



RESEARCH PAPER 98/55  
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# EU Enlargement: The Political Process

This paper updates Research Paper 97/86, *EU enlargement*, which appeared shortly before the European Commission published *Agenda 2000* and its Opinions on the applicant states on 16 July 1997. Research Paper 97/86 set out progress achieved in the preparations for enlargement, reviewed the applicant states and considered some of the implications of an enlarged Union. It provides background to the present situation.

This paper looks at *Agenda 2000's* proposals on the enlargement process, the Commission's Opinions on the applicant countries and developments since then, including the decisions on enlargement made by the Luxembourg European Council in December 1997, the inaugural meeting on 12 March of the European Conference of EU members and the applicant states, and the launching of the accession process and negotiations at the end of March. It also considers the prospects for institutional reform in the context of enlargement. A complementary paper, *EU Enlargement: the Financial Consequences* (Research Paper 98/56) deals with the financial consequences of enlargement and the implications for EU regional policy and the Common Agricultural Policy.

Carole Andrews

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## CONTENTS

|            |  |           |
|------------|--|-----------|
| <b>I</b>   | <b>Introduction</b>  | <b>5</b>  |
| <b>II</b>  | <b>Criteria for Accession</b>                                    | <b>7</b>  |
| <b>III</b> | <b>Agenda 2000 and the Opinions on the Applicant States</b>      | <b>9</b>  |
|            | <b>A. Agenda 2000: Background</b>                                | <b>9</b>  |
|            | <b>B. Agenda 2000: Structure</b>                                 | <b>9</b>  |
|            | <b>C. The Commission's Opinions on the Applicant States</b>      | <b>10</b> |
| <b>IV</b>  | <b>The Applicant States</b>                                      | <b>12</b> |
|            | <b>A. The 'First Wave' CEEC Candidates:</b>                      |           |
|            | <b>Commission Opinions and Recent Developments</b>               | <b>12</b> |
|            | <b>B. Cyprus</b>   | <b>17</b> |
|            | <b>C. The 'Second Wave' Candidates:</b>                          |           |
|            | <b>Commission Opinions and Recent Developments</b>               | <b>21</b> |
| <b>V</b>   | <b>Turkey</b>  | <b>24</b> |
|            | <b>A. Association Agreement and Customs Union</b>                | <b>24</b> |
|            | <b>B. The Commission's Assessment in Agenda 2000</b>             | <b>24</b> |
|            | <b>C. The Luxembourg European Council</b>                        | <b>26</b> |
|            | <b>D. The European Strategy for Turkey</b>                       | <b>27</b> |
|            | <b>E. The European Conference</b>                                | <b>27</b> |
| <b>VI</b>  | <b>The Accession Process</b>                                     | <b>29</b> |
|            | <b>A. Background</b>   | <b>29</b> |
|            | <b>B. Accession Negotiations</b>                                 | <b>30</b> |
|            | <b>C. The Pre-Accession Strategy before Agenda 2000</b>          | <b>31</b> |
|            | <b>D. Agenda 2000's Reinforced Pre-Accession Strategy (SPAR)</b> | <b>33</b> |

|                  |   |           |
|------------------|---|-----------|
| <b>E.</b>        | <b>Other Forms of Assistance</b>                          | <b>35</b> |
|                  | <b>1. Participation in Community Programmes</b>           | <b>35</b> |
|                  | <b>2. Assistance for the Approximation of Laws</b>        | <b>35</b> |
|                  | <b>3. Institution-Building</b>                            | <b>35</b> |
| <b>F.</b>        | <b>Pre-Accession Strategy for Cyprus</b>                  | <b>36</b> |
| <b>VII</b>       | <b>The European Conference</b>                            | <b>37</b> |
| <b>VIII</b>      | <b>Public Opinion</b>                                     | <b>40</b> |
|                  | <b>A. Applicant States</b>                                | <b>40</b> |
|                  | <b>B. Member States</b>                                   | <b>40</b> |
| <b>IX</b>        | <b>Institutional Reform</b>                               | <b>42</b> |
|                  | <b>A. Commission and Council of Ministers</b>             | <b>42</b> |
|                  | <b>B. European Parliament</b>                             | <b>43</b> |
| <b>X</b>         | <b>Conclusion</b>   | <b>44</b> |
| <b>Annex I</b>   | <b>From Application to Accession</b>                      | <b>47</b> |
| <b>Annex II</b>  | <b>Main Economic Indicators: 'First Wave' Candidates</b>  | <b>48</b> |
| <b>Annex III</b> | <b>Main Economic Indicators: 'Second Wave' Candidates</b> | <b>49</b> |

## I Introduction

The European Union has already more than doubled its membership, from the original Six to the present Fifteen, since the Treaty of Rome was signed in 1957. Four successive rounds of enlargement brought the accessions of Denmark, Ireland and the UK in 1973, Greece in 1981, Spain and Portugal in 1986 and Austria, Finland and Sweden in 1995.

In addition to outstanding membership applications from Turkey (1987) and from Cyprus and Malta (1990),<sup>1</sup> the post-Cold War changes in Europe prompted several former Soviet bloc members to apply for EU membership: during 1994 and 1995 membership applications were received from Hungary, Poland, Latvia, Romania, Slovakia, Estonia, Lithuania, Bulgaria, the Czech Republic and Slovenia. It is possible that other Central and East European countries (CEECs) and the remaining EFTA countries might decide to pursue EU accession in due course.

In the past, the onus has been on the acceding states to adapt to the EC/EU, rather than vice versa. Indeed, the whole history of enlargement negotiations has been one of the EC imposing the *acquis communautaire*<sup>2</sup> on new members. While the conditions of entry for new members in the current accession negotiations are stringent, this time round the EU also has to shoulder some of the burden of adaptation, in view of the unusually large group of applicants and the fact that, in most cases, their political and economic systems are still in the process of transition, following the collapse of Communism. As well as preparing the applicant countries so that they can meet the requisite political and economic criteria, there is also the need for the EU to prepare itself, so that a much larger and more heterogeneous Union can continue to act effectively. Given that it could take from ten to twenty years for all of the current applicants to accede to the European Union, it is inevitable that the process of change necessary to absorb new members will be an extended one.

In July 1997 the European Commission published its Opinions on the membership applications from the ten CEECs, together with a major report, *Agenda 2000*, which addressed the various issues facing the EU in the run-up to the millennium: not only the enlargement process, but also reform of the Common Agricultural Policy and Structural and Cohesion Funds and the future financing of the Union.

This paper focuses on the applicant states and the political aspects of the enlargement process, while a complementary paper, *EU Enlargement: The Financial Consequences*

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<sup>1</sup> Malta's application was suspended following the election in October 1996 of a Labour Government opposed to EU entry

<sup>2</sup> The whole range of principles, policies, laws, practices, obligations and objectives that have been agreed or have developed within the EU: notably the Treaties, all legislation enacted to date and the judgements of the Court of Justice, but also the *finalités politiques* (ultimate goals)

## Research Paper 98/55

(Research Paper 98/56), deals with the financial consequences of enlargement and the implications for EU regional policy and the CAP. A previous Research Paper (97/86) provided background on the applicant states and on the preparations for enlargement prior to the publication of *Agenda 2000*.

In *Agenda 2000* the Commission recommended that accession negotiations be opened with five of the ten CEEC applicants (Hungary, Poland, the Czech Republic, Slovenia and Estonia), in addition to Cyprus, to whom a commitment to open negotiations had already been given. The remaining five applicants (Latvia, Romania, Slovakia, Lithuania and Bulgaria) would also be prepared for eventual membership, however, under a Reinforced Pre-Accession Strategy applied to all ten CEEC applicants. The Commission's recommendations were endorsed by the Luxembourg European Council in December 1997. While the Commission and the Luxembourg Council both reaffirmed Turkey's eligibility for eventual EU membership, it was made clear that the necessary political and economic criteria for membership had not yet been met, so Turkey remains outside the two groups of 'first and second wave' applicants.<sup>3</sup>

*Agenda 2000* also proposed a European Conference involving EU Member States and all the applicant states, which would meet annually at the level of Heads of State or Government and also at Foreign Minister level, to provide a forum for consultations on a broad range of issues. Following the inaugural meeting of the European Conference in London on 12 March 1998 (to which Turkey was also invited but declined to attend), the accession process, embracing all eleven applicant states, was launched in Brussels on 30 March, and accession negotiations were formally opened with the six 'first wave' candidates on 31 March.

This paper begins by setting out the criteria for accession to the EU, the background and structure of *Agenda 2000* and the scope and recommendations of the Commission's Opinions on the applicant states. It includes summaries of the Commission's Opinions on each of the CEECs and adds some comments on recent developments in these countries. The main economic indicators for the CEECs are set out in Annexes II and III. The particular political problems associated with the application of Cyprus are addressed, as is the development of EU relations with Turkey, the Commission's assessment of Turkey in *Agenda 2000* and subsequent developments, including the adoption of a European Strategy for Turkey. The accession process is also described, including the various elements of the Reinforced Pre-Accession Strategy to prepare the Central and East European applicants for membership. The remaining sections of the paper cover the European Conference, public opinion in both applicant and Member States, and the prospects for institutional reform in the context of enlargement.

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<sup>3</sup> This is used as convenient shorthand to differentiate the two groups. It does not imply any assumptions as to which applicants will accede first.

## II Criteria for Accession

In examining the recent applications for EU membership, the European Commission based its Opinions on each of the applicant states on the criteria for membership adopted by the Copenhagen European Council in June 1993. At Copenhagen the commitment was made that "the associated countries in Central and Eastern Europe that so desire shall become members of the European Union".<sup>4</sup> The criteria for membership identified by the Council were as follows:

Accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required. Membership requires:

- that the candidate country has achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities,
- the existence of a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the Union.
- Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

The Union's capacity to absorb new members, while maintaining the momentum of European integration, is also an important consideration in the general interest of both the Union and the candidate countries.<sup>5</sup>

The Luxembourg European Council in December 1997 stated that "compliance with the Copenhagen political criteria is a prerequisite for the opening of any accession negotiations", and that "economic criteria and the ability to fulfil the obligations arising from membership have been and must be assessed in a forward-looking, dynamic way".<sup>6</sup>

As the EU's legal, economic and political framework has developed, the obligations of membership have become progressively more stringent and difficult to fulfil. In *Agenda 2000* the Commission points out that the Copenhagen criteria are broad in political and economic terms and go beyond the *acquis communautaire* (for example, in assessing administrative and judicial capacity). In addition, the Union *acquis* itself has expanded considerably since previous enlargements. It now includes the second and third pillars (created by the Treaty on European Union (TEU) or Maastricht Treaty) of common foreign

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<sup>4</sup> Copenhagen European Council, June 1993, *Presidency Conclusions*

<sup>5</sup> *Ibid.*

<sup>6</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 25

## Research Paper 98/55

and security policy and co-operation in the fields of justice and home affairs, as well as the objectives and the progressive realisation of political, economic and monetary union.<sup>7</sup> The Luxembourg Council pointed out that, for applicant states, "incorporation of the *acquis* into legislation is necessary, but is not in itself sufficient; it will also be necessary to ensure that it is actually applied".<sup>8</sup>

Article O of the Treaty on European Union states that any European State may apply to become a member of the Union. The Amsterdam Treaty would supplement Article O to read:

Any European State which respects the principles set out in Article F (1) may apply to become a member of the Union.

and it would strengthen the EU's commitment to what it calls 'fundamental freedoms' by amending Article F of the Common Provisions to add that:

The Union is founded on the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law, principles which are common to the Member States.<sup>9</sup>

What was previously implicit in the treaties would thus become explicit. The Amsterdam Treaty would also provide a safeguard against the possibility of any Member State reneging on its commitments to uphold the principles of fundamental rights laid out in Article F: a new Article F.1 in the Common Provisions would introduce a procedure for determining instances of a serious and persistent breach of the fundamental principles. The Council would determine whether such a breach had occurred and, where it had, the Council, acting by qualified majority, may decide to suspend "certain of the rights deriving from the application of this Treaty to the Member State in question, including the voting rights of the representative of that Member State in the Council".<sup>10</sup>

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<sup>7</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I Part Two (I)

<sup>8</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 23

<sup>9</sup> Treaty of Amsterdam...Cm3780, p10, Article F (1)

<sup>10</sup> *Ibid.*, p10, Article F.1(2)



### III *Agenda 2000* and the Opinions on the Applicant States

#### A. *Agenda 2000*: Background

The Madrid European Council in December 1995 reaffirmed that the necessary decisions for launching the accession negotiations with the countries applying for EU membership would be taken within six months of the conclusion of the Intergovernmental Conference (IGC), that is by December 1997. Towards this goal, it called on the Commission to submit its Opinions on the individual applications as soon as possible after the IGC, and to prepare a composite paper on enlargement. It also asked the Commission to undertake a detailed analysis of the European Union's financing system in order to submit, immediately after the IGC, a communication on the future financial framework of the Union as from 31 December 1999, taking account of the prospect of enlargement. The *Agenda 2000* Communication,<sup>11</sup> which was published on 16 July 1997 along with the Commission's Opinions on each applicant state, constitutes the Commission's response to these requests.

