memorandum 'Enlarging in a responsible way'*).

¹⁷⁸ De staat van de Europese Unie (*The state of the European Union*), vergaderjaar 2002-2003, 28 604, nr.1, p. 15.

for admission including the financial package should be set no later than December 2002. The Dutch government stresses that Copenhagen is no ultimate destination, but an irreversible political starting point for significant reforms in European agriculture leading to an equal and adjusted system for all European farmers. A sound financial framework, an accountable agricultural policy and an equal treatment over time are crucial for public support in current and future member states.¹⁷⁹

Outcome of the accession negotiations

With regard to the performance of the applicant countries after enlargement the Dutch government has put forward as major points of attention the need for an ongoing development of public administration and strengthening of the rule of law in new member states. In this respect the monitoring of economic reforms is seen as essential. To manage this the government is pleading for an adjusted pre-accession support policy and intensification of bilateral relations with new members. With respect to transition periods they argue that these should be applied on a limited scale and under strict conditions.¹⁸⁰ Concerning the granted transition periods the government pleads for ongoing monitoring by the Commission after enlargement. In this respect they welcome the current intensive monitoring via peer views by the member states, usually in close co-operation with the Commission, in the areas of financial services and customs, justice and home affairs, agriculture, nuclear safety and environment.¹⁸¹

The Netherlands as a trading country and as one of the front-runners in environmental policy have a strong interest in the implementation of EU regulations in these fields. The government considers environmental policy, quality of life and food safety of utmost importance to the European

¹⁷⁹ Regeringsnotitie 'Verantwoord Uitbreiden' § conclusie (*Government's memorandum 'Enlarging in a responsible way'*).

¹⁸⁰ Regeringsnotitie 'Verantwoord Uitbreiden' § strikte toetsing (*Government's memorandum 'Enlarging in a responsible way'*).

¹⁸¹ Regeringsnotitie 'Verantwoord Uitbreiden' § kwaliteitsverzekering (*Government's memorandum 'Enlarging in a responsible way'*).

citizens. They argue that the perspective of enlargement has led to considerable achievements in these fields in the candidate countries, for example the decision to close in the future unsafe nuclear plants in Bulgaria, Lithuania and Slovakia. But they also state that the new members should after enlargement stick to their obligations.¹⁸² When speaking about justice and home affairs the government stresses the importance of intensive co-operation with new member states in the existing European police and judicial co-operation in the fight against corruption, fraud, organised crime and drugs. They also wish to strongly involve the new members in the development of a common asylum and migration policy, considering the role of candidates as transit countries for (illegal) immigrants. After enlargement, border controls between current and new members should be maintained until the necessary measures are taken and the control of the external EU border can be guaranteed. The internal security inside the Schengen area shall under no circumstances be threatened by premature lifting of border controls.¹⁸³

Regarding agriculture (chapter 7) and free movement of capital (chapter 4) the government has expressed certain concerns on the length of the transition periods and the performance of the applicant states. The acquisition of farmland was considered the most important issue in chapter 4, because of the interest of Dutch farmers in particular in Poland. Poland was granted a transition period of 12 years on this issue, but an exception was made for independent European farmers, who may buy land 7 years after accession in Northwest Poland and after 3 years in the rest of the country. In addition the Dutch asserted that the transition period for independent farmers will start from the moment they are renting land in Poland, which actually is the case for some Dutch farmers.¹⁸⁴ On chapter 7 the government raises concerns about the performance of applicant states in the area of food safety. During the negotiations the

government insisted on strict and controllable guarantees for food safety. They intend to closely watch the monitoring of the Commission and the developments on this issue in the applicant states.¹⁸⁵ In the field of agriculture the government parties of VVD, LPF and CDA as well as the parliament have expressed their concern on the readiness of Poland. In general the VVD stated that it considers Poland, the Slovak Republic and Estonia not ready for enlargement since these countries are not fulfilling all criteria.¹⁸⁶ After the fall of the cabinet the outgoing government has stated in parliament that the Netherlands will accept the Commission's proposal for an enlargement round with ten new member states.

Effects of enlargement

An enlarged European Union will create the biggest common internal market in the world, which ultimately will lead to a stronger internal and external European economy. The Dutch government is convinced of the economic benefits of EU enlargement for the Netherlands as a trading country, which already has developed a strong position in Central Europe during the last decade. In fact, the Netherlands are the second largest exporter to the countries in Central and Eastern Europe. Nonetheless, it is aware that guarantees are needed to secure further economic reforms and the implementation of EU rules in the region after enlargement. In the government's opinion enlargement will foster the spread, implementation and maintenance of European values in a larger geographic region, which will benefit not only the European citizens but also enhance the role of the European Union in the world. The government expects that an enlarged Union will be able to take on greater responsibilities for example in the Balkans, the Middle East or in the fight against terrorism. A bigger Union will also be capable of drawing more attention towards the boosting of important international values such as human rights, the rule of law, sustainable development, fight against international crime,

¹⁸² Regeringsnotitie 'Verantwoord Uitbreiden' § Europa als Nederlands belang (*Government's memorandum 'Enlarging in a responsible way'*).

¹⁸³ Regeringsnotitie 'Verantwoord Uitbreiden' § Europa als Nederlands belang (*Government's memorandum 'Enlarging in a responsible way'*).

¹⁸⁴ De staat van de Europese Unie, p.8-9.

¹⁸⁵ De staat van de Europese Unie, p. 10.

¹⁸⁶ 'Kamer is tegen Polen als lid EU. Conflict over nieuwe EU-leden in kabinet op scherp', *Volkskrant* (14 October 2002).

solidarity with the poor and transparency of public administration.¹⁸⁷

The Dutch debate on enlargement primarily focuses on the financial framework within which it should take place. The government, especially the liberals, argues that enlargement will cost too much. There is a growing resistance within Dutch society against this line of reasoning. In fact, one of the most important economic institutions, the Sociaal Economische Raad (Social Economic Council) has argued that the Netherlands will largely benefit from the enlargement of the European Union.¹⁸⁸

Public Opinion

Since the Dutch position on reforming the CAP before enlargement seems not to be feasible and the financial implications of not reforming agricultural and structural policies became clear¹⁸⁹ the opposition against a big bang enlargement is growing in the government as well as in the parliament. In the Cabinet Council of 11 October the ministers failed to reach an agreement about a letter to the parliament concerning the government's position on the conditions for a Dutch approval of an enlargement with possible ten new members. The ministers of the Liberal Party (VVD) openly questioned the readiness of Poland for enlargement and seriously challenged its fulfilment of all criteria. The ministers of the Christian Democratic Alliance (CDA) are willing to support the Commission's proposal on the admission of ten new member states whereas the Liberal ministers want to adhere strictly to the admission criteria. The other coalition party (LPF)¹⁹⁰ is sharing the same opinion as the

¹⁸⁷ Regeringsnotitie 'Verantwoord Uitbreiden' § Europa als Nederlands belang (*Government's memorandum 'Enlarging in a responsible way'*).

¹⁸⁸ *NRC Handelsblad*, "Grotere EU in Nederlands belang" (Enlarged EU beneficial to the Netherlands), M. Bos en H. Wijffels van de Sociaal Economische Raad, Tuesday 22nd October 2002.

¹⁸⁹ Without reforming CAP and the structural policy the Netherlands' EU contribution will increase from 3,3 billion (2003) till 6 billion (2006), *Trouw* (21 September 2002).

¹⁹⁰ Lijst Pim Fortuyn; new non-ideological party - named after its assassinated leader Pim Fortuyn - stands for a more transparent and efficient policy

liberals. An extra session of the Cabinet Council on 15 October 2002 failed to come to an agreement on the issue, because of the ongoing political crisis in the LPF which dominated the political agenda and eventually even led to the fall of the Cabinet the following day. In parliament all coalition parties stated that only those EU applicant states that comply with the accession criteria could become a member. Poland and the Slovak Republic are mentioned by all three parties as not ready for enlargement. Apart from strict adherence to admission criteria the Christian Democrats also want a guarantee by the government that reform of the CAP will start prior to enlargement.¹⁹¹ Since the Cabinet broke before coming to an agreement concerning its position on enlargement it is uncertain if the Dutch position on this issue will be elaborated before the publication of this edition of *Enlargement-Watch*. The main priority of whatever new Dutch government, however, will be a clearly defined list of transition periods on the most sensitive policy areas.

The Dutch Prime Minister, Jan Peter Balkenende (CDA), has stated that the Netherlands will not veto enlargement of the EU and that it will use the regular reports of the European Commission as a starting point. The main priority will remain to reach an agreement on the transition periods on certain policy areas, like free movement of persons and food safety.

The majority of Dutch parliamentarians favours enlargement, as well as the Christian Democrats (CDA), the social democrats (PvdA), the Greens (GroenLinks), the socialists (SP) and the social-liberals (D'66). The liberals have many doubts concerning the financial framework, but will eventually not block enlargement. The populist LPF-fraction is the only Dutch political party that is against enlargement of the European Union.

More generally, the Dutch population still backs enlargement. A majority of the Dutch

and wishes to overcome the gap between citizens and politics. In the elections of 15 May 2002 they gained 26 seats and formed a coalition government with CDA and VVD.

¹⁹¹ *Trouw* (12 October 2002); 'De Hoop Scheffer eerder terug voor EU-brief', *Trouw* (14 October 2002); 'CDA stelt harde voorwaarden aan EU - uitbreiding', *Trouw* (14 October 2002).

inhabitants considers enlargement of the EU to Central and Eastern Europe as a historic and economic obligation. However, due to the economic recession, more and more people have doubts due to the short-term financial implications of enlargement. Support for an enlarged European Union is therefore in decline.

Portugal

Common Draft positions

The Minister of Foreign Affairs, António Martins da Cruz has mentioned the financial considerations of the Common Draft Positions as one of the potentially most influential developments in the European Union for Portugal.¹⁹² Concerning the Common Positions regarding the Common Agricultural Policy (CAP) Portugal agrees with the Commission's proposal which follows the principle that the future member countries will benefit from the same level of direct contributions, although phased in through ten years.¹⁹³ Concerning the Common Positions related with Structural Funds and the Budget, the government has agreed with the proposals of the Common Draft Positions since they do not put in danger the funds received by Portugal.¹⁹⁴

Two of the most prominent European Affairs' commentators have been critical of the conditions offered by the Commission in the range of CAP and Structural Funds, considering that they institutionalise a hierarchy of countries within the EU by unjustly depriving the candidate states of the basic rights granted to other members.¹⁹⁵ The Ministry of Foreign Affairs, although claiming that it is not possible to create a differentiation

¹⁹² Speech by António Martins da Cruz, Minister of Foreign Affairs to the Committee of European Affairs of the Portuguese Parliament 18 June 2002.

¹⁹³ Isabel Arriaga e Cunha, „Países da UE em Guerra sobre os Custos de Alargamento ao Leste“, *Público*, 10 June 2002.

¹⁹⁴ Interview with the José Manuel Garcia, MNE, European Affairs Directorate.

¹⁹⁵ Francisco Sarsfield Cabral, „Europa de Vistas Curtas“, (Shortsighted Europe), *Público*, 2 Februar 2002; Teresa de Sousa, „Pobre Europa“ (Poor Europe), *Público*, 26 Februar 2002.

between members, agrees with the proposals of the Commission concerning a phasing in of the direct subsidies to farmers. The Portuguese position has been to agree with the eventual budgetary compensation proposed by the Commission to address the principle that the new members will not be contributors to the budget.¹⁹⁶

Reforms and “Agenda 2007”

Portuguese political elite has been well aware that Portugal is the country which is expected to bear the most economic costs and win the least benefits with enlargement. The dislocation of industries to Central and Eastern Europe is a reality and its effects on Portuguese employment are feared.

Besides the lowering of the average wealth of the EU due to the entry of ten new poor countries there are two other considerations that led the successive governments to worry about the so called “statistical effects of enlargement” related to the lowering of the present level of transfers in terms of cohesion and structural funds.¹⁹⁷ All the prominent politicians have stressed the dangers of a decline of economic and social cohesion dimension of the EU, especially taking into account the further marginalisation of the country.¹⁹⁸ In this context the Portuguese democratic institutions have warned of the risks that a re-nationalisation of structural policies could exert on the social cohesion of the EU and have pointed out the need for reinforcement of regional policies after enlargement.¹⁹⁹

¹⁹⁶ Interview with José Manuel Garcia, MNE (Ministério dos Negócios Estrangeiros, Ministry for Foreign Affairs), European Affairs Directorate.

¹⁹⁷ Speech of Jorge Sampaio, Portuguese President of Republic to the Economic and European Penal Law Institute of the Coimbra Law Faculty - "Os Novos Desafios da Europa e Portugal" (The New Challenges of Europe and Portugal), 1 March, 2002.

¹⁹⁸ Speech of Durão Barroso, Portuguese Prime Minister, “A Vision of Europe”, Munich, 5 July 2002.

¹⁹⁹ Speech of Jorge Sampaio, Portuguese President of Republic, on the occasion of a Seminar on the Future of Europe and the Enlargement - Oporto, 9 October 2001. See also the intervention of Deputy

In this respect it should be mentioned that there is a strand of Portuguese political thought that evolved to a discourse differing from previous suspicion towards the effects of enlargement for Portugal. Francisco Seixas da Costa, Secretary of State for European Affairs between 1995 and 1999 has started a debate considering enlargement a Portuguese interest. Using the term “true federalism”, this debate calls for an extension of the concept of federalism from the political to the economic dimension, defending a better redistribution of wealth in Europe. Portugal and the new member countries would defend the same interests of a higher ceiling of the European budget and avoid the attempts of renationalising some European policies.

Concerning CAP reform, the new PSD government elected in April 2002 diverges from the previous executive. While the Socialist government was a promoter of the proposals regarding the decoupling of direct subsidies from production, the present government has been much more critical concerning the effects of such measures.²⁰⁰ The mid-term review of the CAP in 2002 has brought to light the dispute between the two sides.²⁰¹ The new Minister of Agriculture, Mr. Sevinate Pinto, has shown the will to veto CAP reforms as proposed by the Commission if no revisions were undertaken. The Minister refers to the possibility that these reforms could mean that “whole (Portuguese) regions will be unable to produce. The help received is only enough to guarantee the economic survival of such regions, contrary to what happens in other countries.”²⁰² It is also considered that while the decoupling of subsidies from production is on the whole favourable to Portugal, the reform could be harmful to Portuguese interests as the new subsidies are to be designed having as a base the past level of subsidies received by the farmers. This is

Dr. Basílio Horta, CDS-PP, Parliamentary Plenary Session 21st of June 2002, *Diário da República*.

²⁰⁰ Minister of Agriculture, Mr. Capoulas dos Santos, “A New Direction to European Agriculture”, A Portuguese Contribution to the CAP Reform, 17 April, 2001.

²⁰¹ Parliamentarian Committee for European Integration, Meeting on the CAP reform, 3 July 2002.

²⁰² “Sevinate Pinto Disponível para Vetar Reforma da PAC”, *Público*, 15 June, 2002.

considered to be “highly unfavourable to the Portuguese farmers, since our past productivity is about half of the average of the European Union.”²⁰³ The Communist Party (PCP) corroborates the reservations of the government, calling for a higher level of subsidies for the so-called Mediterranean products.²⁰⁴

All parliamentarian parties reject the proposal of the European Commission concerning the mid-term revision of the Common Fisheries Policy (CFP) regarding the extinction of communitarian support to the construction of new boats, as well as the increase of premiums to annihilate them, arguing that this would irreversibly harm the Portuguese fishing sector.²⁰⁵

Time-table for the accession negotiations

On the whole, Portuguese administration is expecting that the time-table will be fulfilled, especially due to the commitment of the Danish Presidency.²⁰⁶ It is however noted that the schedule is extremely tight and the deferring of one element could delay the whole process for a year. The chance that the German government will agree on the new financial dispositions during the next European Council is often mentioned as being quite remote.

Outside the circle of most direct involvement with the matters there are personalities that remain sceptical towards enlargement, portraying that it as a faraway possibility.

²⁰³ Arlindo Cunha, “A PAC entre a Revisão e a Reforma” (The CAP between Revision and Reform), 29 July 2002.

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www.pcp.pt/actpol/temas/agricul/gi20020722.htm

²⁰⁵ Assembleia da República, Committee for Agriculture, Fisheries and Rural Development, Texto de Substituição dos Projectos de Resolução nos. 21/IX (PSD e CDS-PP), 23/IX (PS) – Resolução da Assembléa da República sobre a Revisão da Política Comum de Pescas (Resolution of the Portuguese Parliament on the Revision of the Common Fishing Policy), 20 June, 2002.

²⁰⁶ Speech of Jorge Sampaio, Portuguese President of the Republic to the Scottish Parliament, Edinburgh, 14 February 2002.

Outcome of the accession negotiations

There is the fear that the European Union will lose coherence and unity, because of the accession of countries with such diverse backgrounds. This leads some public personalities to doubt whether it would not be better to wait and consolidate the direction of the integration process and the values of the Community before proceeding with enlargement.

Effects of enlargement

The dilution of the Euro-Mediterranean Partnership is observed and expected, although this effect seems to have been quailed by the September 11 attacks. In relation to the future eastern neighbours (Ukraine, Belarus) there is the perception that enlargement will force the EU to deal more directly with the former USSR republics due to the existence of a common border. Portugal is also comforted that the future members are Atlanticists who privilege the relationship with the USA.

In terms of policy areas there is the expectation that the implementation of the Environment *acquis* will be more tightly controlled since Germany, France and Austria are weary of environmental conditions in the Central European countries and wish to be more strict with the whole of the EU.

In terms of the ESDP there are contrary arguments being put forward: on the one hand there are those who believe that the Union will gain weight in some regions (such as Russia and possibly the Near East once Turkey will have joined the Union). On the other hand there are those arguing that these effects will be obliterated by the increased difficulty to reach a consensus among an EU of 25 members.

Public Opinion

The benefits of cohesion and structural funds are partly responsible for the great enthusiasm Portuguese have towards the European Union. In the absence of these, and in the hypothetical event of increasing unemployment, which is one of the worries of the population, support could rapidly decline. In this context it is also important to note that in Portugal there seems to exist a linkage between the development of

employment figures and public support to European integration, since 96 per cent declare the EU to be responsible for employment.

The most important consideration the Portuguese government has to take into account is that although there is a high level of support for enlargement (28 per cent say they would like to see the Union enlarged to all the candidates) this seems mainly due to ignorance regarding the candidate countries and its economic conditions: Portugal registered the highest percentage of respondents that have never heard of any candidate country (6,5 per cent against an EU average of 1 per cent); furthermore 57 per cent cannot identify any of the candidates and 64 per cent say they have never heard of enlargement.²⁰⁷

Spain

Common Draft positions

The Spanish government has given its full support to the proposals presented by the European Commission on 30 January 2002 concerning the 2004-2006 Common Financial Framework for Accession Negotiations and the Issues Paper on Agriculture and Enlargement.²⁰⁸ President Aznar considered both the philosophy and the figures showed in both papers as positive and well-balanced. As both the Foreign Minister, Mr. Piqué, and the State Secretary for European Affairs, Mr. De Miguel, have remarked in numerous occasions during the Spanish Presidency, though Agenda 2000 did not make explicit reference to direct payments in agriculture, the proposals of the Commission are fully compatible both with the *acquis communautaire* and with the financial ceilings agreed upon in Berlin in 1999. Since all member states accept that direct payments

²⁰⁷ Eurobarómetro, http://europa.eu.int/comm/public_opinion/archives/eb/ebs_166_finrep_portugal.pdf, Maio 2002.