#### B. *Agenda 2000*: Structure

The *Agenda 2000* Communication is presented in two volumes.<sup>12</sup> In **Volume I**:

*Part One* covers the future development of Union policies, including structural policies, the CAP and external relations.

*Part Two* is the paper on enlargement requested by the Madrid European Council. It explains how the Commission made its assessment of the applications for membership and the main questions which they raise in relation to the accession criteria; it presents the main conclusions and recommendations from the detailed Opinions on each applicant<sup>13</sup> and puts forward the Commission's views on launching the process of accession negotiations and reinforcing the pre-accession strategy.<sup>14</sup> Special sections are devoted to Cyprus and Turkey<sup>15</sup> and to the proposal for a European Conference.<sup>16</sup>

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<sup>11</sup> EC Cons Doc 9984/97

<sup>12</sup> *Agenda 2000* was also published in one volume as Supplement 5/97 of the *Bulletin of the European Union*

<sup>13</sup> For summaries of the Commission's Opinions, see IV below

<sup>14</sup> Summarised under VI below

<sup>15</sup> For more detailed discussion on Cyprus and Turkey, see IV B and V below

<sup>16</sup> For further information on the European Conference, see VII below

## Research Paper 98/55

*Part Three* is devoted to the new financial framework for the period 2000-2006.

**Volume II** is concerned with the Reinforced Pre-Accession Strategy and an 'impact study' on the effects of enlargement in various policy areas.

This paper focuses mainly on the enlargement issues covered in Volume I, Part Two. Research Paper 98/56, *EU Enlargement: The Financial Consequences*, covers some of the other aspects.

### C. The Commission's Opinions on the Applicant States

The Commission's Opinions on the new applicant states,<sup>17</sup> which were published with *Agenda 2000* on 16 July 1997, are substantial documents. They describe existing relations between the EU and the country in question, particularly in the framework of the relevant Europe (Association) Agreement; they analyse the situation in respect of the political criteria for membership (democracy, rule of law, human rights, protection of minorities); they assess the situation and prospects in respect of the economic criteria (market economy, capacity to cope with competitive pressure); and they address the question of the applicant's capacity to adopt the obligations of membership (that is, the *acquis* as expressed in the Treaty, the secondary legislation, and the policies of the Union). Finally, they make a general evaluation of the applicant's situation and prospects in respect of the conditions for membership of the Union, and a recommendation concerning accession negotiations.

The Commission based its assessment of the applicant states on the replies to questionnaires sent to each applicant in April 1996, on bilateral meetings held with each of the applicant countries and on further information which they were invited to provide on their preparations for accession by the end of May 1997. The Commission also took into account "assessments made by the Member States, particularly in relation to the political criteria for membership established by the Copenhagen European Council", European Parliament reports and resolutions, and "the work of various international organisations, non-governmental organisations and other bodies".<sup>18</sup> Consideration was also given to progress made under the existing Europe (Association) Agreements between the Union and applicant countries, which cover economic co-operation, trade and political dialogue.

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<sup>17</sup> EC Cons Docs 9985-9994/97 or *Bulletin of the European Union*, Supplements 6-15/97

<sup>18</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I, Part Two (I)

In its Opinions the Commission aimed to analyse expected progress over the medium term, in relation to the economic criteria and the countries' ability to implement the *acquis*, and to anticipate the future development of the Union's policies, particularly in fields such as the environment, the single market and the information society, where the *acquis* is evolving rapidly. Since the effective functioning of democracy is such a fundamental question in assessing the applications, the Commission considered that an assessment of each applicant state against the political criteria for membership could be based only on those elements of the present situation which it could verify and confirm. It concluded that respect of the political conditions defined by the Copenhagen European Council is a necessary, but not a sufficient, condition for opening accession negotiations.<sup>19</sup>

In its final recommendations in *Agenda 2000*<sup>20</sup> the Commission noted the fact that the European Council had already decided that accession negotiations with Cyprus should begin six months after the end of the IGC; and it recommended, on the basis of its analysis against the criteria laid down by the Copenhagen European Council, that negotiations should be opened with Hungary, Poland, Estonia, the Czech Republic and Slovenia:

Concerning the countries of Central and Eastern Europe,... The Commission considers that none of them fully satisfy all the criteria at the present time. However, nine countries satisfy the political conditions,<sup>21</sup> while certain countries have made sufficient progress towards satisfying the economic conditions and those related to the other obligations of membership.

In the light of its analysis, and in accordance with their respective merits, the Commission considers that Hungary, Poland, Estonia, the Czech Republic and Slovenia could be in a position to satisfy all the conditions of membership in the medium term if they maintain and strongly sustain their efforts of preparation.<sup>22</sup>

In December 1997 the Luxembourg European Council took the decision, on the basis of the Commission's Opinions and a report by the Presidency, to launch an accession process with the ten Central and East European applicant states and Cyprus. The Council's Conclusions emphasised "that all these States are destined to join the European Union on the basis of the same criteria and that they are participating in the accession process on an equal footing".<sup>23</sup>

The Council also decided to open negotiations with Cyprus, Hungary, Poland, Estonia, the Czech Republic and Slovenia "on the conditions for their entry into the Union and the ensuing Treaty adjustments".<sup>24</sup>

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<sup>19</sup> *Ibid.*

<sup>20</sup> *Ibid.*, Vol I Part Two (VII)

<sup>21</sup> Slovakia was the exception: See under IV C below

<sup>22</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I Part Two (VII)

<sup>23</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 10

<sup>24</sup> *Ibid.*, para 27

## IV The Applicant States

### A. The 'First Wave' CEEC Candidates: Commission Opinions and Recent Developments

For each country, the Commission's summary of its Opinion is followed by a brief review of recent developments.<sup>25</sup> The table in Annex II sets out the main economic indicators for the 'first wave' candidates.

#### *Czech Republic: summary of Commission Opinion*

The Czech Republic presents the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities. It can be regarded as a functioning market economy, and should be able to cope with competitive pressure and market forces within the Union in the medium term. It should be capable in the medium term of applying fully the *acquis* relating to the single market, provided that it continues its efforts on transposition and intensifies work on its implementation. However, particular efforts, including investment, will be needed to meet the *acquis* in sectors such as agriculture, environment and energy. Further administrative reform will also be indispensable if the Czech Republic is to have the structures to apply and enforce the *acquis* fully.<sup>26</sup>

#### *Czech Republic: recent developments*

The fall of the right-wing government under Vaclav Klaus in November 1997, following allegations of funding irregularities, provoked a period of political instability in the Czech Republic that is expected to lead to fresh legislative elections in June 1998. On 2 January 1998 President Vaclav Havel appointed an interim government under a new Prime Minister, the former Governor of the Central Bank, Josef Tosovsky. Although the new government is unlikely to be able to pursue any major policy initiatives before the June elections, Mr Tosovsky has promised to focus on the EU accession negotiations that started on 31 March.

Czech Foreign Minister Jaroslav Sedivy has announced that his Government would not be seeking permanent derogations, although transitional concessions would be necessary in certain areas, including agriculture, environmental standards and infrastructure. He also expressed a desire to maintain the customs union between the Czech Republic and Slovakia, even though the two countries are unlikely to enter the EU simultaneously.

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<sup>25</sup> Contributed by Tim Youngs, International Affairs and Defence Section

<sup>26</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I Part Two (VII), Final recommendations.

During 1997 the Czech reform process slowed considerably, prompting President Havel to call for a second wave of reforms: "The transformation process has stopped half way. It is high time that our economic transformation caught a second breath."<sup>27</sup> However, in view of the weak position of the interim government, it seems unlikely that key reforms, such as the privatisation of the banking sector, will be implemented before the June elections.

***Estonia: summary of Commission opinion***

Estonia presents the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities. However, measures need to be taken to accelerate the naturalisation of Russian-speaking non-citizens, to enable them to become better integrated into Estonian society. It can be regarded as a functioning market economy, and should be able to make the progress necessary to cope with competitive pressure and market forces within the Union in the medium term. Estonia has made considerable progress in transposing and implementing the *acquis* relating particularly to the single market. With further effort it should be able to participate fully in the single market in the medium term. Particular efforts, including investment, will be needed to apply the *acquis* fully in sectors such as environment. Strengthening of the administrative structure will also be indispensable if Estonia is to have the structures to apply and enforce the *acquis* effectively.<sup>28</sup>

***Estonia: recent developments***

Estonia's minority government, under Prime Minister Mart Siimann, may face early legislative elections prior to March 1999, despite overseeing a period of substantial economic growth.<sup>29</sup> Some commentators predict a slow-down in Estonia's economic expansion during 1998 to prevent the economy from overheating.

Estonia has made it clear that it will seek transitional derogations during the accession negotiations particularly in the areas of energy, agriculture and fisheries, environmental protection and regional policy.<sup>30</sup> At the opening of the accession negotiations Foreign Minister Toomas Hendrik Ilves stated Estonia's strong support for "the rapid accession of Latvia and Lithuania to the EU "and would "seek to ensure that the existing political, cultural and economic relations with its Baltic neighbours are preserved".<sup>31</sup>

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<sup>27</sup> *Financial Times*, 15 January 1998

<sup>28</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I Part Two (VII), Final recommendations

<sup>29</sup> *Baltic Times*, 8-14 January 1998

<sup>30</sup> *Agence Europe*, 2 April 1998

<sup>31</sup> *Ibid*

## Research Paper 98/55

The decision by the Estonian parliament to ratify Protocol 6 of the European Convention for the Protection of Human Rights, thereby abolishing the death penalty, was welcomed by the EU Presidency as a "significant step forward" that "reinforces Estonia's commitment to the promotion of human rights."<sup>32</sup>

Estonian relations with Moscow are gradually improving with moves to reduce tension over the ethnic Russian population in Estonia and plans for an agreement delimiting the border with the Russian Federation. Although the Kremlin remains opposed to any of the Baltic States joining NATO, it has expressed few reservations over Estonia's plan to become a member of the European Union, as this is not perceived to pose a security threat and could bring economic benefits for the region. However, at a meeting of the Council of the Baltic Sea States in January 1998, the then Prime Minister of the Russian Federation, Viktor Chernomyrdin, warned that any EU enlargement in the region must not be at the expense of Russia's interests. He said: "It is important [that] the trade and economic interests of Russia and other members of the Commonwealth of Independent States be taken into consideration".<sup>33</sup>

### *Hungary: summary of Commission opinion*

Hungary presents the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights, and respect for and protection of minorities. It can be regarded as a functioning market economy, and should be able to cope with competitive pressure and market forces within the Union in the medium term. It would be capable in the medium term of taking on the *acquis*, particularly of the single market, provided that it continues its efforts of transposition and implementation. However, particular efforts will be needed in the fields of environment, customs and energy. Further reforms will also be necessary for the country to have the structures to apply and enforce the *acquis*.<sup>34</sup>

### *Hungary: recent developments*

The Hungarian government's policy of pursuing EU membership enjoys both broad cross-party and popular support in the run-up to the legislative Elections due to take place on 10 May. However, some commentators believe this consensus has led to a lack of debate on the potential merits and pitfalls of EU membership.

The government stated in advance of the negotiations that Hungary would request temporary and not permanent concessions to the EU *acquis*. Although this is considered necessary in the agricultural, transport and environment sectors, Hungarian officials fear that if they request too many temporary concessions, Hungary could be left as a second-class member of the Union. The government also believes it is in Hungary's interests to conclude membership

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<sup>32</sup> *Ibid.*, 30/31 March 1998

<sup>33</sup> *Radio Free Europe/Radio Liberty*, 23 January 1998

<sup>34</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I Part Two (VII), Final recommendations.

negotiations as soon as possible. It is feared that prolonged negotiations could prove unnecessarily costly for the Hungarian economy.<sup>35</sup>

***Poland: summary of Commission opinion***

Poland presents the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities. It can be regarded as a functioning market economy, and should be able to cope with competitive pressure and market forces within the Union in the medium term. It should be able in the medium term to participate fully in the single market, provided that it continues its efforts on transposition of the *acquis*, and intensifies work on its implementation. However, particular effort and investment will be needed to meet the *acquis* in sectors such as agriculture, environment and transport. Further administrative reform will also be indispensable if Poland is to have the structures to apply and enforce the *acquis* effectively.<sup>36</sup>

***Poland: recent developments***

Following the legislative elections of September 1997, Polish politics has entered a period of cohabitation between the ex-Communist President, Alexander Kwasniewski, and the new right-wing coalition government under Prime Minister Jerzy Buzek. The government has set out an ambitious programme of reforms, including plans to decentralise power, accelerate privatisation and overhaul Poland's agricultural sector, which employs over 25% of the workforce. The success or otherwise of these reforms is likely to affect the speed with which Poland secures EU membership.

As Poland enters the accession negotiations, Prime Minister Buzek has stressed the need for compromise by both Poland and the EU Member States. He has stated that Polish membership is in the interests of both Poland and the European Union: "Consequently the European Union should make concessions to us in the areas where the acceptance of the *acquis* presents difficulties to us".<sup>37</sup>

Foreign Minister Geremek has indicated that Poland is ready to take on board most of the EU's *acquis communautaire*: "Our objective is to integrate all internal market policies. Poland may request some exemptions, but not many, and not for an extended period".<sup>38</sup>

President Kwasniewski has called for a deadline to be set on the negotiations: "It would be worthwhile to set the negotiators something of a deadline, otherwise we could all become bogged down in a mire of eternally prolonged negotiations".<sup>39</sup>

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<sup>35</sup> *Summary of World Broadcasts*, 27 March 1998

<sup>36</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I Part Two (VII), Final recommendations

<sup>37</sup> *Summary of World Broadcasts*, 26 March 1998

<sup>38</sup> *Agence Europe*, 1 April 1998

<sup>39</sup> *Summary of World Broadcasts*, 24 March 1998

### *Slovenia: summary of Commission opinion*

Slovenia presents the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights, and respect for and protection of minorities. It can be regarded as a functioning market economy, and should be able to cope with competitive pressure and market forces within the Union in the medium term. However, considerable efforts will be needed to take over the *acquis*, particularly for the effective application of the single market. Important progress will be needed in the fields of environment, employment, social affairs and energy. Further reforms will also be indispensable for Slovenia to equip itself with administrative structures to apply the *acquis* effectively.

Slovenia has not yet ratified the Europe Agreement,<sup>40</sup> although its government has committed itself to obtaining the necessary modification of the Constitution and ratification of the agreement as soon as possible: such action on the part of Slovenia should be considered a precondition for the opening of accession negotiations.<sup>41</sup>

### *Slovenia: recent developments*

Slovene President, Milan Kucan, a strong advocate of EU membership, was sworn in for a second term on 22 December 1997. His goal of concluding the accession negotiations with the EU as soon as possible enjoys broad cross-party support in the legislature. Prime Minister Janez Drnovsek has said Slovenia will direct its efforts towards joining EMU, considering that it already meets several Maastricht criteria for the Euro. Nonetheless, the Government has recognised the need for further reforms, including an overhaul of taxation, pensions and the financial sector, as well as further price liberalisation.<sup>42</sup> At the start of the accession negotiations on 31 March, Foreign Minister Boris Frlec designated 2003 as the target date for accession, promising that the Slovene Government would "fight to respect it". He also called for the interests of the new small countries to be taken into account when the remodelling of EU institutions was being considered.<sup>43</sup>

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<sup>40</sup> This was ratified by the Slovenian Parliament in July 1997

<sup>41</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I Part Two (VII), Final recommendations

<sup>42</sup> *Radio Free Europe/Radio Liberty*, 13 March 1998

<sup>43</sup> *Agence Europe*, 2 April 1998



## B. Cyprus

The internationally recognised government of Cyprus<sup>44</sup> submitted its application for EC membership in July 1990. In June 1993, the Commission delivered a favourable Opinion on Cyprus's application, noting that the adoption of the Community *acquis* would present no insurmountable problems, but that the division of Cyprus meant that the freedoms provided for under the EC Treaties could not be exercised fully throughout the island. The Opinion outlined the Commission's support for reunification on terms agreed by both communities and concluded with the recommendation that: "...as soon as the prospect of a settlement is surer, the Community is ready to start the process with Cyprus that should eventually lead to its accession."<sup>45</sup> The European Council subsequently reaffirmed on several occasions that accession negotiations with Cyprus should start six months after the conclusion of the IGC.

The Commission reviewed the position of Cyprus in *Agenda 2000*,<sup>46</sup> confirming that the southern part of the island should not encounter any major problems in adopting the *acquis communautaire* or in coping with competition inside the EU, but identifying a need to align regulations and practices in the financial sector more fully with those which apply in the Union, and to reinforce co-operation and controls in all areas of justice and home affairs. The Commission estimated that the average income per head in Turkish-occupied northern Cyprus was about one third of that in the southern part of the island and commented that the economy in the north was becoming increasingly dependent on the public sector, "which ultimately means financial transfers from Turkey". It noted that there had not been much progress towards a political settlement since the 1993 Opinion on Cyprus's application, but reiterated the Union's commitment to playing a positive role in bringing about a settlement in accordance with the relevant UN resolutions. While believing that the decision to open EU negotiations with Cyprus could promote a political settlement on the island and admitting that the enlargement negotiations would be facilitated by the involvement of Turkish Cypriot representatives, the Commission stated that:

If progress towards a settlement is not made before the negotiations are due to begin, they should be opened with the government of the Republic of Cyprus, as the only authority recognised by international law.<sup>47</sup>

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<sup>44</sup> ie, the government which, *de facto*, controls approximately two-thirds of the island's territory and represents the Greek Cypriot community

<sup>45</sup> EC Cons Doc 7839/93

<sup>46</sup> EC Cons Doc 9984/97, Vol I Part Two (IV)

<sup>47</sup> *Ibid.*

The Foreign Secretary stated the UK Government's position as follows:

We recognise that Cyprus has done a large amount over the past three years to prepare itself for membership. Were it not for the division of the island, Cyprus would be a foremost candidate for membership...Enlargement may provide a catalyst to bring about the solution to the division of the island...However, if it is not possible to resolve the issue of the division of the island, it is the position of this Government that it would be unfair to the majority of the people of Cyprus if its Government were to be excluded because of the continuing division.<sup>48</sup>

and:

We have persistently made it clear that we support the right of the Republic of Cyprus to apply for membership of the EU, and we believe that that application must be considered on its merits and cannot be vetoed by any third party. At the same time, we wish to have positive and constructive engagement in dialogue with Turkey.<sup>49</sup>

The Turkish Cypriot administration regards Cyprus's application for EU membership as illegal because they claim that the Greek Cypriot government cannot represent the interests of the island as a whole, and they are unwilling to become involved in the EU negotiations without recognition of equal status with the Greek Cypriots. Turkey's resentment at not being admitted to the accession process<sup>50</sup> has also hardened the attitude of the Turkish Cypriots. In an interview reported on 6 March, the Turkish Prime Minister, Mesut Yilmaz, said:

It is impossible to bring the Turkish Cypriots to the membership negotiations unless there is a major change in EU policy. Nobody should expect any improvements unless the EU recognises the existence of two separate, distinct entities on Cyprus.<sup>51</sup>

At the European Conference of EU members and applicant states in London on 12 March (which Turkey chose not to attend), differing views on the issue of Cyprus threatened to derail the start of accession negotiations. President Chirac expressed strong reservations about embarking on accession negotiations with Cyprus as a divided country, while Greece responded by threatening to block the start of negotiations with the countries of Central and Eastern Europe if Cyprus was not allowed to open negotiations. The Cypriot President, Mr Clerides, offered to include Turkish Cypriot representatives in the Cyprus delegation to the accession negotiations and gave an assurance that, if they agreed to do so, their points of view would be "discussed freely, seriously and in good faith"<sup>52</sup>, although there was no further

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<sup>48</sup> HC Deb 4 December 1997 c.518

<sup>49</sup> HC Deb 13 January 1998 c.130

<sup>50</sup> See under V below

<sup>51</sup> *Financial Times*, 6 March 1998

<sup>52</sup> *Agence Europe*, 13 March 1998

indication of what status they would have. This offer was welcomed by the UK Presidency, with the Foreign Secretary stating:

We would very much prefer to see a mixed delegation negotiating on behalf of both the communities of Cyprus. We want to see both communities benefiting from membership. The Turkish-Cypriot community would actually benefit more, because their standard of living is lower they would gain much more from membership. Therefore I hope that this proposal from President Clerides will meet with a positive response on the part of Mr Denktash...<sup>53</sup>

The offer was rejected by Mr Denktash, the Turkish Cypriot leader, on 16 March, but the UK Presidency has indicated that it remains open.<sup>54</sup> Questioned about the possibility of concluding negotiations with Cyprus without the participation of the Turkish Cypriot community, the European Commissioner with responsibility for enlargement, Hans van den Broek, has said that this question "could only be addressed at the end of the negotiations".<sup>55</sup>

The informal EU Foreign Ministers' meeting held in Edinburgh on 13-14 March, following the European Conference, considered the conditions for opening Cyprus's accession negotiations and secured agreement for these to proceed. It adopted the following formula to be used by the Council Presidency at the opening of negotiations on 31 March:

The Union regrets that it has not been possible to achieve a political solution to the continuing division of Cyprus in time for the accession negotiations on which we embark today. The Union believes that Cyprus' accession to the EU should benefit all communities, including the Turkish Cypriot community, and help to bring about civic peace and reconciliation on the island. In that context, our objective remains a bi-communal, bi-zonal federation on the basis of a comprehensive political settlement in accordance with UN Security Council Resolutions. A political settlement would allow the provisions of the Accession Treaty to be implemented throughout the island. Progress towards accession and towards a just and viable solution to the Cyprus problem will naturally reinforce each other. The Union reaffirms its full support for the search for a solution which is now proceeding through talks under the aegis of the UN and hopes that negotiations will resume without delay.<sup>56</sup>

Turkey and the Turkish Cypriots have reacted strongly to the EU's opening of accession talks with the Cyprus Government. On the day the European Conference took place in London, Turkey and the Turkish Cypriot authorities exchanged instruments for the ratification of an Association Agreement, described by the Foreign Affairs and Defence Minister of the Turkish Cypriot administration as the first concrete step towards its existence as an

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<sup>53</sup> Joint press conference by Prime Minister, Foreign Secretary and President of the European Commission following the European Conference, 12 March 1998

<sup>54</sup> *Independent*, 31 March 1998

<sup>55</sup> *Agence Europe*, 5 March 1998

<sup>56</sup> *Agence Europe*, 16/17 March 1998

## Research Paper 98/55

independent and sovereign country.<sup>57</sup> At the first meeting of their new Association Council on 31 March they announced the formation of a 'joint economic zone' between Turkey and northern Cyprus, and the Turkish Cypriot minister in charge of foreign affairs reiterated earlier warnings, saying: "If our existence on the island comes under threat, we will not hesitate to unite completely with Turkey".<sup>58</sup> During a recent visit to Cyprus to meet Mr Denktash, the Turkish Foreign Minister, Ismail Cem, warned that the EU's treatment of the Greek Cypriot administration as the representative of the whole of Cyprus "constitutes the first step towards escalation in the eastern Mediterranean, which can be very dangerous" and called on the EU to "evaluate its future steps very carefully before it is too late and before the Greek Cypriot administration paves the way towards another war in the island".<sup>59</sup>

The Turkish Cypriots pulled out of the UN-sponsored talks on Cyprus at the end of 1997, in response to the Luxembourg Council's decision to clear the way for accession talks for Cyprus, although the EU had originally hoped this would act as a spur to the Cyprus peace effort. A commentator has suggested that "The EU has manoeuvred itself into a position where it may soon have to take a bitterly divided island, with a propensity for violence and even war, into its bosom".<sup>60</sup>

The Prime Minister recently summed up the UK Government's position as follows:

It is an extremely difficult situation. Although we very much welcome the start of the accession negotiations with Cyprus, it will be far more difficult for the accession talks to take place properly within the context of a divided island. We have made sure that a settlement should not be a precondition of access, but we want the Turkish Cypriots to participate in the process. We are doing all that we can to make that happen and will continue to do so.<sup>61</sup>

The UK and US special envoys to Cyprus, Sir David Hannay and Richard Holbrooke, are working towards re-starting the UN-sponsored peace talks, but the prospects do not look encouraging at present. Mr Holbrooke has indicated that he thinks it was a mistake not to include Turkey in the EU accession process, saying: "I don't see how Cyprus can move forward without Turkey's support".<sup>62</sup>

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<sup>57</sup> *Ibid.*, 14 March 1998

<sup>58</sup> *Daily Telegraph, Guardian*, 1 April 1998

<sup>59</sup> *Daily Telegraph*, 31 March 1998

<sup>60</sup> Christopher Lockwood in *Daily Telegraph*, 30 March 1998

<sup>61</sup> HC Deb 1 April 1998 c.1258

<sup>62</sup> *European Voice*, 9-15 April 1998

## C. The 'Second Wave' Candidates: Commission Opinions and Recent Developments

In this section the Commission's summaries of its Opinions are followed by a brief review of recent developments.<sup>63</sup> The table in Annex III sets out the main economic indicators for the 'second wave' candidates.