²⁰⁸ "Enlargement and Agriculture: Successfully integrating the new member states into the CAP". SEC(2002) 95 final of 30 January 2002; "Common Financial Framework 2004-2006 for Accession Negotiations". SEC(2002) 102 final of 30 January; "Making a Success of Enlargement Strategy Paper SEC(2001) 700 final of 30 November 2001".

in agriculture are part of the *acquis*, the government has been in favour of extending them to the new members, at least until the Common Agricultural Policy (CAP) is reformed. Concerning the review of the CAP, the Spanish government has been against linking accession negotiations and CAP's mid-term review. These issues, the government has insisted, must be dealt with separately if the 2004 deadline is to be met.²⁰⁹

Reforms and "Agenda 2007"

As expressed in the Memorandum of President Aznar dated on 15 April 2001 (see previous *Enlargement Watch*), the Spanish government would not like to watch Spanish regions losing entitlement for EU structural funds as a result of a mere "statistical convergence" derived of EU enlargement. Whether Spanish officials assume that in the long term only two regions (Andalucía and Extremadura) will qualify for funds under Objective 1 (75% of the average EU GDP), they will attempt to obtain in the 2007-2013 financial perspectives a progressive phasing out of structural funds for regions above 75%. Concerning the Cohesion Fund, the same ideas concerning statistical versus real convergence apply. The government will therefore seek to secure access to Cohesion Funds for Spain until the average per capita income of Spain reaches 90% of EU-15, no matter whether enlargement to 27 members results in Spain being above that figure in an enlarged EU.

With respect to the mid-term review of the CAP, the Spanish Minister of Agriculture, Mr. Rias-Cañete, has publicly criticised the proposals put forward by the Commission. In a recent statement sent to the daily EL PAIS on September 20th, he has assured that "from the Spanish perspective it is not possible to share the contents of the reforms proposed by Commissioner Fischler." According to official calculations, the mid-term review will cost Spain 525 million € and will negatively affect

²⁰⁹ 17th Meeting of the Joint Committee for European Union Affairs. Hearing of State Secretary of European Affairs, Ramón de Miguel, on 5 December 2001. DSCG Comisiones 60/2001, p.1353 <http://www.congreso.es>; "Spain and Eastern Enlargement", Conference of Foreign Minister, Josep Piqué, at the *Instituto de España* on 7 March 2002, in Madrid. <http://www.mae.es>.

196.433 farmers. It is therefore sensible to expect that the Spanish government will join other countries trying to change the proposal of the Commission. The strategy could be to delay any reform of the CAP until 2007 and to link CAP-reforms and the 2007-2013 financial perspectives.²¹⁰

Time-table for the accession negotiations

Given the opposition of a group of countries (Germany, The Netherlands, Sweden and the UK) to the proposals of the Commission concerning the extension of direct payments to the new members from Central and Eastern Europe, the Spanish Presidency has dedicated a good number of resources and time to obtain a compromise solution. This has included intensive contacts at bilateral and multilateral level in both Madrid, Brussels and Luxembourg so as to seek a way out to the deadlock reached in June 10 at the General Affairs Council. Unfortunately, the electoral calendar in Germany, the review of the CAP, and the resistance of the Netherlands to discuss financial issues until the Commission formally designated the candidates for accession made it impossible for the Presidency to obtain agreement at the General Affairs Council held in Brussels on 17 June 2002.

Despite having closed fifty-two and opened twenty-two negotiation chapters, the Spanish Presidency was not able to fully meet the road-map designed in Gothenburg and establish a final common position among the Fifteen on either financial and budgetary issues or the Common Agricultural Policy. The Presidency has thus to leave for the Danish Presidency the major task of closing both the most politically sensitive and the remaining technical chapters.

Though Foreign Minister Piqué assured at the end of the General Affairs Council meeting of 17 June 2002 that the Fifteen had agreed on a *rendez-vous* clause by which the chapters with financial implications would be closed by October 2002 in ways fully compatible with the *acquis* and the Berlin agreement, Spanish officials take for granted that accession will

²¹⁰ Miguel Arias Cañete, Minister of Agriculture, "La revisión a medio plazo de la PAC desde la perspectiva española" *El País.es*, September 20, 2002; *Financial Times*, September 23, 2002, "France wins backing against farm reforms".

not take place on 1st January 2004. Asked whether the June 2004 deadline (elections to the European Parliament) could be met, they point at the (unknown) outcome of elections in Germany, the Irish referendum, and the position of the Netherlands, Sweden and the UK. The final outcome, they conclude, is very much on the air.²¹¹

Outcome of the accession negotiations

Concerning Structural Funds, which for Spain is the most important issue related with enlargement, Spanish officials believe that the combination of the 4% GDP ceiling, the co-financing requirements, the reimbursement criteria, and the complexities of implementing the *acquis* concerning programming and financial control will result in a very progressive access of the candidate countries to EU structural funds. Contrary to the expectations, the Structural Funds then might not be the most important problem which Spain has to face as a result of enlargement. The reform of the CAP, if and when it results in a reduction of the subsidies received by Spanish farmers, and the capacity of the candidate countries to implement and enforce the *acquis communautaire* do however preoccupy Spanish officials. In this respect, it has been recalled, implementation and enforcement of the *acquis communautaire* is a *condition* for membership, as established in the third Copenhagen criterion and emphasized by the European Council held on Madrid in December 1995.²¹²

The Spanish State Secretary for European Affairs, Mr. de Miguel, has publicly warned that the Fifteen, faced with their lack of

²¹¹ Council of Ministers: 2437th General Affairs Council meeting in Luxembourg on 17 June 2002, 9717/02 Presse 178; Interview with two Senior officials at the State Secretary for European Union in the Spanish Minister of Foreign Affairs, September 12, 2002.

²¹² See the comments on this topic of the Spanish State Secretary of European Affairs, Mr. de Miguel, to the European Parliament on 12 June 2002 during the debate on the Report: "Enlargement and agriculture: successfully integrating the new Member States into the CAP (2002/2059(INI)) Doc.: A5-0200/2002 of 28 May. Procedure: Own-initiative report Debate: 12.06.2002 Vote: 13.06.2002.

capacity to come to an agreement on EU finances, could decide to lower even more the existing 1.27% budget ceiling in the 2007-2013 financial perspectives. As he described it in a critical tone, the "new religion of 1.09%" would result in making even less money available for financing enlargement and could eventually provoke quite a lot of redistributive tensions.²¹³

Effects of enlargement

One of the main concerns of Mr. Aznar's government is the follow-up of the process of economic reforms agreed in Lisbon and latter confirmed at the Barcelona European Council, as well as the influence enlargement can have on the stability of the Euro. Therefore, it is sensible to think that the Spanish government will carefully monitor the economic consequences of enlargement and try to look for allies between the new member countries to push for further liberalization in some key economic sectors, currently blocked by countries like France or Germany.

In foreign and defence policy the likely concern of the Spanish government can be to assure the support of the EU to the current strategy of the Bush administration, but as the future members are all of them staunch supporters of the US and most of them likely members of NATO at the time of accession, there are not many probabilities of conflicts in this area.

Public Opinion

Latest opinion polls confirm that Spanish public support for enlargement continues being well above the EU average. In Eurobarometer 56, whose field work was carried out in October-November 2001, Spain ranked fourth in support for enlargement.

²¹³ 24th Meeting of the Committee for Foreign Affairs. Hearing of State Secretary of European Affairs, Ramón de Miguel, on 12 February 2002. DSCG Comisiones 413/2002, p.13423.

Sweden

Common Draft positions

As is well-known to most observers, enlargement of the European Union is considered a fundamentally important issue throughout most segments of Swedish society. Hence, the Swedish government's proactive approach to the enlargement issue is rather uncontroversial. Most politically relevant actors (e.g. all parties in the parliament) place enlargement on the top of the European Union's agenda. Hence, the government's approach towards the enlargement in general, and at the Seville European Council concerning the decoupling of CAP and the enlargement process in particular, has not met with any major criticism.²¹⁴ Given the outcome of the Seville European Council, positions on CAP and budgetary provisions are yet to be finally determined. The fact that Sweden is a net payer fuels argumentation across the political board for urgent reform of the CAP, so that the new memberstates do not implement deficient systems. In this respect argues Swedish Foreign Minister Anna Lindh: "We do not want to spend large amounts of money with the effect that the candidate countries construct flawed systems which later take time to change." (Dagens Nyheter, 2002-06-10). Still, the government is quick to stress that this does not mean conditioning enlargement on agricultural reform; rather, it should be possible to manage both aspects during the fall without risking the time-table for enlargement²¹⁵ Again, this is in line with the argumentation of most relevant actors (on the partial exception of the Federation of Swedish Farmers, LRF, regarding the timing of reform, see below): There is in effect a general agreement about not conditioning enlargement

²¹⁴ See for example the web-sites of the Moderate Party and the Liberal Party, www.moderat.se and www.folkpartiet.se, respectively and also the Swedish daily Dagens Nyheter 2002-09-05; for the government's preparation for and evaluation of the Seville meeting, see the government's website, www.regeringen.se.

²¹⁵ See Prime Minister Göran Persson's discussion with the parliamentary committee on EU affairs in relation to the Seville European Council meeting, www.regeringen.se/persson.

by agricultural reform, and equally so about that differences in conditions for candidate countries and current member-states ought not to be too great (see Dagens Nyheter 2002-09-03). The Left Party has to be noted in this regard, since it stands out as the clearest voice against "discrimination" of the candidate countries.²¹⁶

Reforms and "Agenda 2007"

It follows from what has been discussed above that reforming the CAP is the central reform aspect for most Swedish actors. Regarding the timing and sequence of steps, thus, the mid-term review of the CAP and the outcome of the Seville European Council can be noted as important steps. If the Copenhagen European Council meeting results in agreement on the admission of a substantial number of new member-states, that would undoubtedly be the clearest signal for (the need for) reform, since such developments would finalize the priorities of the union – the symbolic value of enlargement is more important than various financial considerations.²¹⁷ As already noted, the Swedish government finds itself in a rather comfortable position in terms of domestic opposition and criticism in these matters.

Time-table for the accession negotiations

At current most major actors seem confident that negotiations will be concluded in Copenhagen with a relatively large number of applicants, perhaps all ten named by the Laeken European Council as prospective candidates for enlargement in 2004. In short, the time-table established is expected to be followed to a large extent and the negotiation part of the enlargement process is generally not expected to be delayed, most would say, but rather finished in a Copenhagen endgame in December. The major obstacles discussed are not perceived from a specifically Swedish perspective; rather, they reflect the common political European debate of the matter. Hence, the resolution of the Kaliningrad issue and,

²¹⁶ See further the web-site of the Left Party, www.vansterpartiet.se.

²¹⁷ See for example speeches by Prime Minister Göran Persson before and after the Seville European Council, www.regeringen.se/persson.

more seriously, complications in the form of Turkish reactions to a Cypriot membership are discussed, as are the problem of reforming the CAP and not least the risk for a second Irish “no” to the Nice treaty.

Outcome of the accession negotiations

In the light of what has been said so far, it follows that most actors in Sweden are in favour of the enlargement and share the government’s argumentation that enlargement is beneficial from a security-political as well as economic point of view-. In a speech in May 2002 by the Deputy Prime Minister Lena Hjelm-Wallén, a number of macro-oriented effects of enlargement were envisaged in terms of symbolic value, securing peace, securing democracy and human rights in all of Europe, increasing economic competitiveness, and securing a cleaner environment.²¹⁸ These effects are not much disputed in the Swedish setting, although some parties in the parliament (the Left Party and the Green Party) are critical when it comes to overall effectiveness and direction of the EU in these fields. Hence, there is no major debate about the general effects of enlargement on the European Union: All political parties in the parliament agree on the necessity of the enlargement for the security and unity of the European continent. Furthermore, conventional wisdom is that enlargement is mutually beneficial in economic terms, although different segments of society will be affected to varying degrees. In consequence, there are not much of any popular fears when it comes to enlargement. By way of examples along these lines, the official Swedish position is not to Domestic disagreements that persist over the reasonability of the proposed rules for access to CAP funding, where e.g. the Left Party is more critical about generally long transition periods and what it calls discriminatory measures than other parties.²¹⁹ Regarding agricultural reform, the Swedish federation of farmers (LRF) wants to move slower than the government, and also argues explicitly that enlargement must be paid for through across-the-board measures rather than solely through

changing the agricultural programs.²²⁰ While not proposing a let-it-go attitude towards the applicant countries (which would create problems and weaken the European Union in the longer term), there is a general idea across the Swedish political spectrum that the candidate countries have to be treated in a way that creates as few divisions and “special solutions” as possible. In short, difficulties in the implementation of the *acquis* and the negotiated solutions may lead to weaknesses at the EU level, but such risks do not translate into specific Swedish concerns.

Effects of enlargement

Enlargement will undoubtedly change the character of the European Union in a number of fields and will probably, most commentators say, mean a challenge in fields such as environment and social policy. However, there is at current no specific case to refer to, but rather an acknowledgment of the fact that it is the implementation of the *acquis* in the candidate countries that will pose the major challenges in the years to come, not negotiating mutually agreeable accords. In the academic debate there is an increasing interest in what the enlargement will mean for the EU-Russian relationship. It is taken for granted in Sweden that both sides are dependent on good neighbourly relations with each other, and in that process, enlargement can serve both as a stepping-stone and a stumbling bloc. At the present, the former alternative is certainly the more pronounced in the Swedish debate, although certain concerns about the Kaliningrad issue do exist. This is also highlighted in government speeches.²²¹ Although Sweden is not a NATO member, the likely enlargement of NATO and the accession of the Baltic states is expected to imply that the transatlantic link will be further pronounced in the EU context generally and in the North European perspective in particular.

²¹⁸ See www.regeringen.se/hjelm-wallen.

²¹⁹ See www.vansterpartiet.se.

²²⁰ See interview with LRF chairwoman Caroline Trapp, Dagens Nyheter 2002-06-10.

²²¹ Again, see various speeches by Prime Minister Göran Persson, at www.regeringen.se/persson.

Public Opinion

The overall favourable public opinion towards enlargement means that the government can pursue its policy in the absence of major oppositional forces. So, public opinion does not pose a major problem for the Swedish government, as parties, pressure groups and public opinion are in favour of the enlargement process, and primarily for symbolic/moral and security reasons, rather than due to specific economic advantages which are conditioned by certain negotiation solutions and so on. It is interesting to note that the Swedish public is more in favour of enlargement of the EU than in its own membership of the EU.²²² This is also reflected in the Parliament, in the sense that both the Green Party and the Left Party are in favour of enlargement of the EU while at the same time being critical towards Sweden being part of the EU.²²³ There has recently been a substantial increase of the share of public opinion being in favour of enlargement, to the effect that the Swedish public opinion is along with the Greek and Danish, the most positive to enlargement in the current EU circle, with 69 per cent being in favour of enlargement.²²⁴ This enables the government to pursue its proactive approach much in the absence of sensitive issues.

United Kingdom

Common Draft positions

The government of Tony Blair is among the most outspoken EU governments to support deep reform of the CAP and the system of structural funding.

In the sensitive domain of agriculture, the British government stands by the principle that the EU should not increase its budget under the current budgetary framework prior to enlargement. Like the Spanish government, it urges increased spending to incorporate the agricultural sectors of the applicants once they

are members of the union, within the new financial framework of the next EU budget. At the same time, the Prime Minister and the Minister for Europe have clearly expressed on numerous occasions that the (Common Agricultural Policy) CAP must be radically reformed *before* the ten prospective members – most with large, poor agricultural sectors that would qualify for billions of euros under an unreformed CAP – join the EU in 2004. In particular the British position stresses the need to tackle the issue of reform of the notorious system of agricultural subsidies. As Peter Hain asserted in front of the European Standing Committee, the reforms will include some re-allocation of subsidies, which will limit direct payments for existing members and increase support for new members until some point of equilibrium is reached.²²⁵ Simultaneously, the British government has been a firm supporter of decreasing spending on subsidies and questionable agricultural practices, while re-directing resources at regenerating the rural economy with development and modernisation. The British government supports the integration strategy on enlargement and agriculture formulated by the European Commission at the beginning of 2002. According to this action plan, the immediate introduction of the full direct payments to farmers in the new Member States would lead to the freezing of existing structures and hamper modernisation. Therefore, the Commission favours a gradual introduction of direct payments over a transition period of ten years, starting at 25% of direct payments enjoyed by farmers in the current Member States and reaching 100% in 2013.

Britain, together with the Netherlands, Germany and Sweden, opposes the notion that subsidies be extended automatically to the new members and does not seek their full preservation for the current members. The UK government also supports the recent reform proposal by the agriculture commissioner, Franz Fischler, intended to cut the link between direct payments to farmers and production levels as well as to divert some payments, which currently go directly to farmers, to rural development instead. The UK

²²² See Eurobarometer no. 56.

²²³ See the web-site of the Green Party, www.miljopartiet.se, and that of the Left Party, www.vansterpartiet.se.

²²⁴ See Eurobarometer no. 56.

²²⁵ House of Commons, European Standing Committee B, 18 March 2002, column 8.

government welcomes such moves. This is mainly due to the lack of fierce public opposition to CAP reforms in the UK which is characteristic of the debate in other European countries. This in turn is probably indicative of the fact that, although about 600 farms in the UK will suffer from a new £200,000 ceiling on the amount an individual farm will be able to get from the CAP in the future, for most the reforms will represent a positive move introducing a commitment to rural development.²²⁶

In conclusion, in the words of Peter Hain, *'we believe that the CAP should be reformed so that support is targeted at regenerating the rural economy and not at wasteful and inefficient subsidies. Enlargement should be concluded, including fulfilment of the agricultural chapter, and to some extent that prefigures subsequent CAP reform... enlargement should not be conditional on CAP reform...'*²²⁷ In the view of the British government, *'the case for reform of the CAP stands on its own. In its early years the CAP played an important role in supporting farming communities and the rural way of life. But it no longer reflects the demands of European citizens, or global economic realities. It is a throwback to an era when protectionism and state subsidy, rather than free trade, were the guiding principles of European economic policy.'*²²⁸

Similarly to its position on CAP reform the British government has expressed firm commitment to renegotiating the existing patterns of Structural Funds support. Such changes are considered inevitable, with or without enlargement. With the prospect of new EU members, many of which will necessitate assistance for their deprived regions, the UK government accepts that regions such as Cornwall, Merseyside, South Yorkshire and West Wales will not enjoy the same levels of structural aid. In the light of this, government policy stresses the need for investment in the prosperity and the sustainable development of these regions while

a transition period is used to redirect structural aid to the more needy regions of the new members.