### *Summaries of Commission Opinions*<sup>64</sup>

#### *Bulgaria*

The current improvement in Bulgaria, following the arrival in power of a new government, indicates that Bulgaria is on its way to satisfy the political criteria. Bulgaria's progress in the creation of a market economy has been limited by the absence of a commitment to market-oriented economic policies; it would not be able to cope with competitive pressure and market forces within the Union in the medium term. Despite the progress that has been made, Bulgaria has neither transposed nor taken on the essential elements of the *acquis*, particularly as regards the internal market. It is therefore uncertain whether Bulgaria will be in a position to assume the obligations of membership in the medium term. In addition, considerable efforts will be needed in the areas of environment, transport, energy, justice and home affairs as well as agriculture. More generally, substantial administrative reform will be indispensable if Bulgaria is to have the structures to apply and enforce the *acquis* effectively.

#### *Latvia*

Latvia presents the characteristics of a democracy, with stable institutions, guaranteeing the rule of law, human rights and respect for and protection of minorities. But measures need to be taken to accelerate the rate of naturalisation of Russian-speaking non-citizens to enable them to become better integrated into Latvian society; Latvia has made considerable progress in the creation of a market economy, but it would face serious difficulties in coping with competitive pressure and market forces within the Union in the medium term; Latvia has made some progress in transposing and implementing the *acquis* relating particularly to the single market. With considerable further effort it should become able to participate fully in the single market in the medium term. Particular efforts, including investment, will be needed to apply the *acquis* fully in sectors such as environment and agriculture. Strengthening of the administrative structure is indispensable if Latvia is to have the structures to apply and enforce the *acquis* effectively.

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<sup>63</sup> Contributed by Tim Youngs, International Affairs and Defence Section

### *Lithuania*

Lithuania presents the characteristics of a democracy, with stable institutions guaranteeing the rule of law, human rights and respect for and protection of minorities. Lithuania has made considerable progress in the creation of a market economy, but it would face serious difficulties in coping with competitive pressure and market forces within the Union in the medium term; Lithuania has made some progress in transposing and implementing the *acquis* relating particularly to the single market. With considerable further effort it should become able to participate fully in the single market in the medium term. Particular efforts, including investment, will be needed to apply the *acquis* fully in sectors such as agriculture, energy and environment. Strengthening of the administrative structure is indispensable if Lithuania is to have the structures to apply and enforce the *acquis* effectively.

### *Romania*

The current improvement in Romania, following the arrival in power of a new government, indicates that Romania is on its way to satisfy the political criteria; Romania has made considerable progress in the creation of a market economy, but it would still face serious difficulties to cope with competitive pressure and market forces within the Union in the medium term; despite the progress that has been made, Romania has neither transposed nor taken on the essential elements of the *acquis*, particularly as regards the internal market. It is therefore uncertain whether Romania will be in a position to assume the obligations of membership in the medium term. In addition, considerable efforts will be needed in the areas of environment, transport, employment and social affairs, justice and home affairs as well as agriculture. More generally, substantial administrative reform will be indispensable if Romania is to have the structures to apply and enforce the *acquis* effectively.

### *Slovakia*

Slovakia does not fulfil in a satisfying manner the political conditions set out by the European Council in Copenhagen, because of the instability of Slovakia's institutions, their lack of rootedness in political life and the shortcomings in the functioning of its democracy. This situation is so much more regrettable since Slovakia could satisfy the economic criteria in the medium term and is firmly committed to take on the *acquis*, particularly concerning the internal market, even if further progress is still required to ensure the effective application of the *acquis*.

In each case, the Commission's conclusions were followed by brief statements that accession negotiations should be opened with the applicant as soon as it had made sufficient progress in satisfying the conditions of membership defined by the Copenhagen European Council; that the Reinforced Pre-Accession Strategy<sup>65</sup> would help the applicant country to prepare itself better to meet the obligations of membership and to take action to improve the shortcomings

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<sup>64</sup> From the Commission's Opinions on the applications for membership, EC Cons Docs 9985-9994/97 or *Bulletin of the European Union*, Supplements 6-15/97

<sup>65</sup> Described under VI below

identified in the Opinions; and that the Commission would present a report no later than the end of 1998 on the progress achieved.

### *Recent developments*

Fears that the exclusion of certain countries from the 'first wave' of eastward expansion could lead to a fresh division of Europe have prompted calls from the leaders of Bulgaria, Latvia, Lithuania, Romania and Slovakia for an even-handed approach to all the applicant countries. The Romanian President, Emil Constantinescu, appealed for "equal treatment of all candidates"<sup>66</sup> during the current round of negotiations. However, the EU has stressed that negotiations will only commence once the countries have met the minimal political and economic accession criteria.

The case of Slovakia has prompted particular concern due to the deterioration in the political and human rights situation. The EU has condemned the attempt by Prime Minister and acting President, Vladimir Meciar, to concentrate power in his own hands and to suppress any political opposition. The EU warned that his actions "bring...into question his commitment to commonly accepted principles of good governance and the rule of law," and "do not make a positive contribution to Slovakia's efforts to prepare for EU membership".<sup>67</sup>

Bulgaria, Latvia, Lithuania and Romania were excluded from the first wave primarily on economic rather than political grounds. Romania and Bulgaria both launched reform programmes relatively late and, despite some progress, they continue to lag behind other applicant countries such as Poland and Hungary. Romania, in particular, has been hindered by disputes within the governing coalition, but the resignation of Prime Minister Victor Ciorbea on 30 March 1998 may herald a swift resumption of the reform process.

In the Baltic States, Latvia and Lithuania view Estonia's inclusion in the first wave as a positive development, and hope to gain entry to the negotiations in the near future. Following the Luxembourg summit in December 1997, which set the framework for accession, the Lithuanian Prime Minister, Gediminas Vagnorius, said: "We are not sad and not happy after the Luxembourg summit. We expect to start negotiations with [the] EU in December of next year [1998]".<sup>68</sup>

The issue of minority rights in Latvia attracted attention during March and April 1998 with the Russian Federation accusing Latvia of discrimination against its Russian speaking population. The EU has welcomed moves by the Latvian Government to resolve the dispute by revising the laws on citizenship and has called on the Latvian Parliament "to take early action to adopt the Government's decisions".<sup>69</sup>

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<sup>66</sup> *Radio Free Europe/Radio Liberty*, 13 March 1998

<sup>67</sup> *Ibid.*, 11 March 1998

<sup>68</sup> *Baltic Times*, 18 December - 7 January 1998

<sup>69</sup> *Agence Europe*, 18 April 1998

## V Turkey

### A. Association Agreement and Customs Union

Turkey submitted its formal application for membership of the EC on 14 April 1987, having been an associate member since 1964. Turkey's eligibility for membership, first raised in the 1964 Association Agreement, was reiterated in the Commission's Opinion of December 1989 on Turkey's membership application, but the Commission then concluded, following a detailed study of Turkey's economic and social situation, that it would be difficult for Turkey to cope with the adjustments it would be required to make if it became a member of the Community in the medium term. Reference was also made to substantial political problems, such as the need to increase political pluralism and to continue improvements in the observance of human rights and the rights of minorities. Other considerations were the continuing disputes with a member state (Greece) and the lack of a settlement on Cyprus. Turkey's application for membership has been 'on the table' but in abeyance since the Commission's 1989 Opinion.

The Association Agreement with Turkey made provision for a customs union, and an Additional Protocol in 1974 set out the conditions for this to come into operation in 1995. The customs union which came into effect on 31 December 1995 was a major step forward in relations between the EU and Turkey and the first such union between the EU and a non-member state. In April 1997 the EU-Turkey Association Council reaffirmed Turkey's eligibility for EU membership and confirmed that Turkey would be judged by the same objective standards and criteria as other applicants.

### B. The Commission's Assessment in *Agenda 2000*

In *Agenda 2000* the Commission made an outline assessment of current economic, political and social conditions in Turkey and of its relations with the EU. This recorded that the customs union was working satisfactorily and provided a sound basis for the further development of relations between the EU and Turkey, although "political circumstances have not so far allowed for the pursuit of financial co-operation and political dialogue, as agreed when the customs union decision was taken".<sup>70</sup> The Commission's comments on conditions in Turkey were as follows:<sup>71</sup>

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<sup>70</sup> EC Cons Doc 9984/97, Vol I Part Two (VI)

<sup>71</sup> The sub-headings have been added



*The economy*

The Turkish economy has grown rapidly in the last 10 years...The customs union has demonstrated the Turkish economy's ability to cope with the competitive challenge of free trade in manufactured goods, as well as the trade, competition and intellectual property components of the *acquis communautaire*. However, macroeconomic instability continues to give cause for concern. Over the past decade, Turkey has been unable to break the cycle of inflation, public spending deficits and currency depreciation. The structural causes of macroeconomic instability need to be tackled, for example by improving the efficiency of tax collection, restructuring and privatising public sector enterprises, reforming the social security system and reviewing public expenditure. Efforts are also needed to bring about economic and social cohesion, to modernise agriculture and to focus more on investment in infrastructure and human capital.

*Political situation and the role of the military*

In political terms Turkey has a government and parliament resulting from multi-party, democratic elections and an administration capable of framing and applying legislation compatible with the *acquis communautaire*. Despite political recognition of the need for improvement and certain recent legislative changes, Turkey's record on upholding the rights of the individual and freedom of expression falls well short of standards in the EU. In combating terrorism in the south east, Turkey needs to exercise restraint, to make greater efforts to uphold the rule of law and human rights and to find a civil and not a military solution. Persistent cases of torture, disappearances and extra-judicial executions, notwithstanding repeated official statements of the government's commitment to ending such practices, put into the question the extent to which the authorities are able to monitor and control the activities of the security forces.

Recent developments in the administration and the education system, while intended to strengthen secularism, nonetheless underline the particular role of the military in Turkish society. The National Security Council has a special role under the Constitution in the formulation and implementation of national security policy and the Council of Ministers is required to give priority to its decisions. There are ambiguities in the Turkish legal system with regard to civilian political control of the military.

*Regional problems*

Tensions in the Aegean can be overcome only through the settlement of the issues between Greece and Turkey in accordance with international law...as well as through good neighbourly relations and the rejection of the threat or use of force in accordance with the UN Charter. Moreover Turkey should contribute actively to a just and lasting settlement of the Cyprus question in accordance with the relevant United Nations resolutions.

The Commission concluded that the EU should continue to support Turkey's efforts to resolve its problems, using the Association Agreement and the customs union as the foundations for developing closer political and economic relations, in parallel with efforts by Turkey to bring

## Research Paper 98/55

about improvements in the areas identified above. *Agenda 2000* was immediately followed by a Commission Communication on the further development of relations with Turkey,<sup>72</sup> which reaffirmed Turkey's eligibility for EU membership, contained proposals for giving substance to closer links between the Union and Turkey in a range of policy areas, and suggested ways of consolidating the customs union.

### C. The Luxembourg European Council

The Luxembourg European Council in December 1997 confirmed Turkey's eligibility for accession to the EU and the fact that it would be judged on the basis of the same criteria as other applicant states, while making it clear that the necessary political and economic criteria for entering the accession process were not yet fulfilled. It stated:

While the political and economic conditions allowing accession negotiations to be envisaged are not satisfied, the European Council considers that it is nevertheless important for a strategy to be drawn up to prepare Turkey for accession by bringing it closer to the European Union in every field.<sup>73</sup>

The Luxembourg Council had made it clear that:

Strengthening Turkey's links with the European Union also depends on that country's pursuit of the political and economic reforms on which it has embarked, including the alignment of human rights standards and practices on those in force in the European Union; respect for and protection of minorities; the establishment of satisfactory and stable relations between Greece and Turkey; the settlement of disputes, in particular by legal process, including the International Court of Justice; and support for negotiations under the aegis of the UN on a political settlement in Cyprus on the basis of the relevant UN Security Council Resolutions.<sup>74</sup>

The Council specified that the strategy to prepare Turkey for accession should cover development of the possibilities afforded by the Ankara (Association) Agreement, intensification of the customs union, implementation of financial co-operation, approximation of laws and adoption of the Union *acquis*, and participation, on a case by case basis, in certain EU agencies and programmes.<sup>75</sup>

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<sup>72</sup> EC Cons Doc 10135/97

<sup>73</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 31

<sup>74</sup> *Ibid.*, para 35

<sup>75</sup> *Ibid.*, para 32

## D. The European Strategy for Turkey

On 4 March 1998, the Commission adopted a Communication setting out its operational proposals for a European Strategy for Turkey.<sup>76</sup> This proposes an action programme designed to deepen the customs union and extend it to the services and agricultural sectors. It also advocates closer co-operation in fields such as telecommunications and the information society, macroeconomic dialogue, industrial co-operation and investment, scientific and technological research, the environment, transport, energy, consumer policy, regional and cross-border co-operation, participation in Community programmes, institutional co-operation and political dialogue, human rights and humanitarian matters. The Commission points out that certain initiatives will depend on the funds available and in particular on Council approval of the special funds for Turkey (ECU 375 million) in the context of the customs union.<sup>77</sup>

## E. The European Conference

It was stated explicitly in the Presidency Conclusions of the Luxembourg Council that Turkey was invited to the European Conference of EU members and applicant states which was to take place in London in advance of the launching of the accession process for new applicants.<sup>78</sup> Turkey reacted angrily to being excluded from the accession process, however, and announced that it would not attend the European Conference. The Turkish Prime Minister, Mesut Yilmaz, said:

Turkey's attendance at the EU conference has been made dependent on the fulfilment of conditions. This invitation does not have any importance for us. We will not accept any conditions.<sup>79</sup>

Following the decisions of the Luxembourg Council, Turkey suspended political dialogue with the EU and threatened to withdraw its application for membership unless it was included in the list of candidate countries by June 1998.<sup>80</sup>

In his statement to the House following the Luxembourg summit, the Prime Minister said:

Turkey recognises that time and changes are needed before actual accession negotiations can be envisaged, but full recognition of its eligibility for accession is a marked step forward for Turkey, and I welcome it. I wrote immediately to Prime Minister Yilmaz to encourage him to take full advantage of that opportunity. I understand Turkish disappointment at being treated in an apparently different way from others, but I continue

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<sup>76</sup> EC Cons Doc 6741/98

<sup>77</sup> Commission press notice IP/98/208, 4 March 1998

<sup>78</sup> For further discussion of the European Conference, see under VII below

<sup>79</sup> *Financial Times*, 15 December 1997

<sup>80</sup> *Ibid.*, 18 December 1997

## Research Paper 98/55

to hope the Turks will come to see the advantages of participation in the European Conference as a further step towards eventual membership.<sup>81</sup>

In the event, Turkey did not attend the European Conference on 12 March, in spite of efforts by the UK Presidency to encourage its participation. While making charges of EU discrimination against Turkey and accusing the Germans of pursuing a policy of *Lebensraum* in Central and Eastern Europe, Prime Minister Yilmaz admitted that Turkey was not yet ready for full EU membership in respect of its human rights record and the structure of its economy. He also, however, expressed his belief that the EU's "opposition to our membership does not stem from humanistic, democratic concerns, but only from cultural and religious bias".<sup>82</sup>

Following the European Conference, the Foreign Secretary stressed that it was open to Turkey to participate in the next meeting of the Conference, to be held at foreign minister level in the second half of 1998, and the Prime Minister, speaking as Chairman of the Conference, said:

I very much hope that Turkey understands that the door remains open. We have been working very hard to reassure Turkey that we want them to be part of the future of Europe. Turkey are a great people, it is a great civilisation, it is important that we have good and close relations between the European Union and Turkey and we are working for that...I very much hope that in the coming period of time we can build the necessary platform of confidence for progress to be made there.<sup>83</sup>

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<sup>81</sup> HC Deb, 15 December 1997 c20

<sup>82</sup> *Financial Times*, 6 March 1998

<sup>83</sup> Joint press conference by the Prime Minister, Foreign Secretary and President of the European Commission, 12 March 1998

## VI The Accession Process

### A. Background

In *Agenda 2000* the European Commission's final recommendations on enlargement contain two paragraphs which express key principles of the accession process:

Enlargement...is an inclusive process embracing all of the applicant countries. The overall process includes the opening of accession negotiations with individual countries, according to the stage which each has reached in satisfying the basic conditions of membership and in preparing for accession; and an accompanying framework which consists of the reinforcement of the pre-accession strategy for countries of Central and Eastern Europe, as well as the creation of a multilateral forum of co-operation in the form of a European Conference.

and:

...a decision to open accession negotiations simultaneously with the countries mentioned does not imply that negotiations will be concluded simultaneously. The timing of the conclusions of negotiations will depend in large part on the accomplishment of the further efforts required from each applicant country in the respective opinions.<sup>84</sup>

In the run-up to the Luxembourg European Council in December 1997, a compromise had to be worked out to bridge the gap between two competing views on the best method of handling the enlargement process. While some EU Member States favoured the Commission's recommendation to start detailed negotiations only with the five 'frontrunners' among the CEECs, plus Cyprus, others (including the European Parliament) argued that it would be preferable to open talks with all eleven applicants simultaneously (the so-called 'regatta' approach, in which all candidates would set out from the same starting line and would progress at their own pace). The compromise solution entails opening accession negotiations with the six 'first wave' candidates only, but with a clear signal to the others that they may join the negotiation process at any time in the future, if and when they make sufficient progress towards fulfilling the accession criteria. In order to ensure regular reassessment of the ability of the second group to enter negotiations, and to advise them on concrete steps which would improve their standing, the EU has designed an accession process that involves all candidate countries, regardless of whether they are yet involved in negotiations or not.<sup>85</sup>

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<sup>84</sup> EC Cons Doc 9984/97, Vol I, Part Two (VII), Final recommendations

<sup>85</sup> Roland Freudenstein, "Poland, Germany and the EU", *International Affairs* 74, 1 (1998)

## Research Paper 98/55

In a speech in Budapest in November 1997 the Foreign Secretary, Robin Cook, said:

Britain is convinced that it is right for the EU to start negotiations first with those countries that are most ready to meet the demands and challenges of EU membership. I believe this is fairer all round than trying to start negotiations with all the applicants at the same time. Fairer on the front-runners, so they have a better chance of making rapid progress. Fairer on those that are less ready to join, because some of the applicants have further to go, and need more time to prepare for membership so they can get the maximum benefits out of it.<sup>86</sup>

In December 1997 the Luxembourg European Council expressly pointed out:

...that all these States are destined to join the European Union on the basis of the same criteria and that they are participating in the accession process on an equal footing.<sup>87</sup>

The accession process, embracing all eleven applicant states, was officially launched in Brussels on 30 March 1998 at a joint meeting of EU Foreign Ministers with their counterparts from the CEECs and Cyprus.

### B. Accession Negotiations

Accession negotiations were formally opened with the six 'first wave' candidates (Czech Republic, Estonia, Hungary, Poland, Slovenia and Cyprus) on 31 March. The Commission's Enlargement Task Force will co-ordinate the accession negotiations, which will take the form of six intergovernmental conferences between the fifteen EU Member States and each applicant country.

The accession negotiations will define the terms and conditions under which each of the applicant countries accedes to the EU, and the basis for accession will be the *acquis* of the Union as it exists at the time of enlargement. As the Commission points out in *Agenda 2000*, "while transition periods of definite and reasonable duration may be necessary in certain justified cases,<sup>88</sup> the objective of the Union should be that the new members apply the *acquis* on accession".<sup>89</sup> In particular, the measures necessary for the extension of the single market are expected to be applied immediately. During accession negotiations, the applicants' progress in adopting the *acquis* and in other preparations for membership will be reviewed regularly on the basis of reports from the Commission. The negotiations will begin with a 'screening' process, during which the Commission will go through the body of EU legislation

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<sup>86</sup> Speech at a conference in the National Assembly, Budapest. FCO/VS16/97, 26 November 1997

<sup>87</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 10

<sup>88</sup> Agriculture and free movement of persons are areas particularly mentioned

<sup>89</sup> EC Cons Doc 9984/97, Vol I Part Two (III)

with each applicant country, to identify the main problem areas for subsequent negotiation. It has been estimated that this stage could take at least six months.<sup>90</sup>

It is therefore of prime importance that the applicant countries should be well prepared for the demands of EU membership. At the request of the Dublin European Council in December 1996, the Commission proposed in *Agenda 2000* a Reinforced Pre-Accession Strategy, which is designed to enable all ten CEE applicant countries to bring themselves, as far as possible, into line with the Union *acquis* before their accession.<sup>91</sup>

### C. The Pre-Accession Strategy before *Agenda 2000*

Prior to *Agenda 2000*, there were four main elements in the Commission's pre-accession strategy, which was presented at the Essen European Council meeting in December 1994 and governed the EU's relations with all the CEECs applying for membership. The strategy is described in more detail in Research Paper 97/86, but its main elements were as follows:-

- *The Europe Agreements*, which are association agreements between the EU and individual CEEC applicant states. The preamble to the agreements recognises that the ultimate objective of the associated countries is to become members of the EU and the agreements are signed on the condition that respect for human rights, the maintenance of a pluralist democracy, the rule of law and a market economy will continue. Unlike previous association agreements, the Europe Agreements contain provisions for political dialogue and cultural co-operation, as well as economic and commercial aspects. The economic provisions aim to establish, over a period of ten years, a bilateral free trade area between the EU and each CEEC, while retaining, for a while, some protection for a group of 'sensitive' industrial products, including some textiles and some coal and steel products.<sup>92</sup> The political content of the agreements aims at consolidating political reform and promoting democratisation in the CEECs. As 'mixed' agreements, covering both Community and national spheres of competence, the Europe Agreements required ratification by all the EU member states, by the applicant's national parliament and by the European Parliament. Although the full agreements could not come into force until the ratification process was complete, interim agreements were simultaneously agreed, which incorporated the Europe Agreement's trade and trade-related provisions and were in effect until the Europe Agreements could be implemented. All of the CEE applicant countries now have Europe Agreements,<sup>93</sup> although the agreement with Slovenia has not yet entered into force .

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<sup>90</sup> Department of Trade and Industry, *EU Enlargement and Agenda 2000* : a consultation document, 1997, p.6

<sup>91</sup> This is described under VI D below

<sup>92</sup> Agricultural trade is mostly excluded from liberalisation

<sup>93</sup> Appendix I of this paper shows dates

## Research Paper 98/55

- *The PHARE programme* (PHARE originally stood for 'Poland and Hungary Aid for Reconstruction and the Economy') is the main financial instrument for economic and technical assistance under the Europe Agreements. The main priorities for PHARE funding are common to all countries and include: restructuring of state enterprises, agriculture, private sector development, reform of institutions, legislation and public administration, reform of social services, employment, education and health, development of energy, transport and telecommunications infrastructure, and environment and nuclear safety. The PHARE programme is the world's largest grant-assistance effort for Central and Eastern Europe.<sup>94</sup>
- *The 'Single Market' Commission White Paper* of June 1995 on the *Preparation of the Associated Countries of Central and Eastern Europe for Integration into the Internal Market of the Union*,<sup>95</sup> which was presented to the Cannes European Council in June 1995. This stipulated that the aspirant countries would have to prove that they qualified for membership in political terms by developing and strengthening democracy and their constitutional legitimacy, and in economic terms by establishing a market economy. The White Paper was also seen as a means for preparing the associated countries gradually for legal integration into the Community, beginning with the internal market, by identifying the key sectors where integration is needed and by suggesting a sequence in which approximation could be achieved. It also stressed the need to develop or reform administrative and legal systems in order to assume the obligations of membership.
- *The structured dialogue.* The purpose of the structured dialogue, or structured relationship, was to involve the associated countries progressively in the EU's work in areas of common interest, through joint meetings at various levels, and to acquaint them with the procedures used within the EU. This covered Community areas such as energy, environment, transport, science and technology, and also the Second and Third Pillar areas of common foreign and security policy and co-operation in justice and home affairs matters. In *Agenda 2000* the Commission suggested that the structured dialogue would no longer be appropriate under the new Reinforced Pre-Accession Strategy,<sup>96</sup> in view of the amount of contact between the EU and the applicant countries which would be taking place in the framework of the accession negotiations, the Europe Agreements and the Accession Partnerships. It was pointed out that the most important accession-related issues would be discussed bilaterally, and that ad hoc arrangements could be made for multilateral discussion with the CEECs of any issues which would benefit from such an approach.<sup>97</sup>

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<sup>94</sup> European Commission, DG IA (<http://europa.eu.int/comm/dg1a/phare/index.htm>)

<sup>95</sup> EC Cons Doc 7221/95

<sup>96</sup> Described under D below

<sup>97</sup> EC Cons Doc 9984/97, Vol I Part Two (III)



#### D. *Agenda 2000's Reinforced Pre-Accession Strategy (SPAR)*

The reinforced, or enhanced, pre-accession strategy put forward in *Agenda 2000*<sup>98</sup> builds on the existing strategy described above. It is directed at all the CEE applicant countries, whatever their specific situation and projected date of accession, and its general objective is to offer a coherent programme to prepare these countries for accession. More specifically, it aims to bring together the various forms of support provided by the Union within a single framework (the new instrument of Accession Partnerships, described below) and to work with the applicant countries, within this framework, on the basis of a clearly defined programme, involving commitments by the applicants to particular priorities and to a calendar for carrying them out. Secondly, it aims to familiarise the applicants with Union policies and procedures through participation in certain Community programmes. SPAR is directed towards solving the main problems identified by the Commission in its Opinions on each of the applications for membership. While some of these problems are common to the majority of the applicants, others are specific to particular countries. The main elements of the reinforced strategy are described in the following paragraphs.