To summarise, the official British stance regarding the necessary reforms to fulfil the commitments under the Common Draft positions and to agree upon the future of CAP and structural funding consists of several key elements. The UK government supports deep reform of the system of subsidies and structural aid not only to cope with the reality of enlargement but also to improve the efficiency of the Union altogether. The Labour Government firmly supports the enlargement process but opposes the delegation of financial means to applicant countries under an unreformed CAP. Britain is actively involved in the debate over reform steps. The position of Britain is in accordance with the reforms emphasised in the mid-term review of the CAP from 10 July 2002, namely to cut the link between production and direct payments, make those payments conditional to environmental, food safety, animal welfare and occupational safety standards, and substantially increase EU support for rural development. The British government emphasises the importance of the December 2002 Copenhagen Summit to reach a political deal how to reconcile the relative poverty of the new members with the intentions of the current members to reform the existing agricultural and structural aid policies prior to the acceptance of the applicants.

Reforms and "Agenda 2007"

In the light of the planned admission of 10 new EU members by the end of 2002, Britain joins other EU countries in debating how the EU structural and budgetary framework will incorporate the prospective members. The British government explicitly supports that enlargement from 15 to 25 members should happen within the parameters of the 2000-2006 planned budgetary expenditure. As Peter Hain, Minister for Europe, summarised at a debate in the European Standing Committee B in the House of Commons *'we will insist, as the (European) Commission, that the ultimate settlement remains within the budget set by the Berlin Council in 1999, and we are confident*

²²⁶ Guardian/ Farmers protest over EU agricultural reforms July 10, 2002

²²⁷ House of Commons, European Standing Committee B, 18 March 2002, column 9

²²⁸ Speech by Jack Straw, Intercontinental Hotel Budapest, July 9, 2002

that that can be the case'.²²⁹ Yet, there is awareness in the British government that the applicant countries will push harder in the negotiations in order to "win the best possible deal".²³⁰ Given the tension between the imminent enlargement and the ceiling of the EU budget the British Government wants to reconcile the two realities. This will include profound reforms in the EU structural and budgetary allocations, to be reflected in the new 2007-2013 budget.

Time-table for the accession negotiations

The official position of the UK government firmly maintains that the accession negotiations with the ten most advanced candidates shall be concluded by the end of 2002. At the EU summit in Seville in June, Peter Hain publicly stated that *'It's vital to European credibility, and we have to stick to the timetable. We are entering the final six months and there is a great prize at the end of it.'*²³¹ Britain has put into operation several bilateral action plans with each candidate country that will finance projects designed to accelerate the accession process. Under the EU's twinning programme, British experts have been involved in more than 100 projects, and many of them have been seconded to work alongside their counterparts in candidate countries to help implement European legislation and standards for border management, the environment and tackling corruption and crime.²³²

The main challenge to the proclaimed certainty that the endgame will happen at the Copenhagen summit in December is coming from the Conservative opposition. They point to the numerous unanswered questions about the effects of enlargement on agricultural policy, structural funding, wages and living standards across the Union. The Labour and the Conservative parties disagree on the significance of the Nice treaty and its ratification in Ireland. The Liberal Democrats

are blaming the Conservatives of being anti-Nice-anti-enlargement oriented whereas the Conservatives claim that they do support enlargement but they do not see the framework of the Nice Treaty to be of any help in properly addressing the mechanics of the accession process. Another point of criticism regards the negligence of minority rights violations in candidate countries such as Estonia (Russians), Latvia (non-Latvian nationals) or the Czech Republic (gypsies). The Conservatives point to the black-boxing of human rights violations and/or public media government control in applicant countries in order to meet the "endgame" expectations.²³³ As a counter-point to such criticism Peter Hain consistently stresses that the individual performance of the candidates in all political, social and economic spheres is constantly monitored for successes or failures. At the same time, external factors that might affect the applicants' performance such as the implementation of the euro or the global recession are also taken into account.

Britain expects the timetable for accession of the first 10 candidates to be adhered to. At the same time, uncertainties arise regarding the reforms of the CAP, the institutional preparedness of the Union following the ratification or rejection of the Nice Treaty, as well as the final performance of the candidates.

Effects of enlargement

Both the short term and long term effects of enlargement are perceived with many differences in perspective in the UK.

In the short-term, for the transitional period of enlargement, political and public expectations tend to be more cautious due to the ongoing debates over the mechanics of accession, the reforming of key EU policies and institutions, and the costs of enlargement. All prospective candidates scheduled to join the Union in 2004 are still due to close the most difficult negotiation chapters on agriculture, taxation, tariffs and justice and home affairs. In Britain, two key points of concern have been that local jobs could be lost and living standards could be drawn down to the level of those in the applicant countries. The Conservatives have been keen to criticise the government for

²²⁹ House of Commons, European Standing Committee B, 18 March 2002, column 8.

²³⁰ IBID.

²³¹ The Guardian, EU enlargement battle begins as leaders fly home, June 22, 2002.

²³² Statement given by Peter Hain, given in Westminster, April 16, 2002.

²³³ House of Commons, European standing Committee B, March 22, 2002, column 14-18.

pushing forward the final stage of negotiation for political reasons rather than carefully looking at the risks and the costs of enlargement. Overall, the fear is that enlargement will occur as scheduled because the Labour government slips into "...Eurospeak and says that something has to happen, that it therefore will happen and that it is a good thing" while the necessary financial and policy requirements are faltering.²³⁴

Another concern, regarding even the pre-accession stage, refers to the distribution of EU international aid. Britain is contributing £700 million to Europe's international aid budget, which is supposed to focus on halving poverty in low-income countries. In July this year, the British Secretary of State for International Development, Clare Short, angrily threatened to withdraw British contributions because the UK government believes that sometimes Europe is wasting its aid budget forging political alliances with middle-income countries in the Mediterranean and Eastern Europe to the detriment of peoples in much more urgent need of help in places like Africa. The concern is that the relationship between the EU and its prospective new members could lead to other equally important priorities being ignored.

The British government, a firm supporter of enlargement, attempts to counter negativist approaches by consistently projecting into the public space images clarifying the veritable costs of enlargement and explaining its long-term benefits. The Government recognises that the net contribution to the EU's budget of Britain will increase with enlargement to cover the EU's spending in new Member States. However, the increase in Britain's net contribution will be limited because Britain's rebate will apply to the bulk of spending in the new Member States. In response to fears that Britain will have to stop receiving structural funds after enlargement, the Foreign and Commonwealth Office emphasises that 'Spending in Britain from the EU's Structural Funds program is guaranteed until 2006, regardless of enlargement. After 2006, the amount of structural funds that Britain receives will depend on the agreement reached between

Member States for the next financial period (probably 2007-2013).'²³⁵

In the long term, expectations should be even more positive. Once the negotiations are concluded, the reforms implemented and the transition period over, the Blair government expects Britain to benefit hugely from enlargement. As the Labour MP David Cairns summarised, European enlargement will bring genuine benefits in two broad categories – the economy and security. Research shows that British post-enlargement GDP could grow as much as £1.75 billion a year. The UK Government has estimated that 300.000 new jobs will be created throughout the European Union with thousands of new business opportunities for UK investors and employees.²³⁶

In the area of security, Britain maintains a genuine geo-strategic interest in having enlarged European borders. Over the last decade, the influx of illegal immigration and asylum seekers as well as the complexity of international terrorism have pre-determined border security to be an essential priority. At this year's Seville summit, Tony Blair and Jose-Maria Aznar have joined forces in pushing forward tough measures against countries that fail to co-operate with the EU on immigration. Security concerns in an enlarged Europe will make several Mediterranean and Eastern European countries crucial external borders. Therefore, the British Government is already investing in training the customs and police services in several applicant countries as part of the Action Plans. In a recent speech in Budapest, the Foreign Secretary Jack Straw outlined the priority of these issues for Britain: *'EU expansion should also allow us to tackle more effectively security problems of more immediate concern to our citizens, such as cross-border crime and illegal immigration. Enlargement will dramatically reduce the barriers and borders, between both new and existing Member States and among the new members in central Europe. If our EEC accession experience is anything to go by, this will herald a bright new era in trade and human contacts with your neighbours. But*

²³⁴ IBID, column 24.

²³⁵ <http://www.fco.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1007029393321>.

²³⁶ IBID, column 26.

removal of internal borders also presents criminal networks with new opportunities to traffic drugs and human beings. One of the great challenges in an expanded Union will be to work together to crack down on these threats.'

There has not been a significant shift in the government position regarding the enlargement of NATO. In early July, both Tony Blair and George Bush heralded the alliance's biggest expansion, due later this year. Mr. Blair supported enlargement '*on as broad a basis as possible*' given the context of an ongoing war on terrorism. Thus, Britain continues to see NATO and the US as pillars of security for an ever-larger EU, evidently avoiding considering the attempts of ESDP. An interesting development to be analysed in the following months is how an internationally important country like Britain will balance its relationships with the enlarged EU, the enlarged NATO, its political friend US and new friend Russia. Most of the applicant countries are former spheres of Russian influence that are nowadays strategic for the US global war on terrorism and important for the future of Europe.

Finally, enlargement of the EU is expected to have significant effects on British social and environmental policies. There is a general fear that the new members will provoke deterioration of the Union's environmental standards due to their obsolete technologies of production. In terms of social policies, concerns refer to the possibility of "neo-liberalising" the Union once a huge influx of new workers, new investments and new competitors takes place.

Public Opinion

According to the latest Eurobarometer survey conducted in Spring 2002, 38 per cent of people in Britain support enlargement of the EU and 35 per cent are against it.²³⁷ In comparison to the previous survey published in November 2001, the percentage of unlimited support for enlargement has decreased by 3 per cent whereas the opposition to it has risen by 2 per cent. The majority of British people then were satisfied with the speed of the accession

²³⁷ Eurobarometer, Public opinion in the European Union, 57 Spring 2001, p. 17.

negotiations and want it to stay as it is (49 per cent), whereas 17 per cent believe it needs to be slowed down and 17 per cent want it to be speeded up. 21 per cent of the respondents believed that the European Union should not be open to new members at all.

The overall public support for enlargement in Britain corresponds to the dynamics in most EU member states. The peculiarity of the British picture lies in the statistics on the actual level of knowledge about the enlargement process. Among all Union members, the lowest percentage of people feeling well informed about enlargement is to be found in Britain (10 per cent). People in the UK are least likely to have recently read, seen or been told anything about enlargement. In Britain as many as 68 per cent could not remember having received information about enlargement from the media recently.²³⁸

The widespread lack of knowledge and information about enlargement suggests that it is not a 'hot topic' of public attention in Britain and that the debate over the sensitive issues is conducted within a relatively limited public parameter across fairly elitist social strata. Attempts to attract public attention are made by both the anti- and pro-enlargement lobbies. According to the non-governmental organisation *Britain in Europe*, there are around 60 anti-EU organisations in the UK, which consistently point out to the detrimental effects of the enlargement.²³⁹ However, the NGOs supporting enlargement are in a stronger position now given the pro-European stance of the British government.

The debate on enlargement in the UK has largely remained a high-profile, elitist discussion confined to the cabinets of professional politicians and EU bureaucrats rather than represented in the focus of public attention on a frequent basis. The prevailing interest of the British public has been focused on EU issues having a direct effect on people's daily lives, such as the euro, immigration, unemployment and agriculture. Enlargement has been raised as an important matter on a regular basis by more liberal and internationalist press agents such as The Guardian newspaper. Yet, enlargement and the

²³⁸ Eurobarometer, Public opinion in the European Union, 56 Autumn 2001, p. 71-83.

²³⁹ www.britainineurope.org.uk.

respective reform of the Union to incorporate the new members have remained an issue mostly on the Government–Opposition political agendas and in the academic fields of discussion.

2. Please note any observation you made on the debate on enlargement in the aftermath of the Laeken summit and during the Spanish Presidency.

Austria

Many Austrian politicians, political parties and pressure groups have made statements about the increasing importance of a serious debate on enlargement. To this extent there has been an increase in efforts to encourage this debate and inform the general public.

In the previous Enlargement/Agenda 2000-Watch, it was reported that an information platform ('Österreich-Plattform') had been launched in April 2001 by the Austrian government in collaboration with the representation of the EU Commission in Austria.²⁴⁰ This platform has hosted some events (mainly debates on enlargement) and still exists but cannot be said to have had wide coverage in the media, nor does there seem to be wide awareness of it in the general public. In several attempts, the web site (www.oesterreich-plattform.at) could not be accessed by this author.

In June 2002, this governmental drive to inform the public was continued by a new and widespread information campaign about the alleged benefits of EU enlargement called 'Opportunity EU Enlargement' ('Chance EU-Erweiterung'), using billboard posters, with a smart Internet presence (www.chancen-erweitern.gv.at) and a permanently-staffed information office.²⁴¹ According to a written parliamentary answer by Foreign Minister Ferrero-Waldner in April 2002, this is effectively a continuation of the 'Europatelefon' free telephone line.

In the last couple of months, most political parties and significant pressure groups have

²⁴⁰ Enlargement Watch/Agenda 2000 4/2002, p. 57.

²⁴¹ Information from the 'Chance EU-Erweiterung' office, August 2002, www.chancen-erweitern.gv.at.

published position papers stating clearly their usually favourable stance towards EU enlargement and strong arguments to back up this stance.²⁴² This flurry of action can be interpreted as a realistic assessment of the need for action, decisions to be taken and in-depth information of the public. Only the Freedom Party remains an isolated sceptical voice.

Belgium

The most notable evolution in the debate has been the controversy of the Belgian socialists concerning the enlargement.²⁴³ After the Laeken summit, the government seemed to regret that not enough was achieved at this summit.²⁴⁴ Later the government (including the SPA) agreed with the timetable stipulated in Laeken. A lot is expected of the Convention. The Belgian socialists have a party conference in November. It remains to be seen whether they will change their point of view concerning Europe, and how this might affect the government and the government position.

Denmark

After the elections in November 2001, criticism both at home and abroad has been voiced against the present government's reliance on the right-wing nationalist party, the Danish People's Party, in forming parliamentary majorities. Surprisingly, the substantial change in domestic politics has not affected the enlargement debate. Several attempts by the Danish People's Party to place the question of the free movement of people in an enlarged Union on the agenda has failed. As

²⁴² So for example the People's Party position paper 'Die Europäische Union erweitern – Österreich gut darauf vorbereiten', 24 January 2002; Federal Chamber of Labour position paper, 'Die Erweiterung der Europäischen Union', 1 February 2002; Federation of Austrian Industry position paper 'Europa wächst zusammen – Viele Chancen', June 2002.

²⁴³ See question 1.

²⁴⁴ See previous issues of Enlargement Watch.

will be recalled from the previous Enlargement/Agenda 2000-Watch, Denmark is one of the few member states to have committed itself to open its job market from day one, once Central and Eastern Europe have become members. The new Danish government has confirmed this view. To quote Anders Fogh Rasmussen: "If a Polish doctor or workman can find work in Denmark and make a contribution to society, he shall be more than welcome".²⁴⁵ The Danish People's Party plans to run a number of advertisement campaigns against enlargement (and free movement of people) during the Presidency.

A minor stirring of the waters took place in the middle of August, when former leader of the Social Democrats, Svend Auken, tried to open a debate on transition problems in connection with enlargement.²⁴⁶ He pointed out that workers from the CEEC's might undermine Danish collective bargains. Most observers, however, regarded his statements as part of a domestic directed debate and an attempt by the Social Democrats to win back the electorate they lost at the last election.

Finland

Despite of widespread public apprehension and occasional hiccups from some politicians (see above), the political support for enlargement in Finland has remained strong. All the leaders of major political parties have given speeches and comments in support of the enlargement: officially, enlargement is seen as good for Europe and Finland. The financial and political costs of enlargement are acknowledged, but they are deemed as acceptable. There is no reason to expect any problems from Finland concerning the final months towards the Copenhagen Summit and "Big Bang".

However, an interesting sideline worth noting in the wider EU debate in Finland has been the question of the seat of the Food Safety Agency. Finland's hopes of securing its first EU agency were smashed in Laeken by Italy. Despite the fact that the Agency has already started, although on interim basis, its work in

Brussels, Finland has not let go of the topic. Immediately after Laeken Prime Minister Lipponen voiced his disappointment over the fact that some large member states do not play according to the commonly agreed rules.²⁴⁷ Indeed, the question of the ultimate seat of the Food Safety Agency has gained larger and highly symbolic proportions: it is seen as reflecting the growing tensions between the large and the smaller member states as well as acting as a test whether Finland can expect other member states to play by the rules as well. The symbolic importance of the Food Safety Agency is well reflected in the fact that securing its position in Finland is among the official objectives of Finland also during the Danish EU Presidency.

Germany

The debate on enlargement intensified in Germany on concrete issues, like CAP, migration, social and economic costs, Kaliningrad etc. It was however not a prominent issue in the election campaign. Schröder rarely mentioned European integration in general or enlargement in particular during his campaign. This left room for his opponent Stoiber to play the EU card and present himself as a mainstream integrationist in the tradition of chancellor Kohl. Thus he played down a lot of his notorious criticism against "Brussels" and his claims for further decentralisation and devolution of power in the EU.

Both campaigners followed a split rhetoric: strong political commitment to enlargement combined with demands for safeguards, transition arrangements to protect labour markets, branches etc. Overall there was more general attention given to the issues of the "future of the EU" and thus the situation after accession. However, the elite consensus on enlargement as a political and economic²⁴⁸

²⁴⁷ *HS*, 17 December 2001.

²⁴⁸ German exports into the 12 candidate countries increased by 32.6 per cent from 1999 up to 2001 with a total amount of 50.3 billion € (imports plus 38 per cent or 35.3 billion €); cf. *Frankfurter Allgemeine Zeitung*, 15 October 2002.

²⁴⁵ Danish daily *Jyllands-posten* 30 June 2002: 13.

²⁴⁶ Danish daily *Politiken*, 19 August 2002.

project that is of superior interest for Germany and beneficial for old and new EU-members was maintained.

Greece

Greek public discussion on the “Future of Europe”, which partly arose in the aftermath of the Laeken summit, soon fizzled out due to a widespread lack of interest and disillusionment by the public, which largely perceived the EU institutional debate as being too formal and out of touch with reality. That public debate involved the prerequisites and consequences of enlargement and concentrated heavily on the “widening or deepening” approach to European integration. However, it was more practical questions that stood in the centre of the discussion, such as the reduction of payments from the Structural Funds or the radical overhaul of the CAP.²⁴⁹

Still, academic discussion proved unable to spill over to the media and/or the wider public opinion in any meaningful way, while the debate in political circles – or, rather, the ritual incantation of ever-recurring generalities – was even less conducive to discussion of the basic questions.²⁵⁰ When the consequences of enlargement will occur, this will happen on unprepared soil.

Ireland

The Joint Committee on European Affairs in the Oireachtas (the Irish parliament) produced a report on the future of the European Union in January 2002. The report stressed that the

²⁴⁹ For an overall assessment of the evolution of the public debate on enlargement see the collective presentations “The wager of enlargement for Europe”, A. Kefalas, ed., in “ECONOMICOS TACHYDROMOS”, 18/5/2002, pp. 61-80.