- *Europe Agreements.* The Europe Agreements remain the basis of the Union's relations with the CEEC applicants, combined with the Accession Partnerships and increased pre-accession aid. Bilateral co-operation under the Europe Agreements should lead to advanced integration in a large number of fields (for example, trade agreements, competition, approximation of laws, standardisation) and the bodies set up under these agreements (councils, association committees and sub-committees, parliamentary committees) are the preferred bodies for consulting the applicant countries. Since the agreements cover most of the fields associated with the *acquis*, they will be used to help the applicant states establish their national programme for adopting the *acquis*.<sup>99</sup>
- *The Accession Partnerships.* The new instrument of Accession Partnerships will be a key feature of the reinforced strategy: the partnerships will mobilise, within a single framework, all forms of assistance to the applicant countries of Central and Eastern Europe for the implementation of national programmes to prepare them for EU membership. Accession Partnerships will involve :

precise commitments on the part of the applicant country, relating particularly to democracy, macroeconomic stabilisation and nuclear safety, as well as a national programme for the adoption of the Community *acquis* within a precise timetable, focusing on the priority areas identified in the Commission's Opinion

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<sup>98</sup> *Ibid*

<sup>99</sup> *Ibid.*, Vol II (IV, 2)

## Research Paper 98/55

mobilisation of all the resources available to the Community for preparing the applicant countries for accession. This initially means the PHARE programme, but also any new forms of assistance that the Community could provide in the context of future financial perspectives.

A programme for adopting the *acquis* will be worked out by the Commission in partnership with each applicant state, and the priorities set should initially correspond to the sectors identified as deficient in the Commission's Opinion. There will be an indicative timetable for each country working towards the fulfilment of its objectives. The granting of assistance to the applicant countries - on the basis of annual financing agreements - will be conditional on achieving these objectives and on progress made. The Commission will make regular progress reports to the European Council: the first such reports will be submitted at the end of 1998 and then annually thereafter. When an applicant country which has not yet embarked on accession negotiations is judged to have fulfilled the necessary conditions to do so, the Commission will forward a recommendation to the Council that negotiations should be launched.

The individual Accession Partnership documents for each of the CEEC applicants<sup>100</sup> were formally presented at the opening of the enlargement process on 31 March. They identify short- and medium-term priorities and objectives for the applicant state and outline the areas in which financial assistance will be provided and the conditions which will apply.

- *PHARE and other pre-accession aid.* The new PHARE programme is the main instrument of pre-accession aid. Following on from *Agenda 2000*, the Luxembourg European Council stated that:

Without prejudice to decisions on the financial perspective for 2000-2006, the PHARE programme will focus on accession by setting two priority aims: the reinforcement of administrative and judicial capacity (about 30% of the overall amount) and investments related to the adoption and application of the *acquis* (about 70%).<sup>101</sup>

In addition to PHARE (ECU 1.5 billion per year),<sup>102</sup> the increased pre-accession aid to be granted to the applicant CEECs from the year 2000 will consist of two elements: aid for agricultural development, amounting to ECU 500 million per year; and structural aid amounting to ECU 1 billion. By analogy with the Cohesion Fund, this aid would be directed mainly towards aligning the applicant countries with Community infrastructure standards, particularly in the transport and environmental spheres.<sup>103</sup> Financial support to the applicant countries will be "based on the principle of equal treatment, independently of time of accession, with particular attention being paid to countries with the greatest need".<sup>104</sup>

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<sup>100</sup> Available on Internet site: <http://www.europa.eu.int/comm/dg1a/index.htm>

<sup>101</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 18

<sup>102</sup> The figures in this paragraph, taken from *Agenda 2000*, are expressed in 1997 prices

<sup>103</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol I Part Two (III, 2)

<sup>104</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 17

## **E. Other Forms of Assistance**

### **1. Participation in Community Programmes**

Some Community programmes (for example, education, training and research) will be open to the applicant states, to enable them to familiarise themselves with the Union's policies and working methods. The Luxembourg European Council stated that:

Such participation will have to be determined case-by-case, with each Applicant State making a steadily increasing financial contribution of its own. PHARE will, if necessary, be able to continue part-financing the applicant States' national contributions. Such financing should remain at around 10% of the PHARE appropriation, not including participation in the research and development framework programme.<sup>105</sup>

### **2. Assistance for the Approximation of Laws**

As the applicant countries start to adopt the *acquis*, it will be necessary to increase the EU assistance given to help them bring their legislation into line with Community law. As part of the pre-accession strategy the Commission therefore suggested reinforcing and extending the brief of the Technical Assistance Information and Exchange Office (TAIEX), which was set up under the 1995 Single Market White Paper. Under the reinforced strategy, TAIEX will provide information on the entire *acquis* (particularly on environment and transport) and will also broaden its activities in the applicant countries to help both governments and firms prepare for the disciplines of the single market.<sup>106</sup>

### **3. Institution-Building**

The institutional and administrative capacity of the applicant countries to implement the *acquis* has been identified as a key problem in the preparations for enlargement. They will therefore require assistance to set up institutions and administrations capable of establishing and effectively implementing EU legislation. EU assistance will focus on training specialists, particularly in the fields of law, customs, public accounts, budgetary control, environment, telecommunications, veterinary and phytosanitary inspections, technical controls, statistics and energy. The applicant states will also require assistance to develop their own capacity for dealing with justice and home affairs matters, such as combating illegal immigration, drug-trafficking and international crime; and the Union will need to establish close co-operation in

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<sup>105</sup> *Ibid.*, para 19

## Research Paper 98/55

the nuclear energy field with the applicant countries and their safety authorities, in order to assist them in introducing appropriate safety standards as soon as possible.<sup>107</sup>

### F. Pre-Accession Strategy for Cyprus

The Luxembourg Council decided on a separate, more limited, pre-accession strategy for Cyprus, in view of its different needs from those of the CEECs. This will be based on the following elements:

- Participation in certain targeted projects, in particular to boost judicial and administrative capacity and projects in the field of justice and home affairs
- Participation in certain Community programmes and agencies (as for the other applicant states)
- Use of technical assistance provided by the Technical Assistance Information Exchange Office (TAIEX)<sup>108</sup>

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<sup>106</sup> *Agenda 2000*, EC Cons Doc 9984/97, Vol II (IV, 3)

<sup>107</sup> *Ibid.*, Vol II (II A 1)

<sup>108</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 22

## VII The European Conference

In *Agenda 2000* the Commission proposed an annual European Conference, involving the existing EU Member States and all the countries aspiring to EU membership. The conference would meet at the level of Heads of State or Government, with the President of the Commission, and also at ministerial level. It was envisaged that it would provide a forum for consultations on a broad range of issues in the areas of common foreign and security policy (CFSP) and justice and home affairs.

The Luxembourg European Council in December 1997 decided to set up a European Conference along the lines suggested in *Agenda 2000*, but with a somewhat wider remit, to include "other areas of common concern, particularly economic matters and regional co-operation". In the Presidency Conclusions of the Luxembourg Council, the membership and scope of the European Conference were defined as follows:<sup>109</sup>

The European Council decided to set up a European Conference which will bring together the Member States of the European Union and the European States aspiring to accede to it and sharing its values and internal and external objectives.

The members of the Conference must share a common commitment to peace, security and good neighbourliness, respect for other countries' sovereignty, the principles upon which the European Union is founded, the integrity and inviolability of external borders and the principles of international law and a commitment to the settlement of territorial disputes by peaceful means, in particular through the jurisdiction of the International Court of Justice in the Hague. Countries which endorse these principles and respect the right of any European country fulfilling the required criteria to accede to the European Union and sharing the Union's commitment to building a Europe free of the divisions and difficulties of the past will be invited to take part in the Conference.

The States which accept these criteria and subscribe to the above principles will be invited to take part in the Conference. Initially, the EU offer will be addressed to Cyprus, the applicant States of Central and Eastern Europe and Turkey.

The European Conference will be a multilateral forum for political consultation, intended to address questions of general concern to the participants and to broaden and deepen their co-operation on foreign and security policy, justice and home affairs, and other areas of common concern, particularly economic matters and regional co-operation.

The Conference will be chaired by the State holding the Presidency of the Council of the European Union. At the Presidency's invitation, Heads of State and Government and the President of the Commission will meet at the Conference once a year, as will the Ministers for Foreign Affairs.

The first meeting of the Conference will be in London in March 1998.

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<sup>109</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, paras 4-9

## Research Paper 98/55

The European Conference is not to be a negotiating forum on enlargement or a decision-making body: it is intended rather as a means of improving understanding and co-ordination across a range of key policy areas and of preparing potential new Member States for their future work within the EU.<sup>110</sup>

The inaugural meeting of the European Conference, held in London on 12 March 1998, was attended by the Heads of State and Government and the Foreign Ministers of the fifteen EU Member States, and by their opposite numbers from the ten Central and East European applicants and Cyprus. The President of the European Commission, Jacques Santer, the European Commissioner with responsibility for EU enlargement, Hans van den Broek, and the President of the European Parliament, José Maria Gil-Robles, were also present. Although the Conference is said to have been partly conceived as a body to which Turkey could be admitted along with the other applicant countries, Turkey declined to attend the London Conference, in reaction to what it regards as the discriminatory decision of the Luxembourg Council that it does not yet fulfil the criteria to embark on accession negotiations. It has been made very clear by the Presidency that this will in no way preclude Turkish involvement in subsequent meetings of the Conference.

Discussions at the one-day conference were focused largely on efforts to tackle organised crime and on environmental problems. On the initiative of Chancellor Kohl, the Conference decided to set up an expert group to consider the problems of organised crime and drug trafficking and report within a year. The Conference also adopted a statement on the crisis in Kosovo. The Chairman's Conclusions set out the areas which the Conference had agreed on for its future work, as follows:

**Transnational organised crime:** we are determined to continue our efforts to combat the scourge of organised crime, in particular the drugs trade, trafficking in human beings and terrorism. This demands a co-ordinated international response. We agree that the UK Presidency will urgently convoke experts from the countries of the European Conference, who will with the European Commission quickly consider the problems associated with organised crime and trafficking of drugs. Recommendations of this Group will be submitted to the Conference within 12 months.

**The environment:** we affirm our determination to work actively to improve environmental protection and to promote sustainable development.

**Foreign and security policy:** we believe that our interests on issues of foreign and security policy will increasingly converge. We shall deepen and extend our co-ordination and co-operation, so strengthening Europe's voice and values in the world.

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<sup>110</sup> European Commission Briefing Note, *The European Conference*, 4 March 1998

**Competitive economies:** we shall exchange information on economic and social policies, and how best to strengthen the competitiveness of our economies, including by equipping people with the skills needed to exploit 21<sup>st</sup> century opportunities, and to foster employment.

**Regional co-operation:** we welcome the new range of regional co-operation programmes; and shall aim to ensure their momentum and coherence.

The next meeting of the European Conference will be at Foreign Minister level during the second half of 1998.

## VIII Public Opinion

### A. Applicant States

Following his visits to Hungary, the Czech Republic and Poland in November 1997, the Foreign Secretary told the House that there was, in the applicant states:

...a consensus across the major political parties, which is in no doubt about the importance of the EU and shows a determination that their country will acquire full EU membership as soon as possible. Nor do politicians alone share that ambition. The people also share that ambition.<sup>111</sup>

Reports of opinion polls indicate that public support in the applicant countries for integration with the EU remains high. A survey in 1996 showed 60% of those questioned in the ten Central and Eastern European applicant countries to be in favour of membership and 7% against.<sup>112</sup> However, as the negotiations progress and tough decisions have to be taken, the potential for popular discontent grows. Opposition to the EU is developing among farmers in Poland and the Czech Republic who claim that the Union is discriminating against their products.<sup>113</sup> Such sentiments may spread to the general population. An opinion poll carried out in February 1998 showed that backing for Polish membership of the EU has fallen recently with 64% in favour, compared to 72% in April 1997 and 80% in 1996.<sup>114</sup> Some commentators in the applicant states have also expressed concern over a perceived lack of political will on the part of the Member States to reform the Union, which could result in a delay to expansion. Such fears are compounded by arguments within the EU over the distribution of regional aid and reform of the Common Agricultural Policy.<sup>115</sup>

### B. Member States

A *Eurobarometer* poll,<sup>116</sup> based on field work conducted in the Member States during October-November 1997, indicated that the prospect of an enlarged Union was in many respects regarded as a positive development: 67% of EU citizens believe that the EU will be more important in the world if it is larger, while the possibility that their own

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<sup>111</sup> HC Deb 4 December 1997 c 513

<sup>112</sup> *Central and Eastern Eurobarometer*, No.6, 1996

<sup>113</sup> *The Times*, 31 March 1998

<sup>114</sup> *Summary of World Broadcasts*, 18 March 1998

<sup>115</sup> *European*, 30 March 1998

<sup>116</sup> *Standard Eurobarometer*, Survey no. 48, March 1998



country could become less important as a result of enlargement does not seem to worry many people (34%). Around 6 in 10 Europeans agree that Europe will be culturally richer with more member countries (61%) and that more peace and security will be guaranteed in a larger Europe (59%).

The results also indicate that the Union's view on institutional reform and the completion of economic and monetary union before the enlargement process can commence is shared by many Europeans: 54% of the public feel that the Union must first reform the way its institutions work and 43% feel that the euro has to be in place before new countries join.

Nearly half of the public feels that enlargement will bring about extra costs for existing member countries and 47% feel that once new countries have joined, their own country will receive less financial aid from the EU. Only around 3 in 10 Europeans agree that, from now on, future member countries should start to receive financial aid from the Union to help prepare them to join. It is noted, however, that the proportion of 'don't know' responses for all the statements about enlargement is substantially higher than is usually found on this survey, which indicates that public opinion on this subject has not yet fully developed and could still change significantly.

Measuring levels of public support for each of the applicant states, the survey found that support was highest for Hungary (47%), Poland (43%), the Czech Republic (41%) and Cyprus (40%), four of the six countries with whom accession negotiations have begun. Support for the other two 'qualifying' nations, Estonia (35%) and Slovenia (33%), is very similar to the level of support for the five 'second wave' applicants. The survey comments that, in view of the public's concern about the financial costs of enlargement, it is not surprising to find relatively low levels of support for each of the applicant countries, but it should also be noted that a significant proportion of Europeans does not hold an opinion.

The Commission comments in *Agenda 2000* that:

...the consent and support of European public opinion to enlargement is a clear prerequisite for the realisation of the project. This will require, during the pre-accession period, a substantial public information effort in both the present and the acceding Member States.<sup>117</sup>

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<sup>117</sup> EC Cons Doc 9984/97, Vol II Part III, Conclusions

## IX Institutional Reform

For the four previous rounds of enlargement, the composition of the institutions was simply increased to give the new members a Commissioner, a European Court of Justice judge and MEPs. The allocation of votes under qualified majority voting (QMV) was calculated on the same basis as for existing Member States and the blocking minority was adjusted accordingly. It was widely argued that this 'arithmetical adjustment' reached its limits with the accessions of Austria, Sweden and Finland in 1995 and that further accessions would require fundamental reform if the EU were to avoid decision-making paralysis and maintain its capacity to act effectively.

A major goal of the 1996-97 IGC was to reform the EU's institutions in order that they should continue to be effective after further enlargement, but these matters proved controversial and many of the more detailed proposals in earlier drafts of the Amsterdam Treaty were dropped from the final version. Instead, a new Protocol on the institutions postpones changes to the size and composition of the Commission, and to the voting weights in Council, to a later date.<sup>118</sup>

The Luxembourg European Council in December 1997 confirmed that:

As a prerequisite for enlargement of the Union, the operation of the institutions must be strengthened and improved in keeping with the institutional provisions of the Amsterdam Treaty.<sup>119</sup>

In January 1998 the Foreign Secretary said that the UK Presidency would be discussing with other Member States how and when to take action on the Protocol, adding that the Government "fully support the principle of a smaller Commission and the reweighting of votes in the Council that this Protocol provides for".<sup>120</sup>

### A. Commission and Council of Ministers

The Amsterdam Treaty Protocol on the institutions provides that, when further enlargement takes place, the Commission shall comprise one national of each of the Member States, provided that, by that date, the votes in the Council have been reweighted in a manner acceptable to all Member States. Those countries which will lose their second Commissioner (Britain, France, Germany, Italy, Spain) have pushed for compensation by means of a reweighting of votes in their favour. This is particularly relevant as enlargement will result in there being more smaller states in the EU.<sup>121</sup> A new Declaration attached to the Amsterdam Treaty recognises the need to

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<sup>118</sup> Protocol on the institutions with the prospect of enlargement of the European Union, Cm 3780, p88

<sup>119</sup> Luxembourg European Council, December 1997, *Presidency Conclusions*, para 3

<sup>120</sup> HC Deb 13 January 1998, c192W

<sup>121</sup> All the candidate countries except Poland are small and Cyprus is considered to be a 'micro state'

find a solution for "the special case of Spain".<sup>122</sup> This refers to the compromise, confirmed by the European Council at Ioannina in 1994, by which Spain has been compensated for accepting fewer votes in the Council of Ministers than Britain, France, Germany and Italy, by being guaranteed two Commissioners. However, under the new Protocol, Spain could lose a Commissioner without seeing a redistribution of votes in its favour.

The Protocol also provides that, at least one year before the membership of the Union exceeds twenty, an intergovernmental conference must be convened to carry out a comprehensive review of the composition and funding of the institutions. While there is agreement on a move towards one Commissioner from each Member State to a maximum of twenty, the linkage of this issue to reweighting of votes in the Council ensures that this will again be a sensitive area in future negotiations.

In *Agenda 2000* the Commission proposed that a definite date should be set for the reform of weighted votes in the Council. It recommended that the political decision on this reform should be taken well before the year 2000, regardless of the likely date of the first accession. The Commission also suggested that the new intergovernmental conference provided for in the Protocol should be convened as soon as possible after 2000, to produce a thorough reform of the treaty provisions on the composition and functioning of the institutions, and stated that this would have to involve the introduction of qualified majority voting across the board.<sup>123</sup> In a recent interview, however, the Foreign Secretary was quoted as saying that he did not anticipate fresh moves to weaken the much-prized Council veto beyond those areas that Britain had already indicated it would accept.<sup>124</sup>

## B. European Parliament

The Amsterdam Treaty provides for changes to the organisation and composition of the European Parliament, including the amendment of Article 189 of the Treaty establishing the European Communities (TEC) to limit the size of the Parliament to a maximum of 700 members.<sup>125</sup> There are currently 626 members and the implication is that enlargement will eventually require a reduction in the allocation of seats to current Member States.

A fuller discussion of the institutional changes introduced by the Amsterdam Treaty is contained in Research Paper 97/112.

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<sup>122</sup> Declaration to the Final Act no.50, Cm 3780, p107.

<sup>123</sup> *Agenda 2000*, Introduction: Strengthening the institutions

<sup>124</sup> *The Times*, 30 March 1998

<sup>125</sup> Treaty of Amsterdam..., Cm 3780, pp 37 and 196

## X Conclusion

Past experience has shown that the accession process, from the launch to the conclusion of the negotiations, and further to the actual date of accession, can be extremely lengthy, as the table in Appendix 1 illustrates. The length of time between the different stages has varied considerably, but an applicant state may wait for an average of six years from the original date of application before actually acceding to the EU. With the notable exception of the entry of the three EFTA countries (Austria, Finland and Sweden) in 1995, accession negotiations have tended to be protracted, where the applicant countries are seeking derogations or qualifications of the *acquis*, and the ratification process in Member States is also likely to cause delays, even once accessions have been agreed.<sup>126</sup>

The financial calculations in *Agenda 2000* are based on the assumption that the first group of applicants accedes to the Union in 2002, but since the accession negotiations will be conducted on an individual basis with each candidate, progress will depend on the success of each applicant's efforts to fulfil the criteria for membership and adopt and implement the *acquis communautaire*. The European Commission has been understandably reticent about suggesting a likely date for the first accessions, but this has been much discussed elsewhere.

A Consultation Document from the Department of Trade and Industry made the following assessment:

Following the initial 'screening process', which could take from three to six months, it has been estimated that the substantive accession negotiations are likely to take two to three years for the most advanced candidates, followed by a period of one to two years for ratification of the accession treaties. Thus, the first CEEC accessions seem unlikely to occur before 2002.<sup>127</sup>

In December 1997, in evidence to the Foreign Affairs Committee, the Foreign Secretary was asked when he thought, on the most optimistic basis, the first country would be able to join. He replied as follows:

Well, I said when I was in Budapest that I could envisage us aiming to complete negotiations perhaps in the year 2000 with, for example, Hungary...Now, that is a tight timescale. Remember, it took three years to negotiate the entry of Finland, Sweden and Austria which were small countries, affluent countries, fully mature industrial countries, and all of them net contributors to the Community budget. To complete negotiations in three years for a country at a much lower level of development, much less mature as a

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<sup>126</sup> P. Nicolaides and S.R. Boean, *The process of enlargement of the European Union*, EIPAScope 1996 (3), European Institute of Public Administration.

<sup>127</sup> DTI, *EU enlargement and 'Agenda 2000': a consultation document*, 1997, p 6

Western industrialised nation and a net recipient of the budget will be a tight target and I would not like to guarantee it for all of them. Ratification of course will then itself take another year or two, but I have found a fairly mature recognition in the countries I went to as to the difficulties and none of them, in my experience, actually expected these processes to be completed in full by the year 2000 and some indeed talked about the year 2004.<sup>128</sup>

Most commentators currently estimate that the first accessions are unlikely to take place before 2003-2005, and it is suggested that the second group of applicants might not reach that stage for ten to fifteen years or more.<sup>129</sup>

Progress towards enlargement might also be affected by various other factors, such as developments in Economic and Monetary Union, the outcome of the German elections in September 1998 and changes in the EU Presidency. France and Germany are reported to be worried about the risks of the 'double leap', in which new Member States will arrive hard on the heels of monetary union. The *Frankfurter Allgemeine Zeitung* has commented that "The EU is ill-prepared to handle the two major innovations...We are holding our breath and hoping it doesn't crash".<sup>130</sup>

In the UK there is cross-party support for the enlargement process, but there is also recognition of the need for reform of EU policies, mechanisms and institutions, to cope with the different demands of a larger and more heterogeneous Union. As the Shadow Foreign Secretary, Michael Howard, has put it:

Enlargement is only possible if the European Union changes the way it conducts its business. The common agricultural policy, which consumes a massive proportion of the European Union's budget...cannot be sustained in its current form with 20 members; nor is it realistic to expect applicant states to adopt in full an ever-expanding *acquis communautaire*. The more member states there are, the greater flexibility we need within the European Union. Institutions and mechanisms designed in the 1950s for six similar western European states cannot effectively serve the new Europe in all its diversity.<sup>131</sup>

The Foreign Secretary has described the launch of the accession process as the big achievement of the UK Presidency and he believes that enlargement will, in the long term, prove every bit as significant as the introduction of the single currency.<sup>132</sup> In a speech in Budapest in November 1997 he described the opportunities presented by an enlarged European Union as follows:

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<sup>128</sup> HC 387-I, 1997-98, pp 8-9

<sup>129</sup> *Financial Times*, 13 March 1998; *European, Daily Telegraph*, 30 March 1998

<sup>130</sup> *FAZ*, 30 March 1998

<sup>131</sup> HC Deb 4 December 1997, c.525

<sup>132</sup> Interview with *The Times*, 30 March 1998

## Research Paper 98/55

Successful enlargement of the EU will enhance peace and stability throughout Europe, it will entrench respect for human rights and minorities, and create a genuinely open Europe. It will increase the weight of the EU's voice in the world. It will help us to tackle trans-national problems like pollution and crime. It will create an even stronger single market, with 100 million more consumers...There may be a lot we all have to do to make enlargement work, but the prize will make it well worthwhile.<sup>133</sup>

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<sup>133</sup> Speech at a conference in the National Assembly, Budapest, 26 November 1997 (FCO/VS16/97)