²⁵⁰ See the articles of ex.-MEP G. Romeos in TO VIMA, 4/5/2002 and MEP Y. Marinos in TO VIMA, 2/6/2002, from the two major poles of the political spectrum, dwelling on the responsibilities incurred by the political system for the shallowness of public debate.

enlargement of the Union was predicated on the type of changes envisaged in the Treaty of Nice and identified the estrangement and lack of identification amongst EU citizens with the EU as a particular problem. In a separate report on enlargement in April 2002, the Joint Committee fully supported the principles of enlargement and the declaration of Laeken on the early admission date for the ten candidate countries. The Institute of European Affairs organised a series of six open lectures on the future of Europe and has a long-established project group to analyse and discuss enlargement and the future of Europe.

There is a general view that the Laeken Declaration marked a new departure in the preparation for an IGC. For the first time a representative and inclusive assembly was convened for this purpose. The Convention’s final report containing either options or recommendations will provide the starting point for the Heads of State and Government at the 2004 IGC. The Irish representatives at the Convention on the Future of Europe have attended the Forum on the Future of Europe and informal contacts are maintained with the Chairman of the Forum, Senator Hayes. If the Nice Treaty is ratified by Ireland and enlargement takes place as planned, the 2004 IGC will be in session during the Irish presidency of the Union which runs for the first half of 2004. Candidate countries which have completed accession negotiations for EU membership will be entitled to participate in the IGC. Ireland could then preside over 2 historic events: the IGC determining the future of Europe and the enlargement of the Union.

Italy

In the aftermath of the Laeken summit, the Italian Government felt that an enlarged Union requires a more effective institutional architecture, the extension of the QMV mechanism and enhanced cooperation mechanisms²⁵¹.

During the Spanish Presidency, the Government insisted that the enlargement

²⁵¹ See the speech by the former Minister of Foreign Affairs, Renato Ruggiero, at the Senate, 19/12/2001.

process should be completed with the accession of Bulgaria and Romania and that the negotiations between the European Union and Turkey should be accelerated to make the accession of Cyprus as less problematic as possible²⁵².

Netherlands

The official Dutch position on the outcome of both the Belgian and the Spanish Presidency were stated in the *Staat van de Europese Unie*.²⁵³ Much progress was made as regards the process of accession. Large parts of the Commission's road map for the negotiations were accomplished: a considerable number of negotiation chapters of the *acquis communautaire* were closed in time. Much attention was paid to the improvement of the administrative and judicial capacities in the applicant member states.

Furthermore, attention was paid to the institutional reforms, which were decided upon during the Seville summit. The Dutch government has welcomed the proposed changes as a first step into a well-organized and well-functioning enlarged European Union. It takes a special interest in the position of the smaller (future) member states. In general, the Dutch government has been very pleased with both presidencies.

Portugal

The Minister of Foreign Affairs has refused all proposals to reform the European Council meetings and the Council of Ministers as presented by the Spanish Presidency in order to improve the efficacy of the decision-making process after enlargement.²⁵⁴ This position is

²⁵² See the Guidelines of the Italy Permanent Mission to the EU for the Spanish Presidency (abstract on the website www.europa2004.it).

²⁵³ *Staat van de Europese Unie – State of the European Union*, p. 8

²⁵⁴ Isabel Arriaga e Cunha, "Portugal Rejeita Alterações ao Funcionamento das Políticas de

corroborated by President Sampaio's speeches²⁵⁵ and by the statements of the Prime Minister during the Seville Summit.²⁵⁶

Spain

The Programme of the Spanish Presidency of the EU, released on 7 January 2002 under the title 'More Europe', identified enlargement as the fourth priority of the Presidency, after the 'combating of terrorism in an area of freedom, security and justice', the 'successful introduction of the euro' and 'the impetus to the Lisbon Process'.²⁵⁷

Concerning enlargement, the programme flowed quite naturally out of the Conclusions of the Nice, Gothenburg and Laeken European Council meetings of 7-9 December 2000, 15-16 June 2001 and 14-15 December 2001, respectively. According to the road map presented by the European Commission in its Strategy Paper of 8 November 2000, the Spanish Presidency would have to deal with four of the most difficult chapters of enlargement negotiations: agriculture, regional policy, budgetary and financial provisions, and institutional issues. This would make it possible for the Danish Presidency to close the negotiations in December 2002 so as to start the national ratification procedures and allow for the first countries to become members in time for the elections to the European Parliament in 2004.

Leste", (Portugal Rejects the Alterations to the Functioning of the Eastern Policies), *Público*, 18 June 2002.

²⁵⁵ Conference of Jorge Sampaio on the Committee of European Affairs of the Danish Folketing - "Shaping the Future of an Enlarged European Union", Christiansborg, 28 June 2002.

²⁵⁶ Isabel Arriaga e Cunha, "Pequenos Países da UE Recusam Reformas Favoráveis Apenas Aos Grandes", (Small Countries Refuse Reforms Favourable to Large Countries), *Público*, 23 June 2002.

²⁵⁷ "More Europe: Programme of the Spanish Presidency of the EU. First Half of 2002". SN 4876/2/01 REV 2. Brussels, 7 January 2002; "Work Programme of the Spanish Presidency for Enlargement". España 2002. Presidencia de la Unión Europea ue2002.es. Brussels, 15 January 2002.

In its presidency programme, the Spanish government declared its will to make a 'decisive contribution' to ensure that negotiations could be concluded in the second half of 2002 with those countries which met the political and economic criteria (all candidates but Romania and Bulgaria). It also showed its willingness to speed up negotiations with Romania and Bulgaria, which had made important progress towards meeting the economic criteria for accession; announced that it would begin the process of verification of the fulfilment by the candidates of the third enlargement criterion (effective implementation of the *acquis*), it committed to establish the Drafting Group for the Act of Accession, and promised to closely follow the situation of Cyprus and Turkey.

But, in contrast to the agenda of the Presidency and the statements of previous European Council meetings, the Spanish Presidency had to face a situation in which enlargement negotiations became dangerously intermingled with two highly salient, utterly politicised and long ago unresolved issues: the imbalances in the member states' net contributions to the EU budget, and the reform of the Common Agricultural Policy. Clearly, whereas the technical negotiations advanced at good pace, the true political enlargement negotiations were opened, rather than closed, during the Spanish Presidency.

Sweden

To begin with, the time-table established at the Göteborg European Council meeting is increasingly being taken for granted in the Swedish debate, which also becomes evident that more and more discussions are directed to the process after the end-game of the negotiations; that is, ratification processes, referenda (and the related need for information), implementation issues and so on. It can also be noted that the principle of differentiation, which has been a key Swedish interest, is not at the centre of attention any longer, reflecting the fact that more and more observers, first, consider the likelihood for a substantial number of candidate countries finishing negotiations at the same time as quite

high, second, discuss obstacles and problems primarily in terms of delays for the process as a whole, rather than for individual countries. Also the government has contributed to the rather optimistic scenario by arguing that the Belgian and the Spanish presidencies have certainly done their part of the job, despite the fear in certain quarters that not least Spain would have competing interests and not prioritise enlargement at any price. Hence, Prime Minister Göran Persson has publicly praised the Spanish Presidency for its active work in keeping the time-table.²⁵⁸

United Kingdom

Britain assesses the six-month Spanish presidency as having been strongly beneficial to the process of enlargement. In a Statement to the House of Commons on 24 June, Prime Minister Tony Blair praised the progress made as follows: *'By 2004, the European Union will have welcomed up to 10 new member countries with more to follow. This is an historic opportunity which the Government welcomes. Excellent progress on the timetable has been made under the Spanish Presidency. And, at Seville we reaffirmed our commitment to complete the negotiations by the end of the year.'* In another affirmation of the British commitment to the timetable of enlargement, British Foreign Secretary Jack Straw expressed certainty that the Danish Presidency that follows the successful Spanish term will conclude the accession negotiations for the first wave of enlargement.²⁵⁹

The Spanish term has been characterised by the establishment of a close co-operation between Tony Blair and Jose Maria Aznar on the issues of illegal immigration policies and border controls. At the Seville Summit in June, the two leaders forwarded a proposal for sanctions against countries which fail to comply with the EU regulations on immigration. Britain and Spain had to water down their proposal in the face of fierce French opposition. Both Britain and Spain

²⁵⁸ See his speeches at www.regeringen.se.

²⁵⁹ <http://www.number-10.gov.uk/output/page4231.asp>.

have emphasised that successful enlargement will help tackle the problem of illegal immigration, firstly by improving living standards in the places of origin of many present day illegal immigrants and secondly by synchronising the external border controls of the EU.

3. Please comment on the Convention and the constitutional process, as seen in your country:

?? What is the role of the candidate countries within the convention, considering also that they will not be able to prevent any consensus which may emerge among the member states?

?? What can be perceived as major interests, positions and outlooks of the candidate countries within the convention?

Austria

It is fair to say that – as reflected in the media – there has been little awareness, let alone public debate on the Convention. This author was able to find many statements regarding the importance and significance of the Convention by political parties, pressure groups and parliament. However, all of these concerned their opinions on *what* and *how* the Convention should be debating.

However, virtually no statements regarding the role, major interests, positions and outlooks of the *candidate* countries could be found.

There is a growing crisis in the debate over the role of the Convention itself, its President Giscard d'Estaing, and the intentions of some of the larger EU members, and it is in this light that one must understand the critique of the Convention by leading Austrian participant Johannes Voggenhuber (SPÖ).²⁶⁰ Arguably this crisis has completely overshadowed the role or input of the candidate states.

²⁶⁰ In an article in the 'Financial Times Deutschland', 9 June 2002, reprinted on the website of the Austrian Green Party, www.gruene.at.

According to a source in the Ministry for Foreign Affairs, 'being able to participate in the decision-sharing process might be as important as participating in the consensus.' The same official also claimed that his Ministry's analysis 'has shown a clearly integration-friendly stance among Convention members from candidate countries. Nevertheless there is no wish to make radical changes to the current system and to upset the institutional equilibrium'.²⁶¹

One statement by ÖVP Convention member Reinhard Rack took note of a growing distance between the positions and intentions of the existing members and the candidate states and criticized the candidates for 'representing a Europe of the 1980s'.²⁶²

Belgium

Little attention is paid in Belgium (either in public opinion or in official government views) to the position of the candidate states within the Convention. In general, it is seen positive that the candidate countries contribute to the debates of the Convention, of which, as mentioned above, much is expected. The main interest of the candidate countries in the Convention seems to be the importance of a new role for national parliaments in the new European decision-making procedures.

Denmark

In Denmark a broad debate on the future of Europe has not kicked off yet. In spite of public hearings in the Danish Parliament and several EU conferences held in connection with the Danish EU presidency, the debate is still limited to the political elite and experts. One of the reasons why this is the case, can be found in the Danish preference for having

²⁶¹ Interview with an official of the Ministry for Foreign Affairs, September 2002.

²⁶² 'Die Presse', 25 May 2002.

referenda on EU questions. The Danish public and a majority of Danish politicians have a tendency to box in all questions relating to the EU and save them for the next referendum.

The Europe Committee in the Danish Parliament has allocated 19 million Danish kroner for information and other activities in connection with the debate on the future of Europe. Recently, a major daily newspaper, *Politiken*, has made use of some of this money to engage the public in a debate on the future of Europe.

Finland

The government position has been that the candidate countries should be able to participate in the work of the Convention as equal partners. Moreover, Finland has emphasized that the ensuing Intergovernmental Conference (IGC) should not begin until 2004, when those applicant states, with whom negotiations will be concluded at the Copenhagen European Council in December 2002, have become full members of the European Union and will be able to participate in the decision making.

Prime Minister Lipponen has been the most outspoken politician concerning the Convention. He has supported the equal role of the candidate countries and has also called for an open and free discussion in the Convention itself. He has also emphasized the need for great transparency in its work.²⁶³ In Lipponen's view, the Convention should be allowed to do its work without any other competing exercises in the EU. Therefore, and especially prior to the Seville European Council, Lipponen opposed any partial reforms, such as the proposed Council Presidency reform, as at this juncture they should belong to the mandate of the Convention.²⁶⁴

Kimmo Kiljunen, who represents Eduskunta in the Convention, has criticised the poor standing of the applicants in the Convention: for example, the fact that the applicants do not have a vote and that the work of the

Convention is conducted on the official EU languages only reflects the unequal status of the applicants in the process.²⁶⁵

However, the role of the candidate countries has not been the most central theme in the debate concerning the Convention. Instead, numerous worries have been put forward concerning the very nature of the process. For example, the Finnish MEP Heidi Hautala warned already in the beginning of February 2002, that the work of the Convention risked being sidelined and overpowered by the much more energetic and frequent work of its Presidency.²⁶⁶ Foreign Minister Erkki Tuomioja has expressed a more general concern that the usefulness of the Convention's work could be in jeopardy if it produces a document that is too federalist in its orientation. He also reminded that it is the IGC in 2004 that will have a final say on all the issues.²⁶⁷ This is also the official line of the Finnish government.

As was mentioned in the last issue of the "Enlargement-Watch", the Finnish government has sought to activate public debate on enlargement and the future of the European Union in general.²⁶⁸ The main forum for this work has been the non-governmental forum for discussion of the future of the European Union. During the year 2002 it has convened three times, in April, May and September. In addition, the government has established an open web site dedicated for the future of EU debate at www.minuneurooppa.fi.

Germany

role of the candidate countries within the convention

Generally, there is little attention of the wider public and media for the proceedings of the Convention which would go beyond specific contributions of the German members. Positions of the candidate countries are not

²⁶³ Cf. *HS* 5 December 2001.

²⁶⁴ *HS*, 15 June 2002.

²⁶⁵ *HS*, 23 February 2002.

²⁶⁶ *HS*, 1 February 2002.

²⁶⁷ *Ilkka*, 11 February 2002.

²⁶⁸ *Enlargement Watch* 4/2002 (January 2002), p. 34.

often reported in German media and even less commented by political actors. There is an understanding within the German Bundestag and also the government that the representatives of the candidate countries take their full part in the Convention and mostly fit in well with the European party families. The candidate countries do not appear as a “component” in its own right besides the representatives from the heads of government, the European and national parliaments and the Commission, but they are perceived as integrated into the existing framework and also political cleavages.

interests of the candidate countries

On the background of the above it seems that also as far as the overall political orientation is concerned, the candidate countries align themselves with mainstream positions in the current EU but do not bring in completely new perspectives or interests. Overall, they take an interest in securing a European Union that follows the principles of solidarity and that ensures an equal status of all its members. In how far this corresponds with specific choices as far as institutional reforms or reform of procedures of the EU are concerned cannot be said today.

Greece

role of the candidate countries within the convention

The question of involvement of the candidate countries in the EU constitutional process plays a rather negligible role in Greece.²⁶⁹ In fact, this aspect is only seen through a Cyprus angle.

Actually, whenever positions taken at the Convention reached the academic or media debate in Greece, the focus often was not only on Greek representatives but also on those from Cyprus. For example the statements of P. Avgerinos (Greece) on the role of National

Parliaments were matched by those of M. Attalidis (Cyprus) on the same subject (Convention, 6/7/2002); the positions of P. Ioakimidis (Greece) on the area of security and justice were reported along those of Eleni Mavrou (Cyprus). The same goes for positions on the external dimension of EU action: Greek positions of G. Katiforis and P. Avgerinos have been reported along Cypriot ones of M. Attalidis and A. Vassiliou (Convention, 11/7/2002) (it has to be added that all such positions were following the expected “mainstream” approach, no-feathers-ruffled no-waves-raised lines).²⁷⁰

interests of the candidate countries

As to the interests of Cyprus, which remains the main focus of any Greek attention in the context of enlargement (or, at least, of the first wave of accession countries), they are mainly centred around not falling behind the first wave. In that, they totally coincide with the priorities fixed by Greece, which in turn derive from the perceived pressure brought to bear by the Helsinki process for a parallel solution of the Cyprus political issue and for a more permanent détente of Greek-Turkish relations.

All other matters of economic interest, be they tax harmonisation, agriculture or the status of Cyprus’ offshore companies, are treated as subordinate to unimpeded early accession.

Ireland

The Irish view is that candidate countries should be accommodated as far as possible in the Convention although they cannot be involved in decision-making on the EU until they are full members. The Irish government welcomed the decision to extend membership of the working groups and the presidium of the Convention on the Future of Europe to the candidate countries.

²⁶⁹ For an analysis of the evolution in public opinion of candidate countries see EPILOGI, May 2002, p. 29.

²⁷⁰ All positions summarised at the Info Bulletin of the Hellenic Centre for European Studies, no. 4 and 5.

Italy

role of the candidate countries within the convention

The role of the candidate countries²⁷¹ within the Convention has proved to be very important. In fact, although they are not allowed to prevent any emerging consensus among the representatives of the member states, they are influencing the debate by throwing their weight behind the member states' draft proposals that they judge most in line with their interests. The candidate countries have strongly supported, in particular, the proposals aimed at strengthening the role of national parliaments and introducing effective mechanisms for control of the subsidiarity principle.

interests of the candidate countries

Most candidate countries²⁷² are in favour of reinforcing the second and third pillars of the EU. In general, they seem to support an institutional architecture based on a mix of intergovernmental and supranational methods. They agree to the idea of giving the EU a legal personality and revising the current rotating presidency but, at the same time, call for a strengthening of the Commission's role. One of their fundamental requests is that the smaller states should be given adequate institutional representation and decision-making weight.

Finally, the candidate countries strive to acquire a more prominent role in the reform process. In particular, they want the right to express their position in the Intergovernmental Conference and are not satisfied with a status of mere observers.

²⁷¹ This section is based upon interviews in the Italian MFA, September 2002.

²⁷² This section is based upon interviews in the Italian MFA, September 2002.

Netherlands

The debate in the Netherlands on the European Convention has so far primarily focussed on two issues: the creation of a European Constitution and the influence of the Convention on the future of the European integration process.

The latter debate has to do with the recognition that the Convention will probably be much more influential and powerful than the former Purple government had expected it to be. This change of direction was one of the most important reasons for the resignation of the representative of the Dutch government to the Convention, Minister of State Hans van Mierlo. The former leader of the liberal faction in the European Parliament, Mr. Gijs de Vries, has replaced him.

The position of the applicant states in the Convention is not really subject to discussion in the Netherlands. In the media practically no attention is paid to their possible influence and their contributions to the European debate. In fact, it is quite likely that many people do not know about their membership in the Convention!

Portugal

role of the candidate countries within the convention

Portuguese Convention members have a very positive idea of the candidate states' participation in the works of the Convention. Their perception is that the contributions of these Convention members depend very often on their personal involvement into European Integration. The absence of a voice in the final decision-making process brings about that these members play a very constructive and cooperative role both in the plenum and the specific working groups and produce high quality contributions in rather specific matters. This is taken as a sign of maturity of the candidate countries' elites in EU matters.

interests of the candidate countries

The candidate countries' main concern has been related to the equality of EU member states, advocating that the equilibrium between small and large countries has to be maintained. This is an issue that also concerns Portugal, which, after enlargement, sees its role as a leader of the small and medium-sized countries.²⁷³ This results in a conservative defence of the institutional balance favouring the role of the Commission in the legislative process.

Spain

The Spanish government is sceptic of the constitutional or federalist dynamic generated around the Convention. It does not believe that the Union suffers a problem of democratic legitimacy and, therefore, it does not share the view that increasing the supranational features of the Union is the solution. Rather than worried on democratic legitimacy, the Spanish government believes that the Union's institutions will only be legitimised by their capacity to generate growth, employment and internal and external security to the Europeans.

Two statements might well help to summarise these views: "The major objective that must inspire the work of this Convention", President Aznar told the Convention at its inaugural meeting on 28 February 2002, "is that of projecting a sustainable and effective Europe". "Our obligation, that of European leaders", he insisted in his Oxford Speech about the future of Europe, "does not consist so much of making new discoveries, as of improving the working of a political, economic and social reality that has brought us extraordinary success". Consistent with this view, the Spanish government has refused to enter into 'nominalist' debates, it has supported proposals to maintain the intergovernmental features of the Union, blocked proposals to give more powers to the Commission or the Parliament and even put forward ideas to

²⁷³ Interview with Alberto Costa, Socialist Deputy to the Assembleia da República, Member of the Convention.

strengthen the role of big countries in the Council.²⁷⁴

Sweden

role of the candidate countries within the convention

The government's view on the convention has been spelled out by the government's representative to the convention, Deputy Prime Minister Lena Hjelm-Wallén, in May 2002 to the effect that one of the fundamental tasks of the convention is to discuss new forms of governance in the future EU. In such a process, the candidate countries are both entitled to take part since they will be affected by the outcome of the convention and may have fruitful ideas to bring into the discussion (see further www.regeringen.se/hjelm-wallen). The Moderate Party discusses along similar lines that the convention is a special opportunity to take a broad approach to the future EU, based on a perception of the EU as European altogether rather than West European. It is only natural that the candidate countries have a place in that process.²⁷⁵ Moreover, the argument has been made that it must be beneficial for all parties if the candidate countries take part to the convention when they as members approach the coming intergovernmental conference.

²⁷⁴ Quotes extracted from: "Address by the President of the European Council, Mr José M. Aznar, at the inaugural meeting of the Convention on the future of Europe", <http://european-convention.eu.int>. See also Aznar's Inaugural Lecture ("Reflections on the Future of Europe") at St. Anthony's College on May 20, 2002. More recently, see also the amendments introduced by the government's representative to the Convention, Mr. Méndez de Vigo to the document on the future of Europe prepared by former CDU leader Wolfgang Schäuble and EPP leader Wilfried Martens under the title "A Constitution for a Strong Europe" which EPP leaders discussed at their September 9 meeting in Sardinia (ElPais.es, September 9, 2002, "Aznar rebajará en Cerdeña el tono federal de los conservadores europeos").

²⁷⁵ See further www.moderat.se.

interests of the candidate countries

On the part of the candidate countries, it can be perceived that it is important for them to be recognized as equal partners in the crafting of the future EU and to be allowed to try to influence the future of the European Union. Herein lies also part of the rationale for attempting to be in the first round of enlargement; as members, they will stand on equal footing as current member states in the continuation of the process.

United Kingdom

role of the candidate countries within the convention

Britain sees the applicant countries as a powerful motor for the variety of reforms that the Convention will have to decide upon. After all, the very process of enlargement has triggered the necessity for profound reform of the Union to make it work for 500 million citizens. There is a general consensus in Britain that the ever-larger Union will need a radically reformed framework regarding the political, economic and social policies of the EU.

In the context of the planned enlargement to 25 or more Member States, such a framework amounts to a fundamental re-examination of the institutional architecture of the EU. The Government's priority is to make sure that any eventual changes are designed to make the EU more efficient, transparent and accountable. The main line of divergence between the Government and the Opposition regarding the debate on the Future of Europe refers to the argument whether the Union needs a Constitution to deal with the necessary reforms preceding and following the enlargement. The Government has adopted a more flexible approach, stressing that it is not scared of the 'C' word but it would conform with a simple adjustment of the existing Treaties where appropriate.²⁷⁶ The Conservatives have adopted an approach much more emphasising

²⁷⁶ "Where next for Europe?", speech given by Peter Hain, UK Minister for Europe, at the Law Society - London, 25/06/2002.

the 'radically different reality of the enlarged Union', which will require a radical reform of the existing institutional framework. As the representative for the Conservative Party of the European Parliament, Timothy Kirkhope, pointed out 'Europe needs not a constitution but a new treaty to deal with the entirely different reality of the enlarged union.'²⁷⁷

Both government and opposition groups hold the opinion that any changes need to be agreed not by the Convention, but by EU governments acting by unanimous agreement at an intergovernmental conference. In the aspect of preserving national sovereignty and preventing the 'excessive' delegation of competencies from the Member States to the Union, Britain is likely to look for political support from the candidate countries.

interests of the candidate countries

Within the Convention, it is important that applicant countries will be able to practice their participation in EU forums and to start clarifying for themselves which positions they will support, what internal alliances they might form and to what extent they will be acting "en bloc" as "the group of candidate countries" throughout the accession process and beyond it. There has already been a noticeable inclination on the part of Britain to seek out those attitudes of the candidates that correspond with her own interests and positions. For instance, Britain holds the principle position that the Convention should decide upon an institutional framework allowing greater de-centralisation of powers and guaranteed decision-making at national level, where it is best to do so. According to the principle of subsidiarity, Britain supports the vision of a strong and united Europe, which will, however, preserve the autonomy of the nation-states in numerous important issues other than security and defence. The British government wants to keep the option of national vetoes. To find additional support for its position, Britain has already referred to candidate countries outlooks. As Peter Hain put it, '... many such (candidate) countries have freshly won their nationhood ...after decades of oppression... They are not about to give that by surrendering power to the centre.'

²⁷⁷ <http://www.conservatives.com/news>.

They, along with majority of European member states, are as keen as us to retain decision making at national level where it is best to do so.²⁷⁸

²⁷⁸ House of Commons, European Standing Committee B, 18 March 2002.

ANALYTICAL SURVEY BY APPLICANT COUNTRIES
(Czech Republic, Hungary, Poland, Slovenia)

1. With regard to the accession negotiations and the enlargement of the European Union, which are the likely positions of your country (Government, political parties, pressure groups, wider public academia/think tanks) in view of

?? **Common Draft positions:** In the course of the last months, the current member states had to agree on common draft positions in the field of CAP, structural policy and budget. Against the background of the existing Agenda 2000 settings which are the main positions of your country with respect to the substance and the financial aspect of the Common Draft Positions in these fields, or, in the case of candidate countries, what are the reactions respectively?

?? **Reforms and “Agenda 2007”:** Given the need to reform CAP and structural policy and to agree on a new financial framework for the period 2007/2013 which reform elements and financial considerations are the most important for your country? In terms of the timing and sequence of reform steps which are key dates or elements to kick off the debate (European Council Copenhagen signal for reform?; mid-term review CAP 2002; cohesion report 2003? ; new EP/Commission in 2004/05 or others?)?

?? **Time-table for the accession negotiations:** As foreseen by the European Council, the accession negotiations with the most advanced countries shall be concluded by the end of the year 2002. The “endgame” will probably happen at the Copenhagen summit in December 2002. Is there an expectation in your country for the end of negotiations at a later stage? What seem to be major obstacles?

?? **Outcome of the accession negotiations:** With regard to the preliminary transition periods that have already been agreed so far and with regard to the performance of the candidates in light of the Copenhagen criteria which effects on the enlarged Union are expected in your country? Which problems, constraints and weaknesses can be named in particular?

?? **Effects of enlargement:** With the accession of ten or more new members within the next few years is there a new impetus or rather stagnation expected as far as some policy fields (environment, social policy, ESDP) or regions and countries (Mediterranean, Eastern Europe, USA, Russia) are concerned?

Public Opinion: Which sensitivities with a view to public opinion and pressure groups must be taken into account by the government of your country with regard to the Common Draft positions on CAP, structural policy and the new financial framework? How did support for enlargement/accession also in view of sensitive chapters of negotiations develop over the last months in your country?

Czech Republic

Common Draft positions

Agreement on Common Draft Positions in the field of CAP, structural policy and budget among the current member states is expected in October 2002. Nevertheless, on 30th January 2002, the European Commission (EC) approved an information note to the financial framework of enlargement for the years 2004-2006. The note consists of a horizontal document to the financial framework and a

document on issues related to agriculture. In general, the Czech Republic (CR) considers the resources proposed for new member countries as insufficient. The competent officials at the Czech Ministry of Foreign Affairs (MFA) are, however, well aware of the fact that when formulating the Czech reaction to the EU proposals, it must be taken into account that the overall framework of resources for enlargement as set by the Agenda 2000 can hardly be surpassed. They also think that the CR should avoid such a reaction and such a position which would be difficult to modify without losing face. There is a danger that if the CR would categorically refuse a certain proposal of the EC, the EU could make it a matter of "take it leave it". In such a case, the CR would be facing an unpleasant dilemma: "to enter or not to enter".

The present member states very often point out at the financial framework which they have agreed (without the presence of candidate countries) on the March 1999 summit. This general budgetary framework provides for the years 2002-2006 resources from 6.450 billion EUR in 2002 up to 16.780 billion EUR in 2006 based on the scenario of enlargement by six candidate countries in 2002. At present, it seems that the coming enlargement could involve ten countries. Thus, from the point of view of the Agenda 2000, the resources for enlargement should logically be increased. The Czech experts find it hard to understand that even in such a situation there are some member states who want to decrease these resources instead of at least trying to maintain them at the originally proposed level.

Reforms and "Agenda 2007"

Competent officials at the Czech MFA believe that neither the shape of the financial framework 2007-2013 nor the result of the debate on the CAP reform should be anticipated. At the same time, they are firmly convinced that the proposed ten-year transitory period for providing direct payments is unacceptable for the CR. In an extreme situation, there can be considered gradual increases until 2006, under condition that the CR will already co-decide about the development in the period after 2006. The CR, contrary to the attitude of the EC, does not count with immediate contributions to the EU budget right after accession and it will require

a gradual phasing-in of these contributions. The CR, however, is not against any discussion on the alternative of a single compensation. The principle that all modalities of both commitments and appropriations of the CR should be valid equally both for the CR and the present member states must be respected. A desirable result, as seen from the Czech side, should be an improvement of the net financial position of the CR after the accession to the EU.

Some eurosceptic politicians in the CR try to use and even abuse the theoretical possibility that the CR could, under certain circumstances, receive less from the EU budget than it would contribute to it. For this reason, it should be made very clear to the Czech public that the net financial position of the CR will under no circumstances deteriorate after the accession. Otherwise the number of people opposing the country's entry into the EU could increase significantly before the referendum on the EU accession. As far as agriculture is concerned, many Czech farmers fear that they could become less competitive after the entry to the EU, especially if they would not be treated equally as farmers from the current member countries. Many of them fear that disadvantages of accession would prevail over the advantages, and it is not surprising that many of them intend to vote no in the forthcoming referendum.

According to the MFA officials, the EC proposal also contains a number of positive aspects, e.g. emphasis on rural development, a high share (80%) of co-financing from the EU side in case of the agricultural development fund, a good basis for negotiations in the area of structural funds, a simplified system of drawing from the funds in the first years after accession, and also the possibility to complement the direct payments from national budgets.

In terms of the timing and sequence of reform steps, the Czech experts consider as key date to kick off the debate especially the signal for reform expected from the European Council in Copenhagen.

Time-table for the accession negotiations

The official government position of the CR is that the negotiations will conclude by the end of 2002. Despite this official position, the

Vice-Minister of Foreign Affairs and head of the Czech negotiation team Pavel Telicka mentioned that he could imagine a situation when negotiations would continue in 2003 if a reasonably good compromise on certain important issue could not be reached in time. Such a delay in negotiations could e.g. happen if the Common Draft Positions of the EU would be unacceptable for the Czech side and no agreement would at hand. Most potential problems are connected with the sphere of agriculture, even though the percentage of labour force employed in agriculture is much lower in the CR than in most other candidate countries.

At present, the CR is the only one of all 10 candidate countries which has a chance to enter the EU in 2004, that does not have a law on referendum yet - despite the fact that all political parties in the CR have agreed that the Czech population should decide in a referendum whether it wants the country to join the EU. Besides this, the Czech parliament still needs to pass 30 European laws so that the Czech legal system would be fully compatible with the *acquis communautaire*. There has not been agreement yet on whether the law on referendum should be a general one which would enable to do referenda on various important issues in the future or whether it should be a special law which would deal solely with the accession to the EU. If the law on referendum is passed in the parliament by the end of 2002 at the latest, and if the negotiations conclude by the same date, and if the accession treaty is prepared by the end of January 2003, then the referendum on EU membership could take place in spring 2003.

Outcome of the accession negotiations

To date, the CR has provisionally closed negotiations on 25 of 30 chapters of the *acquis* (the 31st chapter "Other Issues" has not been opened yet). During the Danish Presidency, the remaining chapters from the "road map" from Nice, i.e. Transport and Economic Competition where negotiations started already in 2001, and further, Financial and Budgetary Provisions, Institutions, Agriculture, and also the chapter Other Issues will be discussed.

As to the chapter Agriculture, a part of this chapter was provisionally closed on 11th June 2002. In this respect, the CR has negotiated the

two following requirements for transitory periods (TP):

- ?? TP of 3 years (after the accession) for 52 food processing enterprises for achieving full harmonization of hygienic parameters of production with the conditions valid in the EU.
- ?? TP until 31.12.2009 for non-enriched cages for hens that are already in use and do not fulfill the technical requirement with respect to the height of the cage.

There are two remaining requirements of the CR for TP in the field of agriculture:

- ?? TP for replanting of vineyards until 31.12.2009.
- ?? Conditional TP (i.e. under condition that Slovakia will not enter the EU at the same time with the CR) of 2-3 years (after accession) for the establishment of six veterinary stations on the Czech-Slovak border.

The CR demands access to direct payments from the day of accession. The main reason for this demand is the "principle of equal treatment". At the same time, the CR asks for a flexible reference period for setting quotas, e.g. in case of the volume of future consumption of milk. At present, the EU is pushing through the reference period 1995-1999 which is disadvantageous for the CR in some cases. The reason is insufficient representativeness of the transformation period during which occurred a significant decrease of production. The CR understands that there cannot be set identical reference volumes for all the individual EU regions. However, the proposed quotas lead to an unacceptable asymmetry.

The CR perceives individual items of the EU proposal in an overall context. TP required by the CR in the veterinary and phytosanitary area, the import clause, measures eliminating possible price shocks, production quotas, the level of direct payments, resources for rural development, the level of co-financing, compensation of levies to the EU budget - all this forms one whole whose final shape must ensure a sufficient competitiveness to the Czech farmers on the Single Market. It would not be desirable for the CR to become an import-oriented country without its own production.

According to the Czech MFA officials, the EC proposal does not take sufficiently into account the concrete situation in individual applicant countries. In other words, the principle of differentiation is not respected. E.g. the state of restructuring of the agricultural sector differs significantly in countries of Central and Eastern Europe.

As to the chapter Economic Competition, this chapter has not been proposed for provisional closing because of the EU requirements concerning restructuring of the Czech steel industry and the issue of support of the banking sector from public resources.

As to the chapter Financial and Budgetary Provisions, the CR asks for a TP for a gradual phasing-in of contributions to the EU budget, which was also accepted in the case of previous enlargements. In this respect, the CR has asked for technical consultations with the aim to get more information on the methodology of calculations of the financial flows from the EU budget to the applicant countries and about budgetary compensations.

As to the chapter Transport, the EU in its common position proposes to provisionally close this chapter which would include a TP of five years (2+2+1) for road cabotage, although the CR itself does not require any TP in this chapter.

As to the chapter Institutions, the EU does not propose in its position the adjustment of the number of deputies in the European Parliament (EP) and still counts with 20 seats for the CR as it was decided in Nice. The CR is still striving for being equally represented in the EP as countries with more or less the same population size (Belgium, Portugal, Greece), i.e. the adequate number of seats for the CR would be 22.

The CR asked the EC for a technical clarification of procedures connected with determining the number of seats in the EP, number of Commissioners in the EC and weighting of votes in the Council of the EU in the transitory period. The CR further asked the Commission to answer questions concerning the transitory arrangement for 2004, an information about the recruitment and number of Czech officials for the EU institutions, and secondary legislation related to the functioning of the EU institutions.

As to the chapter Regional Policy, this chapter was provisionally closed during the Spanish Presidency. However, the CR is ready to return to the negotiations on this chapter as soon as the EC will present a proposal about the concrete size of financial resources delimited for the CR from the structural funds and from the Cohesion Fund.

Effects of enlargement

Both Czech government officials and independent experts are convinced that the forthcoming enlargement of the Union will bring new impetus in practically all the above mentioned fields and will stimulate an intensification of relations with especially those regions and countries which will then become new neighbors of the EU, e.g. Ukraine, Croatia etc. It should also be mentioned that all Central European NATO-members (Czech Republic, Poland, Hungary) are expected to become advocates of strengthening the relations with the USA. They all appreciate the role of the United States in maintaining stability in Europe. A clear evidence of that is the role the USA has played so far during the peace-making and peace-keeping operations in various parts of ex-Yugoslavia. This role has brought obvious positive results.

Public Opinion

According to the most recent survey of the Centre for the Research of Public Opinion (CVVM) from June 2002, 56% of Czech citizens were supporting the effort of the country to join the EU, 25% were against it and 19% did not have any opinion. According to the same survey, if the respondents were supposed to express their view in a referendum on the CR's accession to the EU, from 59% of them who were firmly decided to participate in it (the rest does not intend to participate or is undecided), 42% would vote in favor and 17% would vote against.

In the CVVM surveys traditionally reflect some socio-demographic and political characteristics of the respondents. In favor of the EU accession are more often than average supporters of ODS (Civic Democratic Party) and the Coalition (Christian Democrats and Freedom Union), while supporters of CSSD (Social Democrats) are less enthusiastic about

it. This can be observed despite very pro-European attitudes of the CSSD leaders and rather eurosceptic attitudes of the ODS leaders. Most supporters of KSCM (Communists) would vote against the CR's entry into the EU. In favor of EU accession are often average people with high school and especially university education, entrepreneurs and respondents from cities larger than 100 000 inhabitants. Against EU accession are often people older than 60 years.

According to 10 surveys which have been made by the STEM (Centre for Empirical Research) agency in the period 1996-2002, it can be concluded that the support for EU accession has been relatively stable in the CR, even though some analysts point out a permanently decreasing support in this respect. It is, however, visible that the percentage of undecided people has decreased over time, and at the same time, the share of those who oppose the accession has increased. The table below shows how the respondents answered the question "What would at present be your decision in case if there were a referendum on the entry into the EU?"