## Annex I

### From Application to Accession

| Country        | Associate Membership Application | Opinion    | Start of negotiations | Treaty of Accession | Accession |          |
|----------------|----------------------------------|------------|-----------------------|---------------------|-----------|----------|
| Denmark        |                                  | May 1967   | Sept 1967             | June 1970           | Jan 1972  | Jan 1973 |
| Ireland        |                                  | May 1967   | Sept 1967             | June 1970           | Jan 1972  | Jan 1973 |
| UK             |                                  | May 1967   | Sept 1967             | Dec 1969            | Jan 1972  | Jan 1973 |
| Greece         | 1962                             | June 1975  | Jan 1976              | Jul 1976            | May 1979  | Jan 1981 |
| Portugal       | (a)                              | March 1977 | April 1978            | Oct 1978            | June 1985 | Jan 1986 |
| Spain          | (a)                              | July 1977  | April 1978            | Feb 1979            | June 1985 | Jan 1986 |
| Turkey         | 1964                             | April 1987 | Dec 1989              |                     |           |          |
| Austria        | 1994 (b)                         | July 1989  | Aug 1991              | Feb 1993            | June 1994 | Jan 1995 |
| Cyprus         | 1973                             | July 1990  | June 1993             | Mar 1998            |           |          |
| Malta          | 1972                             | July 1990  | June 1993             |                     |           |          |
| Sweden         | 1994 (b)                         | July 1991  | Aug 1992              | Feb 1993            | June 1994 | Jan 1995 |
| Finland        | 1994 *(b)                        | March 1992 | Nov 1992              | Feb 1993            | June 1994 | Jan 1995 |
| Norway         | 1994 *(b)                        | Nov 1992   | March 1993            | April 1993          | June 1994 |          |
| Hungary        | 1992                             | April 1994 | July 1997             | Mar 1998            |           |          |
| Poland         | 1992                             | April 1994 | July 1997             | Mar 1998            |           |          |
| Latvia         | 1998 (c)                         | Oct 1994   | July 1997             |                     |           |          |
| Romania        | 1993                             | June 1995  | July 1997             |                     |           |          |
| Slovakia       | 1992                             | June 1995  | July 1997             |                     |           |          |
| Estonia        | 1998 (c)                         | Nov 1995   | July 1997             | Mar 1998            |           |          |
| Lithuania      | 1998 (c)                         | Dec 1995   | July 1997             |                     |           |          |
| Bulgaria       | 1993                             | Dec 1995   | July 1997             |                     |           |          |
| Czech Republic | 1992                             | Jan 1996   | July 1997             | Mar 1998            |           |          |
| Slovenia       | 1997 (d)                         | June 1996  | July 1997             | Mar 1998            |           |          |

#### Notes:

(a) Preferential trade agreement since 1970 for Spain and since 1972 for Portugal

(b) EEA Agreement (1994) free trade agreement since 1970s (Norway, Finland, Austria since 1973, Sweden since 1972).

(c) Free trade area since 1994 and Europe Agreements from February 1998.

(d) Date of Interim Agreement (Co-operation Agreement 1993; Europe Agreement not yet in force).

Source: Based on P. Nicolaides and S R Boean: *The Process of Enlargement of the EU, EIPA Scope 1996 (3), European Institute of Public Administration - updated*

## Annex II

### Main Economic Indicators: 'First Wave' Candidates

(Excluding Cyprus)

#### Czech Republic

|                         |     | 1994 | 1995 | 1996 | 1997 | Latest |
|-------------------------|-----|------|------|------|------|--------|
| GDP at constant prices  | (a) | 2.6  | 4.8  | 4.1  | 1.5  | Q1     |
| Agricultural production | (a) | -5.6 | 4.0  |      |      |        |
| Industrial Production   | (a) | 2.4  | 9.2  | 7.4  | 0.5  | H1     |
| Consumer price Index    | (a) | 10.0 | 9.1  | 8.8  | 9.9  | Aug    |
| Unemployment rate (%)   | (b) | 3.2  | 3.0  | 3.5  | 4.3  | Jul    |
| Budget Balance % GDP    | (c) | 1.0  | 0.6  | 0.0  |      |        |
| Trade balance (\$bn)    | (d) | -0.9 | -3.7 | -5.9 | -1.5 | Q1     |

#### Estonia

|                         |     | 1994  | 1995 | 1996 | 1997 | Latest  |
|-------------------------|-----|-------|------|------|------|---------|
| GDP at constant prices  | (a) | -1.8  | 4.3  | 4.0  | 10.8 | Q1      |
| Agricultural production | (a) | -12.8 | 0.2  | -6.3 |      |         |
| Industrial Production   | (a) | -3.5  | 1.4  | 1.1  | 12.0 | Jan-Jul |
| Consumer price Index    | (a) | 41.7  | 28.9 | 14.8 | 11.8 | Aug     |
| Unemployment rate (%)   | (b) | 4.5   | 4.1  | 4.3  | 3.5  | Aug     |
| Budget Balance % GDP    | (c) | 2.9   | -0.9 | -1.5 |      |         |
| Trade balance (\$bn)    | (d) | -0.4  | -0.7 | -1.1 | -0.8 | Jan-Jul |

#### Hungary

|                         |     | 1994 | 1995 | 1996 | 1997 | Latest  |
|-------------------------|-----|------|------|------|------|---------|
| GDP at constant prices  | (a) | 2.9  | 1.5  | 1.0  | 1.2  | Mar     |
| Agricultural production | (a) | 3.2  | 2.6  | 4.9  |      |         |
| Industrial Production   | (a) | 6.0  | 4.8  | 2.3  | 7.9  | Jan-Jul |
| Consumer price Index    | (a) | 18.8 | 28.2 | 23.6 | 18.1 | Jul     |
| Unemployment rate (%)   | (b) | 10.4 | 10.4 | 10.5 | 10.3 | Jun     |
| Budget Balance % GDP    | (c) | -8.2 | -6.8 | -3.3 |      |         |
| Trade balance (\$bn)    | (d) | -3.6 | -2.4 | -2.6 | -0.9 | Jan-Jun |

#### Poland

|                         |     | 1994 | 1995 | 1996 | 1997 | Latest  |
|-------------------------|-----|------|------|------|------|---------|
| GDP at constant prices  | (a) | 5.2  | 7.0  | 6.1  |      |         |
| Agricultural production | (a) | -9.3 | 11.7 | 0.3  |      |         |
| Industrial Production   | (a) | 12.1 | 9.7  | 8.5  | 10.7 | Jan-Jun |
| Consumer price Index    | (a) | 32.2 | 27.8 | 19.9 | 14.9 | Jul     |
| Unemployment rate (%)   | (b) | 16.0 | 14.9 | 13.6 | 11.0 | Aug     |
| Budget Balance % GDP    | (c) | -2.7 | -2.6 | -2.5 |      |         |
| Trade balance (\$bn)    | (d) | -0.8 | -1.8 | -8.2 | -4.8 | Jan-May |

#### Slovenia

|                         |     | 1994 | 1995 | 1996 | 1997 | Latest  |
|-------------------------|-----|------|------|------|------|---------|
| GDP at constant prices  | (a) | 5.3  | 4.1  | 3.1  | 2.2  | Q1      |
| Agricultural production | (a) | 6.4  | 3.6  |      |      |         |
| Industrial Production   | (a) | 6.4  | 2.0  | 1.0  | 0.8  | Jan-Jul |
| Consumer price Index    | (a) | 19.8 | 12.6 | 9.7  | 9.6  | Aug     |
| Unemployment rate (%)   | (b) | 14.2 | 14.5 | 14.4 | 14.1 | Jun     |
| Budget Balance % GDP    | (c) | -0.2 | 0.0  | 0.3  | 1.1  | Jan-May |
| Trade balance (\$bn)    | (d) | -0.5 | -1.2 | -1.1 | -0.7 | Jan-Jul |

Notes:

- (a) Percentage change over (the same period of) the previous year
- (b) End of period
- (c) Consolidated state budget deficit, accrual basis
- (d) Due basis

Source: Commission, European Economy, Supplement C, September 1997



## Annex III

### Main Economic Indicators: 'Second Wave' Candidates

#### Bulgaria

|                         |     | 1994 | 1995 | 1996  | 1997    | Latest  |
|-------------------------|-----|------|------|-------|---------|---------|
| GDP at constant prices  | (a) | 1.8  | 2.1  | -10.9 | -11.7   | Q1      |
| Agricultural production | (a) | 7.1  | 16.0 | -13.3 |         |         |
| Industrial Production   | (a) | 7.8  | 9.8  | -2.1  | -15.4   | Q1      |
| Consumer price Index    | (a) | 96.1 | 62.2 | 123.2 | 1,552.4 | Jan-Jul |
| Unemployment rate (%)   | (b) | 12.9 | 11.1 | 12.5  | 14.2    | Jul     |
| Budget Balance % GDP    | (c) | -5.8 | -5.7 | -11.0 |         |         |
| Trade balance (\$bn)    | (d) | 0.0  | 0.1  | 0.2   | 0.4     | Jan-Jul |

#### Latvia

|                         |     | 1994  | 1995 | 1996 | 1997 | Latest  |
|-------------------------|-----|-------|------|------|------|---------|
| GDP at constant prices  | (a) | 0.6   | -1.6 | 2.8  | 2.6  | Q1      |
| Agricultural production | (a) | -28.1 | -2.1 |      |      |         |
| Industrial Production   | (a) | -2.2  | -6.3 | 1.0  | 0.7  | Jan-Jul |
| Consumer price Index    | (a) | 35.9  | 25.1 | 17.7 | 7.7  | Jun     |
| Unemployment rate (%)   | (b) | 6.5   | 6.6  | 7.2  | 7.6  | Jun     |
| Budget Balance % GDP    | (c) | -2.0  | -4.0 | -0.8 |      |         |
| Trade balance (\$bn)    | (d) | -0.4  | -0.5 | -0.8 | -0.4 | H1      |

#### Lithuania

|                         |     | 1994  | 1995 | 1996 | 1997 | Latest  |
|-------------------------|-----|-------|------|------|------|---------|
| GDP at constant prices  | (a) | 1.0   | 3.0  | 3.6  | 2.4  | Jan-Mar |
| Agricultural production | (a) | -18.0 | 10.0 | 10.0 |      |         |
| Industrial Production   | (a) | -26.6 | 5.3  | 3.7  | 3.3  | Jan-Jul |
| Consumer price Index    | (a) | 72.2  | 39.6 | 24.6 | 8.7  | Jul     |
| Unemployment rate (%)   | (b) | 4.5   | 7.3  | 6.2  | 5.4  | Aug     |
| Budget Balance % GDP    | (c) | -1.7  | -1.8 | -2.5 |      | Dec     |
| Trade balance (\$bn)    | (d) | -0.3  | -0.9 | -1.1 | -0.8 | Jan-Jun |

#### Romania

|                         |     | 1994 | 1995 | 1996 | 1997  | Latest  |
|-------------------------|-----|------|------|------|-------|---------|
| GDP at constant prices  | (a) | 3.9  | 7.1  | 4.1  |       |         |
| Agricultural production | (a) | 0.2  | 4.9  | 1.8  |       |         |
| Industrial Production   | (a) | 3.3  | 8.9  | 8.5  | -10.7 | Jul     |
| Consumer price Index    | (a) | 61.7 | 27.8 | 56.9 | 159.1 | Aug     |
| Unemployment rate (%)   | (b) | 10.9 | 9.5  | 6.3  | 6.8   | Aug     |
| Budget Balance % GDP    | (c) | -4.1 | -3.3 | -5.8 |       |         |
| Trade balance (\$bn)    | (d) | -0.4 | -1.6 | -2.5 | -0.6  | Jan-Jun |

#### Slovakia

|                         |     | 1994 | 1995 | 1996 | 1997 | Latest  |
|-------------------------|-----|------|------|------|------|---------|
| GDP at constant prices  | (a) | 4.8  | 6.8  | 6.9  | 5.1  | Q1      |
| Agricultural production | (a) |      |      |      |      |         |
| Industrial Production   | (a) | 6.4  | 8.3  | 2.5  | 3.7  | Jan-Jun |
| Consumer price Index    | (a) | 13.3 | 9.9  | 5.8  | 6.0  | Jul     |
| Unemployment rate (%)   | (b) | 14.6 | 13.1 | 12.8 | 12.8 | Jul     |
| Budget Balance % GDP    | (c) | -1.3 | 0.1  | -1.3 |      |         |
| Trade balance (\$bn)    | (d) | 0.1  | -0.2 | -2.1 | -1.1 | Jan-Jul |

Notes:

- (a) Percentage change over (the same period of) the previous year
- (b) End of period
- (c) Consolidated state budget deficit, accrual basis
- (d) Due basis

Source: Commission, European Economy, Supplement C, September 1997