Date	Yes	No	Undecided
1996/8	46	13	41
1997/4	50	16	34
1999/4	46	14	40
1999/9	44	17	39
2000/5	42	16	42
2000/10	48	15	37
2001/3	45	18	37
2001/5	40	22	38
2001/9	43	20	37
2002/3	46	19	35

Source: STEM

Hungary²⁷⁹

Common Draft positions

In June the member states agreed on a Common Position in the field of agriculture. For the time being, the document left aside the key question of direct payments which is expected to be published by the beginning of November. The Hungarian position in this regard is that a new member state must be fully integrated into all Community policies including the Common Agricultural Policy (CAP). This does not mean that Hungary would exclude any "phasing in" period, but the ten years proposed by the European Commission earlier this year is unacceptable. A transition period of three years could be justified, spanning from the year of entry till the last year of the financial package of Agenda 2000 (2006). The main reason behind this is the principle of equal chances of competition on the Internal Market where non-discrimination should prevail. As far as the second important issue – the production quotas – are concerned the position of the Fifteen was published in June. For Hungary the most important sectors are wheat, milk, sugar and beef. So far Hungary finds the proposed quota for milk and sugar, as well as for sucking calf well below the Hungarian requests. The bargain is underway.

The chapter on Regional Policy could be provisionally closed in summer. All the seven regions of Hungary shall fall under Objective 1 (while the future of the Central region containing the capital with the highest living standard is currently being debated). According to preliminary calculations Hungary might count with 12,5% of the structural operations spent for the new member states (some 1 bn. Euro in 2004, 1.2 bn. in 2005 and nearly 1.5 bn. in 2006) although exact figures should be agreed upon only in the final round of negotiations.

The chapter on the Budget will be closed among the last chapters, after financial

²⁷⁹ Sources of information: Interview with a high-ranking diplomat at the Ministry of Foreign Affairs; Articles from *Europai Tukor* (Hungarian journal dealing with European issues); Hungarian daily newspapers; <http://www.bruxinfo.hu>; http://europa.eu.int/comm/public_opinion/cceb/ace_b20011_summary.pdf.

conditions of the CAP, Regional Policy and national contributions are settled. Here the Hungarian position is that Hungary would like to become a net beneficiary of the EU budget from the year of entry, therefore it would be unacceptable that Hungary had to start off with 100% of contributions while the financial transfers would be gradually phased in. Such an outcome would be difficult to explain to the public on the eve of the referendum. In the financial perspective of Agenda 2000 transfers for 6 countries were set aside from 2002 on. Since then the situation changed: it seems that 10 countries will join in the year 2004. This results in a population increase of 20% which should be reflected in the revised budgetary envelope of enlargement, while decision will also have to be taken about the resources foreseen for 2002-2003. In any case, the European Council in Berlin accepted an amount of 58 billion € for enlargement to be spent between 2002 and 2006. This should be the reference figure in the upcoming negotiations.

Reforms and "Agenda 2007"

Hungary is aware of the fact that the CAP is in need of reform and the future of the Regional Policy is also on the political agenda. All this will be reflected in the next financial package of 2007-2013 which will be discussed before 2006. For Hungary as a candidate state there are two key objectives regarding the mentioned reform area and budgetary debate. First, whatever the outcome of the current reform discussions the EU should not impose any new conditions on the candidate countries before the closing of accession talks. Second, Hungary would like to participate in the preparations for the financial perspective of 2007-2013 as a full member and deems it important that the new financial framework will be agreed upon jointly with the new members states. The same holds for European Parliament elections (2004) and the entry into office of the new Commission (2005). Hungary hopes to participate in both events as full member.

Time-table for the accession negotiations

So far Hungary closed 26 chapters provisionally, the chapters under negotiation

are: Competition Policy, CAP, Budget, Institutions, Miscellaneous.

Hungary welcomed the European Council's conclusions in Seville which confirmed the EU's determination to finish accession negotiations with 10 applicant countries by the end of this year and to sign the Accession Treaties in spring 2003. According to the "mini road-map" of Seville all remaining technical issues of the negotiations could be settled by mid-October and the most sensitive questions, i.e. those having financial consequences, could be concluded before the Copenhagen European Council.

Hungary is ready to work with this time-table and does not see any major obstacle which could delay the process. Sticking to the principles of equal chances on the Internal Market as well as solidarity, Hungary is ready to make compromises on her part in order to keep this time-table.

Outcome of the accession negotiations

As regards the Copenhagen criteria the European Commission stated recurrently in its regular reports that Hungary fulfils them satisfactorily – thus in terms of democracy, rule of law, functioning market economy, legal harmonisation as well as administrative and institutional capacity to apply the *acquis*, Hungary will be a stable member state committed to comply with all EU requirements. As regards the transition periods requested by Hungary they are not very likely to have a serious impact on the Internal Market since these include areas such as EU-conformity of sewage systems, the fat content of milk, tar content of cigarettes, or VAT on domestic fuel. Other transition periods such as buying of land on Hungary's side, or free movement of labour on the EU's side could have more important consequences for the parties (especially as regards the low land prices in Hungary which could have given rise to huge speculations without a transition period). And there are also some sensitive issues for Hungary where Budapest still seeks to find a satisfactory solution. This is typically the case with the generous tax relief given to multinational companies investing in Hungary (Competition Policy). The problem is that these tax relieves are not compatible with the *acquis* while for the Hungarian economy these firms represent a strategic significance.

Finally, the hardship with the chapter on Institutions is the problem that Hungary (together with the Czech Republic) received 20 seats in the European Parliament instead of 22 given to present member states of the same population size. Hungary would like to see this situation rectified before closing the chapter.

Effects of enlargement

The overall macroeconomic effect of enlargement should be positive since the average growth rate of accession countries is much higher than that of the EU (3,6% as against 2% in 2001). Furthermore there seems to be no problem regarding the political pillars. The accession countries are committed to CFSP as well as to ESDP and three of them (including Hungary) are already members of NATO while most of the others are applying for membership. Third pillar matters are also high on the agenda in the candidate countries and the removal of the Schengen borders further eastwards from the present borders of the EU is well in the Fifteens' interest.

In some areas, such as environment, the EU will have a pulling effect on the upgrading of environmental standards in the new member states, while in other areas, such as social policy, the new members might show a good example with their more flexible labour markets and much less costly social security systems as opposed to the current member states.

When calculating the effects of accession one should not forget that thanks to the Association Agreement there is already free movement of industrial goods between Hungary and the EU and large parts of movement of services, as well as nearly 3/4 of agricultural trade are also liberalised. This means that Hungarian entry to the Internal Market will not be a "shock". Nevertheless membership will have serious impact on the agricultural sector (especially on small farms), on the field of environment protection and transport infrastructure (where huge investments will have to be made) or on the field of competition (as mentioned above).

Of course, it is expected that advantages will outweigh the risks and possible losses. First of all it must be emphasized that Hungary will become part of one of the most stable and prosperous groups of countries in the world, with which Hungary shares common values

and traditions. Secondly, the value of having a legitimate say in the decision-making mechanisms must be highlighted. Thirdly, expected further modernisation and dynamism of the Hungarian economy coupled with policies based on solidarity shall have a benign effect on the country's development.

Public Opinion

Hungary has always been among the most pro-EU-membership countries among the candidate states. The latest polls published in August this year (by GfK Research Institute) show that 2/two thirds of the Hungarian population would vote positively in a referendum, while only 9% would be against membership. On the other side of the coin however is the fact that Hungarians seem to know relatively little about the consequences of accession. According to Eurobarometer surveys from 2001, 67% of Hungarians feel not very well (or not at all) informed about accession, while only 32% feel well (or very well) informed. Although Hungary has a Communication Strategy since 1996, so far this meant spreading information about the EU. To date the government is launching the crucial phase of the Communication Strategy by opening an information campaign on the expected gains and losses of membership.

Poland

Common Draft positions

Membership negotiations concern different issues. Some of them are particularly controversial and they call for transitional arrangements, which permit to phase in compliance with certain rules and laws by a date agreed during the negotiations.

It must be pointed out that transitional periods is not an issue that has emerged for the first time in the incoming talks with 13 candidate countries. They were granted to newcomers in previous enlargements too. They varied in scope and duration. What is particularly interesting, the same matters seem to raise controversies in all enlargements. They include e.g. free movement of capital, especially, long term investment in real estate, which was the

case in 1995 enlargement, a free movement of workers (Mediterranean enlargement) or trade in agricultural products (with regard to all enlargements).

Poland adheres to the principle enshrined in the Opening Statement that transitional arrangements should be limited and selective as well as they should not disturb the well functioning of the Single Market²⁸⁰.

In our opinion the overwhelming majority of preliminary provisional solutions that have been agreed so far do not violate the principle mentioned above. It is amply demonstrated by transitional periods in the field of Environment. Transitional arrangements, such as emissions of volatile organic compounds from storage of petrol until 2005 or health protection of individuals against ionising radiation in relation to medical exposure until 2006, are economically justified (the total costs of the adoption of environmental *acquis* are estimated to reach 30 billion Euros²⁸¹), but they are of minor importance for the enlarged Union.

One of the transition periods most disturbing the functioning of Single Market is the non access for workers of the candidate countries, as it violates one of the fundamental Four Freedoms and impedes flexibility of the EU labour market, which is needed in the face of high unemployment. It was introduced to calm Germany's and Austria's fears about "flooding" of their labour market with nationals of new member states, including Poland. To become a flexible solution²⁸², there

is a chance that the period will be shortened, as it was the case in the Mediterranean enlargement.

Another important transitional arrangement concerns the restriction imposed by Poland (and other candidate countries) on purchase of real estate by non-residents. A 12-year transitional period for agricultural and forest land, excluding self-employed farmers from EEA countries, who have been leasing land for 3 or 7 years (depending on region) and a 5-year transitional period on secondary residences, excluding EEA citizens who have resided at least 4 years in Poland, have been agreed. We agree that they hinder the Free Movement of Capital, but they have a non-economic rationale, as they were introduced for historical, political and social reasons. Nonetheless, in our opinion they will be of minor importance for the enlarged Union. According to the Ministry of Internal Affairs and Administration, non-residents' interest in purchasing real estate in Poland is moderate, as merely 0,08% of Polish land are "foreign" property²⁸³.

We are of the conviction that the most important transitory solutions will be negotiated in the nearest future. They will determine the financial dimension of the enlargement as well as exert significant impact on the applicants' economy and the EU economy, as a whole.

²⁸⁰ See: *Stanowiska Polski w ramach negocjacji o członkostwo Rzeczypospolitej Polski w Unii Europejskiej, Pełnomocnik Rządu ds. Negocjacji o Członkostwo RP w Unii Europejskiej*, Kancelaria Prezesa Rady Ministrów, Warszawa, czerwiec 2000, s. 13 [*Poland's Positions in the Membership Negotiations of the Republic of Poland with the European Union*, Government Plenipotentiary for Membership Negotiations of Republic of Poland with European Union, Chancellery of Prime Minister, Warsaw, June 2000, p.13].

²⁸¹ Source: Rada Ministrów, *Raport w sprawie korzyści i kosztów integracji Rzeczypospolitej Polskiej z Unią Europejską*, Warszawa, 26 lipca 2000 r., s. 99 [the Council of Ministers, *Report on Benefits and Costs of Poland's Integration with European Union*, Warsaw 26 June 2000, p. 99]

²⁸² There is a two-year period during which national measures will be applied by current member states to new member states. Depending on how liberal

these national measures are, they may result in full labour market access. Following this period, reviews would be held one automatic review before the end of the second year and a further review at the request of a new member state. The procedure includes the report by the Commission, but essentially leaves the decision on whether to apply the *acquis* to the Member States. The transition period should come to an end after five years, but it may be prolonged for a further two years in those member states where there are serious disturbances of the labour market or a threat of such a disruption. Safeguards may be applied by member states up to the end of the seventh year. (See Commission, *Enlargement. The Guide to Negotiations. Chapter by Chapter*, Brussels, July 2002, p. 6).

²⁸³ Source: M. Wielgo, *Wola innych*, *Gazeta Wyborcza*, 9 maja 2001 r. [M. Wielgo, *They prefer others*, *Electoral Gazette*, 9 May 2001]

Reforms and "Agenda 2007"

Concerning the Common Agricultural Policy and structural policy the most important issue for Poland is to be assured that Poland will be eligible to all financial support instruments. This means that Poland is for assuring the same conditions of development for the regions and farmers from all the candidate countries.

The reform of the CAP is necessary, not only for the reason of enlargement, but also because this agricultural policy is not effective. The reform of Common Agricultural Policy should be directed towards:

- ?? the rural development and diversification of rural population revenues;
- ?? reduction of the intensification of agricultural production and the costs of CAP;
- ?? protection of environment.

The protection of environment is also a task concerning the structural policy. Of course, Poland needs the financial support from the European Union structural funds because such an aid will facilitate the development of Polish economy, which will help to create new jobs. However, in planing both, the rural development and the Polish structural policy, it is indispensable to take environmental matters into consideration..

Furthermore, in the name of solidarity, which is the principal rule of European integration it is necessary to assure the equal treatment in supporting the rural and structural development to the potential new members. In the light of the Commission's proposal²⁸⁴ on allocation of rural development funds for future Member States, Poland would receive, from 2004 to 2006, 53,3 % (2.524.700.000€) of all rural development funds for future member states. However, if it allocated to the farm direct aid, it is still about 30 % of what the Spanish farmer obtains in the same period. Here is the question about the competitiveness of Polish agriculture.

Concerning the reform steps and key dates, the ongoing process of accession negotiations and enlargement imposes some quite fundamental changes in the way of functioning of the European Union and its activities. The

European Council summit in Nice elaborated a project of the reform, which places Poland on the third rank with regard to power of votes in the European Community institutions.

Having regard to the new financial framework for 2007 – 2013 and Agenda 2007 Poland would like to propose the following:

- ?? reform of the Common Agricultural Policy in such a way that equality and solidarity between Member States and future members is assured;
- ?? structural support in the scope of economic and social cohesion.

The Spanish Presidency (during the first half of the year 2002) makes us believe that the accession negotiations, which entered into the final and most difficult phase²⁸⁵, will be led in such a way that the principle of solidarity will be obeyed.

At the very moment we do not know the common position of the member states, but Poland's position concerning the agricultural chapter is that the Polish agriculture will be included in all CAP instruments. The Commission's proposition is not sufficient and might not to be accepted. As there are the Common Market and common rigours of production we should consider the same conditions of competition. We expect that the agricultural policy will become the policy of increased efficiency, competitiveness, cost-efficient production of food of good quality.

If we want to create a new European entity and in the future a greater European Union, we should build it on the basis of financial solidarity and not only by treating Central and Eastern Europe as a market.

Time-table for the accession negotiations

It must be stated that calendar has always been mobilising for Poland.

²⁸⁴ Source: *Uniting Europe*, No. 184-29/4/2002.

²⁸⁵ During the Spanish Presidency the European Union will focus on important unresolved issues in other chapters, and is willing to establish the common position, including on all requests for transitional measures, with a view to provisionally closing the remaining chapters: agriculture (other issues), regional policy and structural instruments, financial and budgetary provisions, institutions and other issues.

Poland maintains its declaration that it will be prepared for EU membership on 31 December 2002²⁸⁶. The implementation of the *acquis communautaire* has been progressing at such a pace that an ambitious deadline for preparation for the EU accession could be kept.

On technical grounds, the priority objective of the Polish government is to conclude the negotiations with the EU by the end of the year 2002. The similar declaration, “to end talks by December”, is re-affirmed by the Presidency and the Commission. Poland welcomes warmly the fact that the Danish Presidency in the second half of 2002, chooses the “One Europe” motto for their presidency and put enlargement at the top of their agenda. Anders Fogh Rasmussen, Danish Prime Minister, said that “it would be a complete circle from Copenhagen (in 1993, where the accession criteria were defined) to Copenhagen” (in 2002, where the European Council is going to meet at the December summit)²⁸⁷.

On the other hand, all parties are fully aware that to succeed in Copenhagen “political determination will be needed, as well as generosity and the will (have?) to overcome the numerous obstacles”²⁸⁸. Poland seems to signal flexibility on the most sensitive issues, which can be exemplified by conciliatory stance on agriculture (including direct payments that used to be a stumbling block in mutual relations)²⁸⁹.

However, determination is what the EU side (at least some Member States) is lacking. Prime example of this is Gerhard Schröder’s statement that the common EU position on direct payments should be adopted at the Copenhagen Summit in December 2002, which

²⁸⁶ See: *Stanowiska Polski w ramach negocjacji o członkostwo Rzeczypospolitej Polski w Unii Europejskiej, Pełnomocnik Rządu ds. Negocjacji o Członkostwo RP w Unii Europejskiej*, Kancelaria Prezesa Rady Ministrów, Warszawa, czerwiec 2000 [*Poland’s Positions in the Membership Negotiations of the Republic of Poland with the European Union*, Government Plenipotentiary for Membership Negotiations of Republic of Poland with European Union, Chancellery of Prime Minister, Warsaw, June 2000].

²⁸⁷ Source: *Uniting Europe*, no 193, 1 July 2002, p.2.

²⁸⁸ See: *Uniting Europe*, no 198, 5 August 2002, p. 1.

²⁸⁹ For more details, see: *Uniting Europe*, no 194, 8 July 2002, p. 10.

leaves no field of manoeuvre for negotiators. Another instance is making of CAP reform a new precondition for enlargement by Germany, the United Kingdom, Sweden and the Netherlands – the biggest net contributors to the EU budget. Last but not least, the lack of member states’ approval of the Commission 40 billion Euros package for financing the enlargement may impede ending talks by December.

But even if the deal will be struck at the Copenhagen summit, which is feasible as long as all parties show firm resolve, the accession treaties have to be signed and ratified. The former is expected to take place in spring 2003, whereas ratification will be proceeding according to national regulations. As far as Poland is concerned, the procedure seems to be time consuming. The Constitution of the Republic of Poland of April 1997 provides that the ratification of the agreement concerning Poland’s membership in an international organisation by the President of the Republic of Poland requires the granting of consent for ratification either by statute, passed by the Parliament, or by a nationwide referendum (art. 87-91 on sources of law)²⁹⁰. The second option will be chosen, as the matter is of particular importance to the State (see art. 125 on referendum). The right to order a nationwide referendum is vested in the Sejm (the Lower Chamber of the Parliament) or in the President of the Republic with the consent of the Senate (the Upper Chamber of the Parliament). It is going to take place in autumn 2003 at the latest.

Outcome of the accession negotiations

The cornerstone of Poland’s position on all financial chapters (structural funds, Common Agricultural Policy and budget) is the assumption that Poland will be a net beneficiary of the EU financial resources since the first year of the accession. Therefore, the Polish government negotiates a reduced contribution to the EU budget within the first few years of EU membership (it will be

²⁹⁰ The text of the Constitution in English is available at the Sejm web site: <http://www.sejm.gov.pl>.

gradually increased every year up to the full level in 2008)²⁹¹.

On the other hand, Poland assumes to have access to all EU structural assistance as well as all CAP financial instruments on the same basis as the existing EU member states (according to the national treatment rule). Bearing in mind the lack of experience as well as the limited absorption capacity of Polish economy in the utilisation of the EU structural funds and the fact that these three chapters will determine the financial outcome of Poland's membership in the EU, Poland would prefer to negotiate a whole package of financial issues instead of negotiating each financial chapter separately, at the end of the day.

Polish public opinion as well as Polish politicians of all parties, not only rightists, "Self-defence" farmers' union and conservative members of "Polish Peasant Party", are disgruntled with the EU financial proposals, especially concerning direct payments. Some 60% of respondents express the opinion that Poland should claim equal access for Polish farmers to all CAP payments, which are available to their EU counterparts. Opinion polls show that the minimum that can be accepted accounts for 66% of what the EU farmers receive²⁹².

On the other hand, Polish negotiators represent more flexible stance. Bearing in mind conciliatory and pragmatic persuasions of Polish public opinion²⁹³, the Polish side admits

²⁹¹ See: *Stanowiska Polski w ramach negocjacji o członkostwo Rzeczypospolitej Polski w Unii Europejskiej*, Pełnomocnik Rządu ds. Negocjacji o Członkostwo RP w Unii Europejskiej, Kancelaria Prezesa Rady Ministrów, Warszawa, czerwiec 2000, s. 379 [*Poland's Positions in the Membership Negotiations of the Republic of Poland with the European Union*, Government Plenipotentiary for Membership Negotiations of Republic of Poland with European Union, Chancellery of Prime Minister, Warsaw, June 2000, p.379].

²⁹² CBOS, *O dopłatach bezpośrednich i innych kwestiach związanych z negocjacjami rolnymi Polski z Unia Europejska*, komunikat z badan nr BS/77/2002, Warszawa, maj 2002 [CBOS, *On Direct Payments and Other Matters with Regard to Agricultural Negotiations with European Union*, Communiqué no BS/77/2002, Warsaw, May 2002]

²⁹³ A majority of Poles think that the integration of Polish agriculture with the EU will be advantageous for our farming sector, even if Polish farmers will not be eligible to some CAP instruments, which is feasible in the opinion of some 70% of the

that a maximum 3-year transition period on direct payments could be acceptable, but it should not go beyond 2006 and the maintenance of tariffs on some farm products, in order "to secure an equal level playing field" could be considered. On the other hand, it must be admitted that Poland appreciates the EU structural assistance in this chapter and welcomes the new instruments for rural areas development proposed. As far as another bone of contention – production quotas – is concerned, Poland upholds its position that reference periods (the turn of the 1980s.) proposed by Polish side reflect the potential of the Polish agricultural production, which is environmentally friendly, ensures workplaces and income sources²⁹⁴.

Effects of enlargement

The ongoing process of accession negotiations at the present stage is aimed to be finalised during next European Council summit in Copenhagen, December 2003. At the Polish side this summit and of course the EU enlargement is rather the historic opportunity and has some historic justice notions for build the united Europe based on social solidarity than "cold balance of payments". Having regard to European Security and Defence Policy of the European Union (ESDP) Poland's vision is a "vision" of extension of the European zone of security rather than disputes on influence on EU Sectoral Policies. However, concerning to the ESDP and its

respondents. Source: CBOS, *O dopłatach bezpośrednich i innych kwestiach związanych z negocjacjami rolnymi Polski z Unia Europejska*, komunikat z badan nr BS/77/2002, Warszawa, maj 2002 [CBOS, *On Direct Payments and Other Matters with Regard to Agricultural Negotiations with European Union*, Communiqué no BS/77/2002, Warsaw, May 2002]

²⁹⁴ See: *Stanowiska Polski w ramach negocjacji o członkostwo Rzeczypospolitej Polski w Unii Europejskiej*, Pełnomocnik Rządu ds. Negocjacji o Członkostwo RP w Unii Europejskiej, Kancelaria Prezesa Rady Ministrów, Warszawa, czerwiec 2000, s. 93-94 [*Poland's Positions in the Membership Negotiations of the Republic of Poland with the European Union*, Government Plenipotentiary for Membership Negotiations of Republic of Poland with European Union, Chancellery of Prime Minister, Warsaw, June 2000, p.93-94].

regional dimension in different parts of Europe we suppose that the enlargement will have a quite significant influence on of Poland's position in Central and Eastern Europe.

Having regard to expert's opinion²⁹⁵, Poland is quite likely to take a role of mediator of relationships in Central and Eastern Europe. As the biggest country with a stable and democratic system and sound economy in this part of Europe, Poland has a great opportunity to be a leader in eastern dimension of ESDP²⁹⁶. What is more, Poland has a chance to become a "central point" of international relations in trade and business affairs.

Poland, as an active part of the Kyoto Protocol, has a opportunity to become a "good example" for other European countries in the field of environment protection. After absorption of pre-accession aid and structural funds few years after Poland's accession to European Union, we will be able to become one of the most environment friendly states. Lobbying of non-governmental organisations and the more and more popular pro-ecological way of thinking will reinforce the positive effects of adopting the *acquis* in the field of environment.

Potentially Poland could become an international transport hub and a well prepared partner for present member states: in Poland the density of roads is satisfactory in view of EU standards²⁹⁷. Of course the technical condition of Polish roads leaves a lot to be desired, but the absorption of funds from pre-accession aid and from structural funds²⁹⁸ will contribute to the amelioration of the road infrastructure in Poland²⁹⁹.

But mainly, as mentioned in the first paragraph, in Poland we do expect mostly

²⁹⁵ 14 powodów...???, Office of the Committee for European Integration, Warsaw 2002 – accessible on: <http://www.ukie.gov.pl>

²⁹⁶ Comparatively to Finland and its role in the northern dimension of ESDP – relationships with Russia.

²⁹⁷ The whole public roads in Poland has ca. 372 900 000 km of length – source: national statistics.

²⁹⁸ After Poland's accession to the European Union.

²⁹⁹ Such a new and good network of roads, motorways and railroads will permit Poland to increase its income from international transport and of course will help to create new jobs as well as Poland's participation in the Common Agricultural Policy, European Regional Development Policy, European Social Policy, etc.

ideological than economic effects. We treat this enlargement as a historical opportunity and the historical justice event following the idea of united Europe – in real. That is because for fifty years we could not participate actively in creating the unified Europe.

Public Opinion

Within the first months of the year 2002 more problems appeared referring to the Poland's accession to the EU, which stimulated and animated the public debate. First of all, discussion centred on the problems of agriculture and land acquisition by foreigners.

The latest opinion polls³⁰⁰ (September 2002) on support for integration is as follows:

- intention of participation in referendum is declared by 72% of respondents;
- 13% of the respondents are not sure if they vote and 15% declare they will not take part in referendum;
- 71% of the respondents who declare participation will vote for integration;
- 19% of them are against the accession;
- 10% of them have not taken a decision.

The attitude for integration is strictly correlated with social-material status, education and revenues per capita of the respondents. The majority of the interviewed with higher education supports accession (75%), contrary those with elementary education –which is 46%.

Besides, the support for integration is higher among Polish youth (to 24 years old) - 67%, particularly among pupils and students. The main groups of opponents are farmers (65%) and - in general - the inhabitants of rural areas (42%). The opposition towards integration has grown considerably within last months in both groups³⁰¹.

The above-mentioned groups together with low skilled workers and SME-owners are

³⁰⁰ *Opinions on Poland's integration with the European Union. Research communication* (Opinie o integracji Polski z Unia Europejska. Komunikat z badan), Public Opinion Research Center-CBOS, Warsaw, March 2002.

³⁰¹ *Opinions on Poland's integration...*

labelled – controversially enough - in sociological analysis as the “losers”. The other sensitive group is called “the young without perspectives”. The group includes young unemployed people living in small towns and in rural areas. Their attitude on integration depends on economic conjuncture and social climate. The above groups form the electorate of two political parties, which are the most vigorous opponents of European integration: Polish Families’ League and Self-defence. They are afraid of the loss of sovereignty, degradation of Polish workers after the accession, acquisition of Polish land by foreigners, buying out of Polish “silver cutlery” and competition in the Single Market. However, as their opinions towards Poland’s membership in the EU are still in the state of flux, they are important target groups for information campaign. The biggest challenge for the governmental campaign will be to convince another sensitive group on the benefits of the EU membership, which are “Defenders of the Nation”: older people, owners of small and subsistence farms and persons mistrustful about the incumbent government, media and public institutions. They are easily manipulated by the politicians exploiting their fundamental religious convictions. Their fears are irrational.

When we look at the other party electorates we can find that the most pro-European attitude is expressed by the supporters of Citizens’ Platform (PO) and the majority of Social Democratic Alliance (SLD) supporters. The proponents of integration prevail among Peace and Justice (PiS) and Polish Peasants Party (PSL) supporters, as well.

Slovenia

Common Draft positions

As to the substance and the financial aspects of the Common Draft Positions (CDPs), the Slovenian government has issued a substantial list of remarks. One may divide them into two groups: general assessments and more specific remarks. When it comes to the general assessments, the government has stressed that the CDPs do not allow any modification of the Agenda 2000 financial framework as well as more flexible interpretation of some provisions

of the Agenda. In the government’s opinion, the amounts foreseen for enlargement fail to respond not only to the expectations of the candidate countries but to their objective needs as well. In addition, the Commission’s position foresees to cover not only enlargement with an increased number of candidates (10 instead of 6), but also some entirely new needs (nuclear safety, Cyprus) with an unchanged amount of funds. The government has realised that in this round of enlargement the number of candidate countries is simply too big and their level of development too low to expect the EU member states to finance them as generously as in previous enlargements. As a result, the fact that new members will not have the same status as the existing member states is also generally acknowledged.

Moreover, the CDPs are formulated as they are binding with regard to expenditures foreseen for enlargement, while on the other hand rather vague with respect to new member states’ net financial obligations to the EU budget. The government has pointed out that this is largely in the interest of the existing member states whose goal is to keep the total costs of enlargement below the clearly defined ceilings. Finally, in the field of agriculture the propositions partly cover the period of the new financial perspective 2007-2013, which creates a precedent for a similar approach to be taken also in the areas that are in the interest of the candidate countries. Thus, by the proposed transitional period for direct payments in agriculture until the end of 2013, a position of new member states is anticipated for the whole next financial period. This would mean a discrimination of new member states as two parallel common agricultural policies would be applied in the period 2007-2013.

As regards the more specific remarks, the government has criticised the proposed solutions in the fields of agriculture and structural policy. As far as the former is concerned, the Common Draft Positions contain strictly horizontal solutions and differentiation between the candidate countries is possible only as a matter of principle and without sufficient financial backing. In the government’s view, the arguments presented by the Commission as basic reasons for introducing a transitional period and a lower level of direct payments (non-existence of real incentives for farmers to continue further restructuring, insufficient institutions in the

candidate countries for pursuing a demanded policy) are irrelevant for Slovenia. It has been stressed that the country is net importer of food and that the prices for production are higher than the EU average. In addition, Slovenia applies comparable market-price and structural measures as well as a comparable agricultural policy. The government has warned that if the proposed solutions should actually be implemented, Slovenia would have to expect a considerable drop in farmers' incomes after accession. Furthermore, if, at least in the first stage of accession, no sufficient level of direct payments will be accorded, Slovenian agriculture might have to undergo radical and undesired structural changes (mass abandonment of production that even concerns promising agricultural holdings). Finally, the Commission's position with regard to quotas is extremely unfavourable since it does not take into account the fact that Slovenian agriculture is still undergoing a profound period of restructuring and adjustment to the market conditions.

As concerns the proposed structural policy measures, the government holds the view that the comparatively high level of development in Slovenia entails certain risks for the country. Namely, it is quite realistic to expect that the distribution of structural funds will be based on criteria that favour an outnumbering and therefore more influential group of relatively less developed candidate countries. In this respect, that means if the funds were allocated according to the above-mentioned criterion, the financial aids for Slovenia would be very low.

Furthermore, the government argues that the revised structure of expenditures foreseen for enlargement (introduction of new categories of expenditures) is less favourable to Slovenia than the one contained in the Agenda 2000. Namely, on the one hand, Slovenia will practically not benefit from the funds allocated for the new purposes (decommissioning of nuclear plants and solving of the Cyprus problem) and its share in agricultural funds is also relatively small. On the other hand, it will be seriously affected by the decreased volume of funds for structural actions. Slovenian political parties which have responded to the questionnaire,³⁰²

support the government's views regarding the common draft positions.

Last but not least, Slovenia considers the financial proposal to be the result of an extremely conservative interpretation of the financial framework adopted at the 1999 Berlin Summit. The differences between the candidate countries are greater than the differences between the existing member states. The financial strategy of enlargement creates an illusion of a relatively high level of development in Slovenia – second among the potential 10 new member states of the first wave, instead of 16th or 17th in the enlarged EU-25. Slovenia demands that there should not be two separate scales, one for the old member states and one for new ones, without at least trying to create a bridge between both.

Reforms and "Agenda 2007"

As regards reforms and »Agenda 2000«, representatives of the government point out that due to unfavourable natural and structural characteristics of Slovenian agriculture and the country's expected future position as a net contributor to the EU budget, the Slovenian point of view is quite similar to that of Austria. This means, on the one hand, a relatively conservative approach with regard to the Common Agricultural Policy (CAP). On the other hand, however, Slovenia is prepared to support some reforming steps (food safety, rural development). In the future, one may expect certain differences in Slovenian views concerning reforms of the CAP since different societal groups will hold different positions. Whereas agricultural interest groups will demand to retain the CAP, experts will emphasise a need for strengthening policies aimed at rural development. On the other hand, officials responsible for public finances will put emphasis on lower financial contributions.

When it comes to views with regard to specific aspects of agriculture, representatives of the government mention quotas and reference quantities, direct payments, and rural development. In terms of development, an inclusion of Slovenian agriculture into the existing system of quotas would cause considerable problems due to the low agricultural productivity. In this respect, Slovenia may face problems similar to those of the Mediterranean EU member states. However, in order to secure stable agricultural

³⁰² The Social Democratic Party is the largest opposition party. The United List of Social Democrats is a member of the ruling coalition.

incomes Slovenia will support an increase rather than the abolishment of reference quantities. Currently, Slovenia has been providing for direct payments accounting for 50 per cent of the level provided within the EU. Therefore, the government will not resist to a possible reduction of direct payments in the framework of the EU. Yet, if new member states will be granted 100 per cent of the current level of direct payments (together with national payments) Slovenia will pursue a rather conservative policy. Representatives of the government emphasise that measures aimed at rural development are becoming a priority of Slovenian agricultural policy. Consequently, in the future Slovenia will be highly interested in a relocation of funds from the first pillar of the CAP to the second one, in order to receive more payments. In financial terms, Slovenia may soon face the Portuguese paradox, *i.e.* becoming a net contributor to the EU budget, in spite of a low level of agricultural development and a general need for developmental aid. Certainly, this will generate additional support for strengthening the second pillar of the CAP.

As to reforms of the structural and cohesion policies of the EU, the government's views have been based on the premise that after a certain transitional period (for example after 2013) Slovenia will become a net contributor to the EU budget. Therefore, Slovenia should already start adjusting to such a new situation by forging strategic alliances with both existing member states and candidate countries holding similar views. In addition, in the long run Slovenia will support all solutions that lead to a decrease in the level of reallocation of funds through the EU budget and will for example stress that member states should increasingly finance the implementation of some common EU policies by themselves. Last but not least, in the government's opinion the structural policy of the EU should be simplified, perhaps by adjusting the functional principles of the cohesion fund to that of the structural funds. Accordingly, eligibility for receiving structural funds should take into account the level of development of a country as a whole rather than that of its regions. Finally, the Slovenian government strongly supports the strengthening of the *Interreg* initiative as well as a substantial increase in funds allocated for future external border regions of the EU, due to the fact that Slovenia has 600 kilometres of such a border. While the

Social Democratic Party stresses equal importance of all reform elements, the United List of Social Democrats argues that structural policy should have priority over agriculture.

As regards key dates and elements with respect to reform, all Slovenian respondents hold the view that no very important decisions will be taken at the meeting of the European Council in Copenhagen in December 2002. In this respect, the Social Democratic Party points to the fact that a new German government will come to office only few months before and therefore will be unable to take important decisions. However, representatives of the Slovenian government point out that the Copenhagen summit will pave the way for reform. They also argue that a real discussion with regard to the CAP will start only at the beginning of the next fiscal period. Finally, they think that the mid-term review for structural policy, which is due in 2003, will somehow make reform more precise.

Time-table for the accession negotiations

As far as the time-table for the accession negotiations is concerned, Slovenian respondents strongly believe that the EU member states should stick to the planned time-table. They are also convinced that the Slovenian negotiations with the EU will be concluded by the end of 2002. In this respect, representatives of the government emphasise Slovenia's successful negotiations. Slovenia was the only candidate country having closed all of the 26 negotiation chapters as well as a part of the agricultural chapter by the end of 2001. Besides, during the Spanish Presidency it closed Chapter 30 dealing with institutions. Finally, in July 2002 Slovenia concluded negotiations on the non-financial elements of the chapter dealing with regional policy, thereby leaving open for the final part of negotiations only the financial aspects of the three remaining chapters (agriculture, regional policy and co-ordination of structural instruments, and budget). The United List of Social Democrats points out that a failure of the planned time-table for the accession process would seriously diminish credibility of the EU. However, the Social Democratic Party adds that one should not underestimate political reality, especially possible unfavourable consequences of the federal elections in Germany.

Outcome of the accession negotiations

As concerns the outcome of accession negotiations, representatives of the government stress that this issue cannot be adequately dealt with without prior definition of indicators, standards, and criteria for an assessment of possible effects.

Effects of enlargement

When it comes to effects of enlargement, representatives of the government argue that one can hardly provide an objective as well as a consistent assessment. However, in their opinion there is some room for elaboration. As to environment, there has been the possibility of bringing a new impetus in the EU with enlargement since nature in the candidate countries is relatively well protected. Unfortunately, the EU has not been trying to build on this fact. Instead, it has strictly concentrated on adoption and implementation of the related *acquis communautaire*. On the other hand, however, one may argue that enlargement will have positive effects regarding the reduction of environmental problems in the candidate countries due to expected additional funds and increased control over the implementation of accepted obligations. Representatives of the government emphasise two additional points. First, environmental investment in the candidate countries will prove to be very efficient due to characteristics of their nature. Second, in spite of the declared activities with regard to global warming and sustainable development, one can wonder whether the existing environmental policy of the EU is *de facto* successful.

As regards social policy, representatives of the government draw attention to the expected substantial increase of labour movement after expiration of the agreed transitional period. Consequently, there will be a need for simplification of provisions dealing with transfer of social rights. In this regard, one may expect enhanced convergence of pension systems, unemployment insurance, and all the other fields addressing intensified labour movement. The United List of Social Democrats emphasises that effects of enlargement will mainly depend on readiness of the new members. Therefore, individual treatment rather than 'package' accession

scenarios is needed in order to secure the quality of an enlarged Union.

As to the European Security and Defence Policy (ESDP), representatives of the government stress that Slovenia is seriously expecting an invitation for NATO membership at the meeting of the North Atlantic Council in November 2002. Moreover, due to EU membership and permanent participation in the ESDP structures Slovenia will surely become more familiar with issues related to European security as well as transatlantic relations. However, new impetus or stagnation with respect to the ESDP will for some time depend on policies of the existing EU member states rather than on capabilities of new member states. Otherwise, the latter are expected to act in a very co-operating way. Finally, one may argue that in spite of the fact that the EU will not be enlarged to big and economically strong states, its global influence will be strengthened. Namely, in geopolitical and economic terms Europe will become much more cohesive.

Public Opinion

As far as Slovenian public opinion is concerned, the European Commission's proposal regarding the financial aspects of enlargement caused a significant drop in public support for Slovenia's EU membership. Thus, in February 2002, only 43.8 per cent of respondents considered Slovenia's EU membership to be positive. A similar situation could be found in March 2002 (44.2 per cent considering EU membership positive). Only in April 2002 public support for EU membership started to increase again. Representatives of the government stress that with respect to the final negotiations Slovenian public needs prompt, accurate and clear information in order to understand the sensitivities of the process and make right decisions on the basis of facts. When it comes to preparation of Slovenia's negotiating positions, one has to point out that the basic guideline have been interests of the Slovenian population. In this respect, narrow interests of some professional groups have not been allowed to prevail over the common one.

In general, Slovenian public opinion has proved to be extremely sensitive as every single concession, made by the Slovenian government in the process of negotiations, has resulted in a considerable drop in support for EU membership. Furthermore, every negative

development within the EU (for example BSE disease and outbreak of foot and mouth disease) has caused enhanced scepticism in regard to a possible Slovenian EU membership.

2. Please note any observation you made on the debate on enlargement in the aftermath of the Laeken summit and during the Spanish Presidency.

Czech Republic

After the Laeken summit and during the Spanish Presidency, the debate on enlargement has become more intensive in the CR. Many Czech citizens feel that they are not sufficiently informed about European integration and about costs and benefits of joining the EU, and are asking politicians and state institutions for more information. The more the possible entry into the EU is approaching, the more the people in the CR tend to be critical towards the Union. It can be observed that most people get more easily influenced by negative signals than positive ones. A very negative impact on the Czech public opinion have had remarks of some German and Austrian politicians with respect to the so-called Benes decrees. The reaction to these remarks was often abused by some Czech politicians in the electoral campaign before the June 2002 elections. E.g. the leader of ODS Vaclav Klaus said that he would not recommend to the electorate of ODS to vote for EU accession in the referendum if the EU would not provide written guarantees that it will not require the abolishment of Benes decrees after the CR enters the Union. Many Czech people are also becoming tired with what they consider as Austrian obsession with the Temelin nuclear power station. Many informed Czechs are not enthusiastic about the existence of Temelin but they know that there are nuclear power stations in other countries of Western Europe about which the Austrians do not protest. They also do not remember any

massive protests in Austria at the time when the construction of Temelin started during the communist era.

The requirement for a transitory period for free movement of labour force by some EU member countries is considered by many Czechs as a signal of second-class membership. The same can be said about lower agricultural subsidies from the EU budget for new members than for the old ones. Many Czechs also fear that prices will mark up significantly after accession and that unemployment will rise too. The number of seats in the European Parliament which was set by the Nice Treaty for Czech Republic and Hungary is considered almost as a joke by the Czech intellectual elite because there can hardly be found a clearer demonstration of the principle that "in the EU, all member countries are equal but some are more equal than others". Nevertheless, many Czechs expect their living standard to rise and enforcement of law to improve after the accession. They also expect higher ecological standards and better protection of consumers to be introduced to the CR by the EU.

Czech experts from the academic sphere consider several risks which could be an obstacle to the enlargement process or at least for the accession of the CR. A serious risk could be the outcome of the second Irish referendum on the Nice Treaty. A negative result would be highly destimulating for the whole enlargement process and it could also slow down the negotiations. Another risk could be if the new German government would raise the issue of the so-called Benes decrees and would try to make it a condition for the CR's accession to the EU. In this respect, it could find support of the Austrian government. Moreover, the Austrians could raise again the issue of Temelin. Yet another risk is connected with the issue of Cyprus because the Greeks could block the whole enlargement process if this issue will not be solved in terms of their interests. It should be mentioned that most Czech experts believe that the chances for the conclusion of negotiations by the end of 2002 or beginning of 2003, and the first wave of enlargement to take place in 2004 or 2005, are good.

Hungary

As the date of completing accession negotiations nears, two important aspects are on the agenda. First, the amendment of the Hungarian Constitution is being discussed. It is necessary that the amended Constitution contains the relationship of Community law and national law as well as the constitutional conditions of the transfer of parts of national sovereignty to the EU level. Furthermore, all political parties agree that in Hungary the population should decide on the country's entry via referendum. This should also be indicated in the Constitution. In any case amendment of the Hungarian Constitution with a view to full EU membership is expected this autumn. The referendum will take place after the Accession Treaty is signed, probably in late spring, early summer.

Poland

The discussion that takes place in Poland concerns mainly Poland's position vis-à-vis the future of the united Europe. The year 2001 and the first half of the year 2002 was the period of the mile step in the field of accession negotiations and many changes on the political map of the continent – political elections. After the Polish last elections (September 2001) the political situation in Poland has changed: new political parties appeared and the parties founding previous Polish coalition are no more in the Parliament. The present Polish Government has the goal to close all the negotiation chapters until the December 2002. Concerning the content of the chapters, which are still left to negotiate and the political situation in Poland, we can say that it will not be an easy task. There are some political groups in the Polish Parliament, which are quite strong opponents of European integration.³⁰³ We can also observe such signs of the opposition to the European integration process and to the European Union, as such,

³⁰³ Official web site of the Information Centre of Polish Government: <http://www.kprm.gov.pl> and National Electoral Commission – official web site: <http://www.pkw.gov.pl>

among some political groups in the member states, as well.

The European Council summit in Laeken underlined that the enlargement of the European Union process is irreversible and all the candidate countries have made a big progress towards the membership in the European Community.³⁰⁴ The European Council has agreed with the Commission's document concerning level of preparation to the membership of the ten candidate countries among all the twelve candidate countries.³⁰⁵

Taking into consideration the next enlargement, the debate consists on the European Community's and the candidate countries points of view. However, those two points of view are aimed on the debate concerning the common future of the European Union at 25 member states.

After the Laeken summit and during the Spanish Presidency the debate on enlargement entered into the most interesting and important phase. Both sides, the member states and the candidate countries, are considering the enlargement not only as a big and historical challenge but also as an unprecedented event in the European integration process requiring the efforts and the reforms, both the European Union and the Central and Eastern Europe Countries as well.³⁰⁶ The accession negotiations entered into the "last lap" and now we are talking about the most important aspects of the European Union's future. The position of the European Community in the world is also taken into consideration; what will be the influence of the enlargement process on the position of the European Union in course of the globalisation process?³⁰⁷

The debate in Poland is centred on the amount of financial support from the European Community, particularly in the field of Common Agricultural Policy and Structural

³⁰⁴ Laeken summit declaration – accessible on the European Parliament web site: <http://www.europarl.eu.int>

³⁰⁵ European Commission Regular Reports on Candidate Countries Progress Towards Accession – accessible on: <http://www.europa.eu.int/comm/enlargement/index.htm>

³⁰⁶ Source: Official Spanish Presidency web site: <http://www.UE2002.es>

³⁰⁷ Official web site of the Polish Negotiation Team: <http://www.negocjacje.gov.pl>

Funds and Poland's position as a new member in the European Union. Those above-mentioned axes of the debate on enlargement are very close to each other. The questions are about the future of the European Union, its place in the changing world, the future of the European Union's activities, in particular the social, regional and agricultural policies. This debate reflects the theoretical background of the international economic integration: competitiveness?. But now we are talking about future competitiveness in the field of global economy and world trade, which are probably the engines of development, which has a undoubted influence on the living conditions of citizens.

Slovenia

One can detect three developments in the aftermath of the Laeken summit and during the Spanish Presidency. First, the Commission's proposals with respect to agriculture, issued in January 2002, have really irritated Slovenian farmers and their institutionalised representatives. Thus, ever since the issuing of the common draft positions there have been some protests of farmers against the proposed transitional period for direct payments, quotas, and some other elements. Importantly, the Chamber of Agriculture has been particularly active and loud, by exerting permanent and considerable pressure on the Ministry of Agriculture and the government as a whole. The farmers as well as the Chamber of Agriculture have constantly spoken of a possible "catastrophe" for Slovenian agriculture. One can say that the farmers' interest group has been clearly trying to animate other segments of Slovenian society in order to make them highly critical of Slovenia's EU membership. However, it seems that after an initial tendency to support the farmers' fears, a wider Slovenian public has clearly opted for EU membership, in spite of the farmers' constant complaints. The Slovenian government has been trying to calm farmers by stressing the continuation of national direct payments as a way of compensation for the foreseen reduced European subsidies for the candidate countries in the framework of the CAP. Crucially, the Slovenian People's Party has been a member of

the ruling coalition ever since the end of 2000, thereby being in a position to exercise great pressure within the government.

Second, Slovenians have had the opportunity to 'taste' implementation of European principles (demonopolization, privatisation) in the economic field due to the process of privatisation of the Slovenian banking sector. Namely, the government has sold 34 per cent of the largest and by far most important Slovenian bank (Nova ljubljanska banka) to the Belgian banking corporation KBC. One should note that during the process of negotiations on selling there was a considerably strong political as well as economic opposition emphasising that by selling the national interest would be threatened. In spite of some support for such a view amongst Slovenian public the government has persisted and successfully concluded the deal.

Third, unfortunately relations between Slovenia and Croatia have been deteriorating again. Ever since July 2002 there have been numerous fishing incidents in the Gulf of Piran³⁰⁸ levelling off communication between the two neighbouring states. In the meantime, the Croatian government has withdrawn its support for the Agreement initiated by the Slovenian and the Croatian Prime Ministers two years ago since it has not been sufficiently backed by Croatian parliamentary political parties. Despite of hopes to solve the problem by an arbitration process it seems that there has not been enough enthusiasm for it on both sides. Besides, the question of arbitration has been hardly disputed between the two countries with a view to the still unresolved border issue. This question is also relevant for Slovenia's negotiations for EU membership since the border between Slovenia and Croatia

³⁰⁸ In the former Socialist Federative Republic of Yugoslavia a sea border between the two republics had not been demarcated even if the Slovenian police had exercised control over the entire gulf. On the day of proclamation of independence of both states (25 June 1991) Slovenia and Croatia agreed that the existing situation should form the basis for a legal solution. However, in the entire post-independence period the problem of sea border demarcation has not been formally and legally settled. Croatia has insisted that according to international law a border should be drawn exactly in the middle of the gulf.

may soon become an external (Schengen) border of the EU. The fact is that the unresolved problem of the Gulf of Piran has not been helpful for Slovenia in its striving for EU membership.

3. Please comment on the Convention and the constitutional process, as seen in your country:

?? **What is the role of the candidate countries within the convention, considering also that they will not be able to prevent any consensus which may emerge among the member states?**

?? **What can be perceived as major interests, positions and outlooks of the candidate countries within the convention?**

Czech Republic

role of the candidate countries within the convention

The role of the candidate countries within the Convention is considered both by the officials of the MFA and independent experts as a very important one. This role has not only a high symbolic value but it is for the first time that applicant countries from Central and Eastern Europe can influence to a certain degree the future shape of Europe. The fact that these countries will not be able to prevent any consensus which may emerge among the member states is generally not considered as a major problem. Nobody really expects that there could be reached such a consensus that would be harmful for future member countries.

Since representatives of the candidate countries form 46% of all the delegates in the Convention, there is a sufficient guarantee that the interests of this group will be respected.

interests of the candidate countries

As far as major interests, positions and outlooks of the candidate countries within the Convention are concerned, it depends very much on the political views of each particular representative. E.g. the former Foreign Minister and the former Czech government representative in the Convention Jan Kavan is in favor of the idea of a federal Europe (it is also the official attitude of the CSSD which remains in power even after the June 2002 elections) and in this respect he has been able to find a common language with federalists all over the EU, including the German SPD. On the other hand, Jan Zahradil (ODS) who represents the Chamber of Deputies of the Czech Parliament in the Convention, is, in accordance with the ODS line, strongly opposed to the idea of a European federation and is able to find allies in the antifederalist camp, e.g. among the British Conservatives.

Jan Kavan supported in the Convention the following trends which have obtained majority preferences in the Union: the EU should make its foreign and security more effective, it should participate in the fight against organized crime, it should have a common immigration and asylum policy, and it should contribute to a better control of its external borders. At the same time, according to him, the EMU should be complemented by a narrower coordination of economic and budgetary policies of all member states. He also supported the idea that subsidiarity should be the key parameter, according to which should be judged the legitimacy and effectiveness of implementation of integration competencies in the individual policies.

Generally speaking, besides being a post-communist country, the CR belongs to a group of smaller European countries. So its interests, positions and outlooks are necessarily determined also by this simple fact.

Hungary

role of the candidate countries within the convention

Hungary highly appreciated the decision taken in Laeken, that all candidate countries may be involved in the same way (one government representative and two members of parliament) into the discussions on the future of Europe – in the framework of the Convention. The principle behind this decision was that the future shape of Europe should not be developed without those countries which will very soon be part of the system.

Although the Convention is not a decision-making, but a decision-preparing forum, present member states set a single condition for the applicant countries: not to hinder any consensus among the Fifteen (if it ever emerged). This is an understandable precondition even if the members of the Convention do not represent national positions – they rather make individual contributions to the debate.

However Hungary was always of the opinion that any dividing line drawn between the present and the future member states would be artificial. This is the reason why Hungary opposed to the initiative of some candidate states to form a kind of a “subgroup” within the Convention. It is namely very unlikely that the present member states would represent in common accord one view, while the applicants would homogeneously be of another view. Dividing lines – if any – will necessarily emerge among politicians advocating a federal-type Europe and those believing rather in the further step-by-step evolution of the present system.

interests of the candidate countries

Hungary as a medium-sized future member state is interested in the expansion of the Community method (rather than intergovernmental decision-making where the big countries might dominate the debate). Furthermore Hungary would like to see a European Constitution setting out in an understandable way the *finalité européenne*, the tasks carried out by the EU alone or jointly with the member states. Hungary is in favour of cutting back the democratic deficit and to

make decision-making more transparent, more efficient and more democratic.

On the other hand Hungary would not like to see some Community policies based on solidarity diminished or abolished in the name of subsidiarity. This would be a false interpretation of solidarity. By the same token Hungary would not welcome the development of a Europe of several speeds either.

A concrete national position of Hungary shall of course be formulated during the Intergovernmental Conference on the future of Europe in 2004.

Poland

Poland appreciated the invitation to contribute to the debate on European construction and the future of the European Union. For Poland it is very important to participate in this debate in a direct and active way. In February this year the debate on future of Europe was launched in Poland and is open to a public opinion. Polish government and Polish public opinion attaches much significance to the future of the European Union when Poland becomes a member state. That is why there are organised conferences, seminars and meetings destined to the vast public. Those meetings are supported by a network of Regional Centres for European Information³⁰⁹ and a programme ruled by the Chancellery of Prime Minister, called “European Union without mysteries”. There are opinions that Poland should be a member of a strong, dynamic and balanced Union in which the principle of solidarity will be maintained. Actions undertaken by Chancellery of Prime Minister and the Office of the Committee for European Integration are divided on two axes: to vast public and to the defined target group³¹⁰.

The forum “Wspólnie o przyszłości Europy³¹¹” was created by the European Secretariat³¹². In

³⁰⁹ This network was created and is managed by the Office of the Committee for European Integration – 35 centres in whole Poland.

³¹⁰ Actions destined to the defined target groups consists an answer for needs of different social groups. The information are collected by Regional Centres for European Information.

³¹¹ Together about the future of Europe.

its framework meetings and debates are organised in various places in Poland with Polish representatives to the Convention. The forum ensures the participation of different organisations representing the Polish society concerning the Convention works and gives a great opportunity to present the points of view of the above-mentioned organisations and allows to create a platform for information exchange. At present there are over one hundred organisations included in the forum.

On ideological grounds Poland considers EU-membership as the matter of historic justice. On the other hand, the accession negotiations are focused mostly on technical and financial substance so it is no wonder that the majority of public opinion is concentrated on the financial and technical aspects of Poland's membership in the EU. It does not mean that the Polish society is "down to the earth", it wants to be treated on equal basis as other citizens of united Europe.

"(...) Strong European Union, with efficient administrative and political instruments, based on transparent treaty rules, well known and accessible for citizens of Europe, and finally efficiently guarding of its own interests on global scene – this is the Union, which is able to maintain us in our road to better future."³¹²

Slovenia

role of the candidate countries within the convention

As concerns the European Convention, representatives of the government note that the candidate countries' participation has been determined by the Laeken Declaration. According to this document, the applicant countries may fully take part in the work of the Convention even if they are not allowed to

block any consensus attained by the existing member states. There were considerably different interpretations of the role of the applicant countries concerning the chairmanship. Eventually, Mr. Lojze Peterle, Slovenian representative in the Convention, has been chosen by the candidate countries to represent them in the Steering Committee. This has been an important achievement for the candidate countries as well as for Slovenia. Moreover, the representatives of the candidate countries have been allowed to present their views in their native languages. This has been an important achievement as well.

From the applicants' point of view it is crucial that they can participate in plenary sessions and working groups on an equal footing with the existing member states. Consequently, the role of the applicant countries in the Convention has by no means been marginal. However, actual influence of one candidate country in the process of formulation of common views depends to a large extent on its ability to make formal and informal connections with other participating states. One has to take into account that Mr. D'Estaing, the Chairman of the Convention, has repeatedly stressed the importance of attaining one single and cohesive position in order to secure its adoption by the existing EU member states in the forthcoming Inter-Governmental Conference. Importantly, in many discussions with regard to the future development of the EU one can notice differences between views of large and small states, rather than between visions of the applicants and the existing member states. In this respect, there have already been some signs of an informal co-operation between small states, no matter if they belong to the group of member states or candidate countries. Last but not least, participation in the Convention has been very important for the candidate countries, due to the fact that this has been the first event in the framework of the EU in which they have been fully included

interests of the candidate countries

As far as interests, positions, and outlooks of the candidate countries within the Convention are concerned, representatives of the Slovenian government emphasise that it is essential that those applicant countries, which will conclude negotiations, will be allowed to participate in

³¹² European Secretariat – Office of the Committee for European Integration.

³¹³ Minister Danuta Hübner speech, Secretary of the Committee for European Integration, Secretary of the State in the Ministry of Foreign Affairs during the 27th seating of Polish Sejm (Lower Chamber of Polish Parliament); point: Information concerning to the current works of the Convention, established by the Decision of European Council in Laeken concerning to the future of Europe.

the forthcoming Inter-Governmental Conference on an equal footing with the existing member states. When it comes to the future development of the EU, it is crucial to maintain equality of small and bigger states. In other words, the existing proportionally larger representation of small states in the institutions and the decision-making process of the EU has to be retained. Finally, one has to achieve an elimination of the »democratic deficit« as comprehensive as possible.